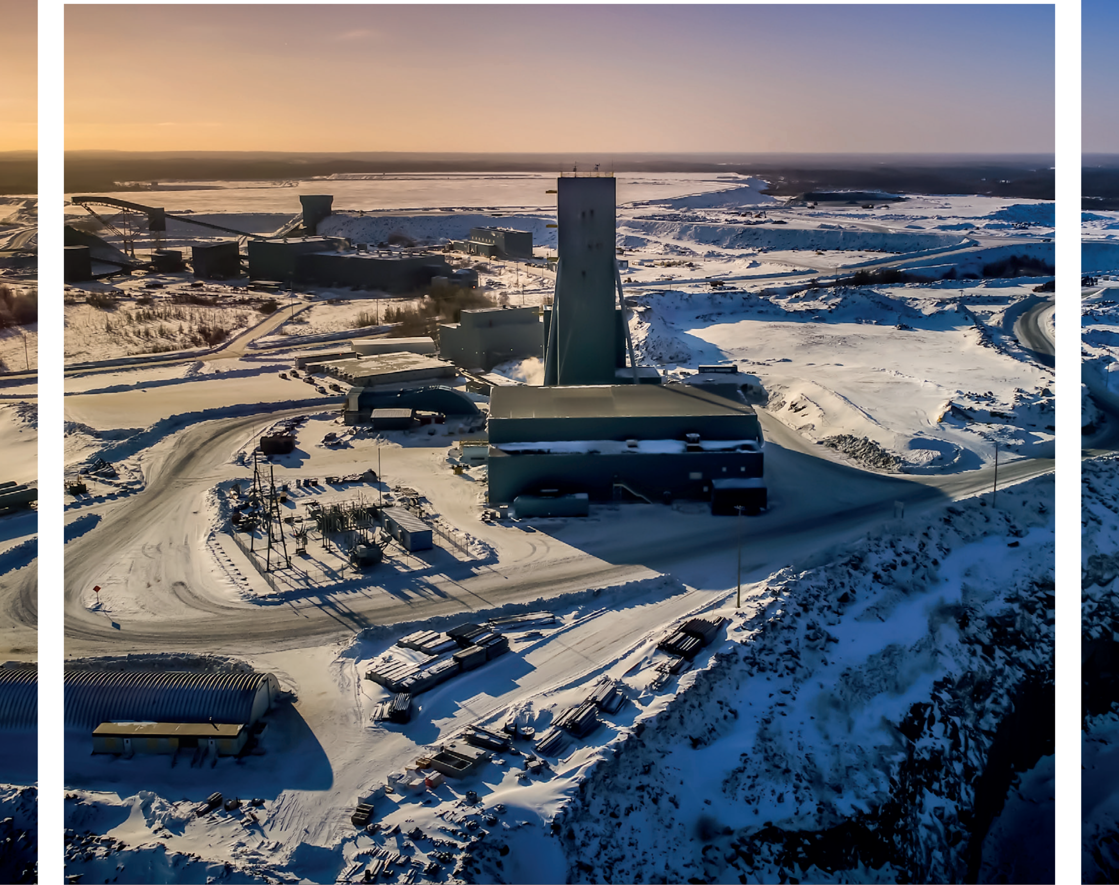


IMPLATS

EXCELLENCE IN PGMs

CONDENSED CONSOLIDATED INTERIM RESULTS (REVIEWED)

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

OUR VISION AND MISSION

FORWARD LOOKING AND CAUTIONARY STATEMENT

Certain statements contained in this disclosure, other than the statements of historical fact, contain forward looking statements regarding Implats' operations, economic performance or financial condition, including, without limitation, those concerning the economic outlook for the platinum industry, expectations regarding metal prices, production, cash costs and other operating results, growth prospects and the outlook of Implats' operations, including the completion and commencement of commercial operations of certain of Implats' exploration and production projects, its liquidity and capital resources and expenditure and the outcome and consequences of any pending litigation, regulatory approvals and/or legislative frameworks currently in the process of amendment, or any enforcement proceedings. Although Implats believes that the expectations reflected in such forward looking statements are reasonable, no assurance can be given that such expectations will prove to be correct. Accordingly, results may differ materially from those set out in the forward looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in metal prices, levels of global demand and exchange rates and business and operational risk management. For a discussion on such factors, refer to the risk management section of the Company's integrated annual report. Implats is not obliged to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after the dates of the integrated annual report or to reflect the occurrence of unanticipated events.

Disclaimer: This entire disclosure and all subsequent written or oral forward looking statements attributable to Implats or any person acting on its behalf are qualified by caution. Recipients hereof are advised this disclosure is prepared for general information purposes and not intended to constitute a recommendation to buy or offer to sell shares or securities in Implats or any other entity. Sections of this disclosure are not defined and assured under IFRS, but included to assist in demonstrating Implats' underlying financial performance. Implats recommends that you address any doubts in this regard with an authorised independent financial adviser, stockbroker, tax adviser, accountant or suitably qualified professional.

February 2020
Johannesburg

SPONSOR TO IMPLATS

Nedbank Corporate and Investment Banking

IMPLATS IS A LEADING PRODUCER OF PLATINUM GROUP METALS (PGMs). IMPLATS IS STRUCTURED AROUND SIX MINING OPERATIONS AND IMPALA REFINING SERVICES (IRS), A TOLL-REFINING BUSINESS. OUR OPERATIONS ARE LOCATED ON THE BUSHVELD COMPLEX IN SOUTH AFRICA, THE GREAT DYKE IN ZIMBABWE – THE TWO MOST SIGNIFICANT PGM-OREBODIES IN THE WORLD – AND THE CANADIAN SHIELD, A PROMINENT LAYERED IGNEOUS COMPLEX DOMAIN FOR PGMs.

OUR VISION

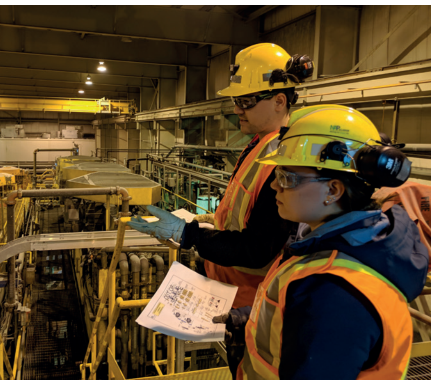
TO BE THE WORLD'S BEST PGM PRODUCER, SUSTAINABLY DELIVERING SUPERIOR VALUE TO ALL OUR STAKEHOLDERS.

OUR MISSION

TO MINE, PROCESS, REFINE AND MARKET HIGH-QUALITY PGM PRODUCTS SAFELY, EFFICIENTLY AND AT THE BEST POSSIBLE COST FROM A COMPETITIVE ASSET PORTFOLIO THROUGH TEAM WORK AND INNOVATION

OUR VALUES

WE RESPECT, CARE AND DELIVER



KEY FEATURES FOR THE SIX MONTHS

SAFETY

- Continued improvement in overall safety performance
- A 6% improvement in TIFR to 11,90*
- A 9% improvement in LTIFR to 4,83*
- Sadly, three fatal injuries recorded at managed operations

* *Per million man hours worked versus FY2019.*

OPERATIONAL

- A 2% decline in mine-to-market 6E concentrate production to 1,34Moz
- A 4% increase in third-party 6E receipts to 190koz
- Scheduled smelter maintenance and repairs resulted in an increase of 135koz 6E in-process inventory and consequently, refined 6E production decreased by 17% to 1,32Moz, inclusive of:
  - An 18% decrease in refined platinum to 658koz
  - A 16% decrease in refined palladium to 391koz
- Sales volumes of 1,33Moz 6E were 16% lower
- Cash cost performance:
  - Cash costs up 11%
  - Group unit costs per 6E ounce on a stock-adjusted basis up 15% to R13 157
- Consolidated Group capital expenditure of R1,9 billion
- Successful turnaround of operations at 12 and 14 Shafts results in change in production profile
- Operation and cost guidance for FY2020 remains unchanged, premised on the expected release of excess inventory in the second half of the financial year

FINANCIAL

- Dividend policy based on 30% free cash flow adopted by the Board with a R1,25 per ordinary share interim payment declared
- Acquisition of North American Palladium completed on 13 December 2019
- Successful invitation for early conversion of the 2022 US dollar bond
- Gross profit of R6,2 billion and EBITDA of R7,6 billion
- Headline earnings of R3,4 billion or 436 cents per share
- Free cash flow of R5,0 billion
- Net debt of R1,9 billion after funding North American Palladium acquisition cost of R10,9 billion

MARKET

- 6E dollar basket price up 36% to US$1 420/6E ounce, driven by significantly stronger palladium and rhodium dollar prices
- Rand revenue per 6E ounce sold increased by 41% to R20 888/6E ounce due to weaker exchange rate
- Muted near-term prospects for the platinum market due to lower diesel vehicle sales and lower year-on-year investment demand
- Strong medium term underpin to industrial demand for platinum from nascent hydrogen and fuel cell technology adoption
- Further tightening in the markets for palladium and rhodium expected to support higher pricing in the short to medium term

OPERATING STATISTICS

		Six months to 31 Dec 2019	Six months to 31 Dec 2018	% change
Gross refined production				
6Es	(000oz)	**1 316,7**	1 589,1	(17,1)
Platinum		**657,7**	799,8	(17,8)
Palladium		**391,1**	464,1	(15,7)
Rhodium		**85,2**	106,2	(19,8)
Nickel	(tonnes)	**8 126**	8 074	0,6
IRS metal returned (toll refined)				
6Es	(000oz)	**0,6**	2,3	(73,9)
Platinum		**0,1**	0,7	(85,7)
Palladium		**0,3**	1,6	(81,3)
Rhodium		**0,1**	–	
Nickel	(tonnes)	**1 656**	1 749	(5,3)
Sales volumes				
6Es	(000oz)	**1 327,9**	1 572,6	(15,6)
Platinum		**675,2**	773,4	(12,7)
Palladium		**396,6**	485,5	(18,3)
Rhodium		**91,5**	104,2	(12,2)
Nickel	(tonnes)	**5 198**	5 949	(12,6)
Prices achieved				
Platinum	(US$/oz)	**888**	829	7,1
Palladium		**1 647**	1 035	59,1
Rhodium		**4 491**	2 395	87,5
Nickel	(US$/t)	**14 772**	13 399	10,2
Consolidated statistics				
Average rate achieved	(R/US$)	**14,71**	14,18	3,7
Closing rate for the period	(R/US$)	**13,98**	14,38	(2,8)
Revenue per 6E ounce sold	(R/oz)	**20 888**	14 804	41,1
	(US$/oz)	**1 420**	1 044	36,0
Tonnes milled ex-mine	(000t)	**10 305**	10 235	0,7
6E refined production	(000oz)	**1 317**	1 589	(17,1)
Capital expenditure	(Rm)	**1 925**	1 706	(12,8)
Group unit cost per 6E ounce	(R/oz)	**12 312**	10 885	(13,1)
	(US$/oz)	**838**	768	(9,1)
Group unit cost per 6E ounce stock adjusted	(R/oz)	**13 157**	11 413	(15,3)
	(US$/oz)	**896**	805	(11,3)

Additional statistical information is available on the company's internet website.

COMMENTARY

RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

Note – reporting changes: As of the current reporting period, production and unit costs are reported in terms of 6E platinum group metals ("6E"), the sum of platinum, palladium, rhodium, iridium, ruthenium and gold, and no longer in terms of platinum.

This reporting change reflects the Group's value-driven strategy, which seeks to enhance the competitiveness and diversity of the asset portfolio, while reducing exposure to high-cost, deep-level conventional mining and shifting our metal mix to assets better aligned to anticipated future market requirements.

In addition, the acquisition of Impala Canada (previously North American Palladium ("NAP")), a primary producer of palladium, became effective on 13 December 2019. This reporting period therefore includes 18 days of consolidated operating and financial results from this operation.

Following the incorporation of Impala Refining Services ("IRS") into the Impala business entity, the Group revised the way in-process metal inventory quantities are allocated between the Impala and IRS segments during the reporting period. In prior periods, IRS was allocated a metal pipeline based on its contractual terms, whereas all deviations in processing inventory, after accounting for this pipeline, were allocated to Impala. In the current period, this allocation was amended as a change in estimate on a prospective basis and now the allocation of pipeline inventory between the two segments is based on actual volumes processed for each operation. This will result in a more accurate and appropriate allocation of in-process metal inventory in future for each business unit.

INTRODUCTION

Safety remains the Group's foremost priority. Despite improvements in the lost-time and all injury frequency rates, Implats mourns the loss of three employees at managed operations during the reporting period. The Board and management team extend their sincere condolences to the families and friends of our late colleagues and remain steadfast in our resolve to eliminate all fatal work-related accidents from our portfolio.

Implats delivered solid results for its half year ended 31 December 2019. Sustained operating performances from mining operations, together with robust rand PGM pricing during the period, offset short-term challenges associated with concentrator maintenance and constrained smelter availability, resulting in significantly improved free cash inflow and strong headline earnings.

This enabled the funding of the acquisition of Impala Canada through a combination of cash, a forward sale of metal and debt, and the reinstatement of dividends, based on a pay-out ratio of free cash flow before growth capital of 30%.

The Group's strategic repositioning as a high-value, profitable and competitive PGM producer was meaningfully advanced through initiatives to improve organisational effectiveness at key operations, with Impala Rustenburg bedding down the operational and financial turnaround achieved in FY2019.

A three-year wage settlement was signed with the Association of Mineworkers and Construction Union ("AMCU") at Impala Rustenburg and Marula without operational interruptions or intervention by a third party.

The Group delivered stable 6E in concentrate production of 1,53 million ounces, despite several challenges including a break-down of the primary mill at Mimosa and poor metallurgical performance at Two Rivers. Intermittent load shedding by power utility Eskom added to the complexities of the operating environment.

The Group's refined 6E production was 17% lower than the prior comparable period, heavily impacted by constrained smelter availability largely due to a planned furnace rebuild at Zimplats.

Increased volumes of high base metal concentrate received from Zimplats during its furnace rebuild resulted in an additional 135 000 ounce 6E inventory accumulation during the period. Between 100 000 to 150 000 ounces 6E of accumulated excess inventory is expected to be released during the second half of the financial year.

Stock-adjusted unit costs per 6E ounce were impacted by inflationary pressures and low treatment rates at our smelting and refining operations. This resulted in stock-adjusted unit costs rising 15% to R13 157 per 6E ounce.

The adjustment in the stock allocation policy resulting in a reallocation of stock between Impala Rustenburg and IRS, mitigated the increase in unit costs per refined 6E ounce, which rose 13% to R12 312 per ounce (H1 2019: R10 855 per ounce).

Free cash inflow of R5,0 billion improved year on year as received 6E pricing rose by 41%, offsetting a 16% decline in 6E sales volumes due to the increase in metal inventories. Revenue improved by 19% to R28,0 billion, gross profit increased by more than

COMMENTARY CONTINUED

90% to R6,2 billion and headline earnings rose by 52% to R3,4 billion or 436 cents per share.

Net cash generated from operating activities amounted to R6,0 billion for the six months, negatively impacted by a build-up in inventories, but benefiting from the receipt of cash from forward sales of R2,0 billion which were concluded to ensure the optimal and efficient funding of the acquisition of Impala Canada. The incentivised early conversion of the US dollar bond resulted in a R3,1 billion reduction in debt as 64,3 million Implats shares were issued and the Group ended the half year in a net debt position of R1,9 billion.

GROUP SAFETY

The Group's core business philosophy and values of "respect, care and delivery" are underpinned by our goals of eliminating harm to the health and safety of our employees. Safety is our foremost priority and we are committed to achieving our vision of zero harm.

A regression in safety performances during the final quarter of the previous financial year, which extended into the first quarter of FY2020, has been met with increased leadership focus and greater collaboration with all stakeholders to prioritise safe production across all operations.

Despite significant improvements in the lost-time injury frequency rate ("LTIFR") and the all injury frequency rate, it is with deep sadness and regret that Impala Rustenburg recorded three employee fatalities in the period under review – loco operator Odirile Thipe (1 Shaft), and scraper winch operators Mnonopheli Mkwebiso (11 Shaft) and Sibusiso Jalisa (12 Shaft). Implats offers ongoing support to the families in recognition of the severe impact of their loss. In addition, Two Rivers, a non-managed joint venture operation, recorded its first fatal incident in seven years – LHD operator Mphedi Lalatji. The Board of Directors and management team have extended their sincere sympathies to the families and friends of our four colleagues.

Each incident was subject to a rigorous independent investigation and remedial action was taken to prevent reoccurrence. The emphasis remains on ensuring effective leadership, responsible behaviour and driving a culture of personal accountability and interdependence.

The LTIFR and the all injury frequency rates improved by 9% and 6% from FY2019. Nine of the 16 Group operations are on millionaire or multi-millionaire status in terms of fatality-free shifts.

GROUP STRATEGY

The Group continues to make headway on delivering into its stated value-driven strategy, which includes:

- Protect and strengthen our licence to operate
- Optimise the balance sheet and capital allocation
- Enhance the competitiveness of the portfolio
- Repositioning Implats to the lower half of the cost curve.

Impala restructuring

The restructuring of Impala Rustenburg is aimed at enhancing the capital efficiency, competitiveness and sustainability of the operation through a focus on producing safely and profitably from its best assets. During the period under review, a section 189 process was initiated in preparation for the closure of 9 Shaft and the outsourcing, or closure, of 1 Shaft. The timeframe communicated for the planned closure of 1, 9, 12 and 14 Shafts was premised on: a "lower-for-longer" PGM basket price; the impact of limited available mine life remaining at 1 and 9 Shafts; and poor productivity and efficiency at both 12 and 14 Shafts.

Options to extend the life at 1 Shaft to preserve jobs were considered as part of the restructuring process, including an outright sale and a fully outsourced operational model. A thorough investigation highlighted several challenges and risks associated with pursuing this course of action. Together with a structural repricing of the revenue basket, Implats made the decision subsequent to the end of the reporting period to rather convert 1 Shaft to the same operating model currently deployed successfully at 9 Shaft. Internal projections based on reserve and price assumptions estimate a life extension of at least three years at a production rate of 100 000 ounces of 6E per annum. This development secures more than 2 500 jobs at the operation.

The contractor mining model deployed at 9 Shaft, with core infrastructure managed by Impala, continues to deliver profitable mine life extension. However, in line with original guidance, limited remaining mineral reserves will soon be depleted and will lead to closure of this shaft in the near term.

Sustained operational and cost improvements at 12 and 14 Shafts over the past two years, initiated with the restructuring strategy, have fundamentally shifted the relative performance of the shafts. During the period under review the shafts not only met the operating and cost thresholds set at the time, but were the most profitable operations at Impala

Rustenburg. The fundamental improvement in operating performance, combined with our view of a structural repricing of the medium-term 6E revenue basket, now fully warrants continued operation of these assets for the foreseeable future.

This is not a departure from the stated strategy to operate a lower-cost, more sustainable suite of high-quality assets. These shafts will be operated in a manner different from the longer-life core assets and employ contracted mining teams to support experienced mining staff. This will afford the business the opportunity to generate cash for shareholders while prices remain supportive, and ultimately, also provide the flexibility to more rapidly cease production in future if the market turns and/or performance weakens below internal thresholds.

Keeping 12 and 14 Shafts in production will also secure more than 10 000 jobs at a time when the economy and region can ill afford further job losses.

The strategy with respect to ramping-up 16 and 20 Shafts remains unchanged. Both shafts are now generating cash much earlier than originally estimated on the back of improved 6E PGM pricing – breakeven was achieved for the half year after capital expenditure.

Competitive portfolio

The ongoing optimisation of the Implats portfolio, to prioritise low-cost, mechanised, PGM-rich and cash-generative assets continues.

To this end, the acquisition of Impala Canada in the period under review is notable. The transaction closed and Implats took over the cash-generating asset on 13 December 2019, effectively diversifying Implats' production base geographically and operationally while enhancing the Group's mix of attributable mine production, sourced from a diverse range of PGM-bearing reef types. Integration of the Impala Canada business is progressing with the relevant teams.

The definitive feasibility study ("DFS") on the low-cost, shallow, palladium-rich Waterberg Project was completed in September 2019. The JV partners resolved to roll Implats' 90-work-day option trigger date until the outstanding mining right is received and executed. In the interim, further study and optimisation work will be completed to derisk the project implementation programme. The Group will cover expenditure related to this work, up to an amount of R55 million, during this period.

Management continues to explore ways to improve safety, productivity and cost efficiency at all other operations, with an increased focus on securing the resilience and reliability of our considerable processing assets.

Balance sheet and capital allocation

Implats' continued operational and financial performance has further strengthened the Group's balance sheet. Free cash inflow of R5,0 billion benefited from higher received 6E PGM pricing and the receipt of R2,0 billion in forward sales of excess metal inventory, which was concluded to ensure optimal and efficient funding of the cash acquisition of Impala Canada. Following the conclusion of the transaction in mid-December 2019, US$100 million of the US$350 million acquisition bridge facility was repaid in two tranches of US$50 million in each of December 2019 and January 2020. The remaining US$250 million of the bridge facility was repaid on 29 January 2020 from the proceeds of a four-year term loan of US$250 million, which was secured by Impala Canada.

Net cash generated from operating activities amounted to R6,0 billion for the six months, negatively impacted by the build-up in metal inventories, but benefiting from higher prices and the proceeds of the R2,0 billion forward sale.

Material progress in reducing debt obligations was achieved with the successful incentivised conversion of the Group's US dollar bonds, due in 2022. Together with the cancellation of the cross-currency interest rate swap ("CCIRS"), the incentivised conversion reduced the Group's gross debt by R3,1 billion and lowered the Group's future interest charges by R319 million per annum. A total of 64,3 million new Implats shares were issued in August 2019 at a total cost of R524 million, representing an incentive premium of R509 million and accrued interest of R15 million. In addition, residual debt of US$42,5 million at Zimplats was repaid in December 2019.

After funding the Impala Canada acquisition of R10,9 billion, Implats ended the reporting period in a net debt position of R1,9 billion and had liquidity headroom of R8,0 billion comprising R6,0 billion in cash and R2,0 billion in available banking facilities.

GROUP OPERATIONAL REVIEW

The underlying mining performance remained strong during the first half of the financial year. Tonnes milled from managed operations (Impala Rustenburg, Zimplats and Marula, together with an 18-day contribution from Impala Canada) were

COMMENTARY CONTINUED

largely unchanged, rising 1% to 10,31 million tonnes (H1 2019: 10,24 million tonnes).

A 2% lower milled grade at Impala due to a planned increase in on-reef development rates aimed at driving increased operational flexibility, together with lower recoveries at Two Rivers due to the mining of split-reef and a primary mill repair at Mimosa, resulted in a 2% decline in mine-to-market 6E concentrate produced to 1,34 million ounces (H1 2019: 1,38 million ounces).

Third-party concentrate receipts increased by 4%, buffering the decline in mine-to-market production, with gross 6E concentrate of 1,53 million ounces, declining by 2% from the comparable operating period.

Gross refined output was impacted by a scheduled furnace rebuild at Zimplats and acid plant maintenance at Impala Rustenburg in Q1 2020. High matte fall in the Rustenburg smelter, due to increased volumes of high base metal concentrate received from Zimplats during its furnace rebuild, further impacted the Group's smelting performance during Q2 2020 and resulted in 135 000 ounces of additional 6E stock inventory in the period.

Refined 6E production consequently declined by 17% to 1,32 million ounces (H1 2019: 1,59 million ounces) from the prior comparable period, which had benefited from a release of in-process stocks. Progress was made in several key areas to optimise processing capacity to release the current elevated levels of excess inventory to the market during the second half of FY2020 and in FY2021. The focus remains on derisking operations and building resilience at a time when demand for PGMs is robust, resulting in substantial increases in pricing, profits and free cash flow.

Inflationary cost increases, investment in increased development rates to strengthen mineable ore reserve face length, the weaker rand on the dollar cost base at Zimplats and initial consolidated costs from Impala Canada resulted in total cash operating costs increasing by 11% from the prior comparable period. While rand per tonne milled costs increased by 10% to R1 157 (H1 2019: R1 049 per tonne), lower stock-adjusted 6E production resulted in a 15% increase to unit costs on this measure. During the period, an adjustment in the stock allocation policy resulted in a reallocation of stock between Impala and IRS, mitigating the increase reported per unit cost of R12 312 per refined 6E ounce to 13% (H1 2019: R10 855 per ounce).

Capital expenditure at managed operations of R1,9 billion increased by 13% compared to the comparable period. This was primarily due to the accelerated capital expenditure at Marula (where the construction of a new tailings storage facility has been initiated) and the inclusion of R37 million capital expenditure at Impala Canada. Capital expenditure at Impala declined by 2% to R998 million with the completion of spend on 20 Shaft.

The overall stock lock-up for the six months was 135 000 ounces 6E. At the start of the period excess stock was 215 000 ounces bringing the total excess ounces that can be released over time to 350 000 ounces 6E at the end of December 2019. The Group forecasts a drawdown of between 100 000 to 150 000 ounces 6E during the second half of the financial year.

Impala Rustenburg

The improvement in operational momentum achieved during FY2019 was largely maintained into the first half of FY2020. Mined volumes improved at 11, 12, 14, 16 and 20 Shafts, but were lower at 1 and 9 Shafts on a planned ramp down, and fell at 6 and 10 Shafts as a result of constrained mineable face length.

Tonnes milled decreased by 4% to 5,74 million tonnes (H1 2019: 5,97 million tonnes). The 6E mill grade deteriorated by 2% to 3,91g/t largely due to increased ore reserve development and higher stoping widths associated with rolling UG2 reef at 10, 11 and 14 Shafts.

Initial tailings retreatment work undertaken during the period delivered 6 000 6E ounces, while production from other sources, including high-grade smelter reverts in the prior period, declined by 14 000 ounces year on year. 6E concentrate production, partially buffered by improved concentrator recovery, declined by 3% to 652 000 ounces (H1 2019: 673 000 ounces). On a stock-adjusted basis, 6E production decreased by 5% to 645 000 ounces (H1 2019: 682 000 ounces).

Smelter availability at Impala Rustenburg was constrained in Q1 2020 as a result of scheduled annual acid plant maintenance and further impacted due to difficulties in treating Zimplats concentrates. While this impacted refined volumes for Impala Rustenburg disproportionately in Q1

2020, the implementation of a revised stock reallocation policy between IRS and Impala resulted in a reallocation of refined volumes in Q2 2020. The stock reallocation resulted in refined 6E volumes increasing by 2% to 761 000 ounces (H1 2019: 744 000 ounces).

Total cash costs, including all allocated corporate and marketing costs, increased by 10% to R9,4 billion (H1 2019: R8,5 billion) with above-CPI increases on utilities and labour. In addition, costs were impacted by inefficiencies at 1 Shaft during the extended outsourcing investigation, increased rates of working cost development to improve mineable face, and a pilot project to treat old tailings which impacted concentrator costs. On a stock-adjusted basis, unit costs increased by 16% to R14 515 per 6E ounce (H1 2019: R12 461) with lower stock-adjusted metal volumes exacerbating inflationary pressures. The inventory allocation adjustment resulted in refined unit costs increasing by 8% to R12 305 per 6E ounce (H1 2019: R11 426).

Capital expenditure, impacted by timing issues, declined by 2% to R998 million (H1 2019: R1,0 billion). Project capital declined by 27% to R173 million (H1 2019: R237 million) while stay-in-business capital increased by 6% to R825 million (H1 2019: R780 million). Of this, a total of R102 million was invested in smelting and refining (H1 2019: R132 million).

During the first half of the year, Impala delivered R7,1 billion in free cash flow, a three-fold increase from the comparable period mainly due to the inventory reallocation, as well as higher rand PGM pricing and the receipt of R2,0 billion in forward sale proceeds. Impala made a gross profit of R3,9 billion and contributed R2,6 billion to Group headline earnings (H1 2019: R1,0 billion).

Impala Refining Services ("IRS")

PGM receipts in matte and concentrate from mine-to-market operations declined by 9% to 631 000 ounces (H1 2019: 696 000 ounces) as processing constraints at Two Rivers and Mimosa were compounded by a temporary increase in smelter inventory at Zimplats following furnace maintenance. Third-party PGM receipts increased by 4% to 190 000 ounces (H1 2019: 184 000 ounces). In total, gross PGM receipts of 822 000 ounces were 7% lower than the previous comparable period (H1 2019: 879 000 ounces).

Reported operational and financial metrics for IRS were further impacted by the reallocation of stocks between IRS and Impala in Q2 2020, which increased IRS working capital. Consequently, refined 6E volumes declined by 35% to 549 000 ounces (H1 2019: 846 000 ounces) and sales volumes were materially lower. This resulted in negligible reported gross profit and a deemed free cash outflow in the reporting period, which will normalise in future with the treatment of accumulated excess IRS pipeline inventory.

Marula

Marula continues to deliver an improved operational performance.

Tonnes milled improved by 2% to 970 000 tonnes (H1 2019: 955 000 tonnes), while focused mining resulted in a reduction in stoping width and a higher delivered head grade, which increased 5% to 4,60g/t (H1 2019: 4,37g/t). Consequently, 6E in concentrate production increased by 6% to 124 000 ounces (H1 2019:118 000 ounces).

Total cash costs were impacted by inflation and higher bonus payments due to improved productivity and rose by 11% to R1,3 billion (H1 2019: R1,2 billion). Continued operating stability and the delivery of a strong second quarter compensated for a lower plant running time due to unplanned maintenance in Q1 2020. Volume gains helped offset inflationary pressures and unit costs increased by 5% to R10 265 per 6E ounce (H1 2019: R9 779).

Capital expenditure accelerated in line with progress on the new tailings storage facility and mining fleet replacement, with spend increasing from R33 million to R204 million in the period.

The benefit of higher sales volumes and strong palladium and rhodium pricing lifted sales revenue, gross profit and free cash flow, which increased to R2,7 billion, R1,2 billion and R431 million respectively. Marula contributed R385 million to Group headline earnings.

Management continues to make good progress towards securing a lasting resolution to community issues and operated without community disruptions during the period.

Two Rivers

Challenging operating conditions persisted at Two Rivers.

Extensive concentrator optimisation work to address weak recoveries from variable mineralogy in the first quarter resulted in improved metallurgical

COMMENTARY CONTINUED

performance and secured a significantly improved second quarter at the operation.

Milled volumes were largely unchanged year on year, however, increased tonnage from the accelerated development of the main decline, together with lower mined grade from split-reef areas resulted in a 2% weaker delivered grade. This was compounded by poor recoveries through the concentrator plant in Q1 2020, resulting in 6E production declining by 14% to 138 000 ounces (H1 2019: 161 000 ounces). Total cash costs were well contained, rising 7% to R1,3 billion. The impact of lower concentrate volumes saw unit costs increase by 24% to R9 616 per ounce (H1 2019: R7 727 per ounce).

Capital expenditure increased by 58% to R391 million (H1 2019: R247 million) in line with accelerated deepening and development activity, fleet purchases and the commencement of the tailings storage facility project. Capital was also impacted by a once-off R99 million charge due to a change in accounting standards applied to leases in the period. The benefit of strong UG2 pricing buffered Two Rivers' financial performance with gross profit improving by 97% to R944 million and free cash flow more than doubling to R154 million.

During the period, the JV partners advanced plans for a more sustained solution to the future geological realities of the operation with a 40 000 tonne per month plant expansion project approved in principle and an adjudication process now under way. The estimated cost of the project is R427 million and will be incurred between FY2020 and FY2022 with improved volumes expected by FY2022. The expansion will secure recoveries, increase throughput and return the mine to historical levels of metal production. The quality and efficiency of the Two Rivers operation, together with expected strength in the basket price, should ensure a high internal rate of return and short pay-back period for the project.

Zimplats

Zimplats again delivered a strong operational performance, despite being impacted by processing maintenance undertaken during the period, with the smelter recommissioned in October 2019 and the planned mill relines at the Selous concentrator taking place in the second quarter.

Tonnes milled were 2% higher at 3,38 million tonnes. Stable grade (at 3,48g/t) and recoveries resulted in 6E in concentrate production of 299 000 ounces, up 2% period on period. 6E production in matte, including concentrates sold, reduced by 7% to 267 000 ounces due to the temporary increase in smelter revert inventory following the three-month furnace rebuild. While a mix of concentrate and matte was delivered to IRS during the period, sales volumes declined by 12%.

Total cash costs were well controlled and increased by 3% to US$181 million (H1 2019: US$175 million). With the impact of a weaker rand, costs grew by 7% to R2,7 billion on translation (H1 2019: R2,5 billion). Unit costs per tonne milled increased by 2% to US$54 per tonne (H1 2019: US$53), while costs per 6E ounce in matte increased by 12% to US$675 per ounce (H1 2019: US$606 per ounce) impacted by concentrate transport costs and lower matte volumes.

Capital expenditure increased 1% to US$47 million (H1 2019: US$46 million) with stable stay-in-business spend of US$33 million and marginally higher project spend of US$14 million (H1 2019: US$13 million) as the furnace refurbishment was completed and the Mupani project was progressed. Zimplats achieved gross profit of R2,2 billion (H1 2019: R1,0 billion), generated R789 million in free cash flow and contributed R956 million in headline earnings to the Group.

Impala Canada

The inclusion of Impala Canada for 18 days from acquisition, resulted in a modest tonnage and 6E production contribution of 8 000 ounces. The transaction closed on 13 December 2019 and the operation was formally renamed and began operating as Impala Canada on 14 December 2019. All integration workstreams are progressing well. Impala Canada is expected to produce 120 000 to 150 000 ounces 6E in H2 2020, with expected capital expenditure of CAD$64 million.

Mimosa

Mimosa recovered well from a difficult Q1 2020, when concentrate volumes were heavily affected by the breakdown of the primary mill. Tonnes milled declined by 7% to 1,3 million tonnes (H1 2019: 1,4 million tonnes) while delivered grade was stable at 3,84g/t. Lower yields due to the plant outage and subsequent start-up resulted in a 9% decline in the volume of 6E concentrates produced of 120 000 ounces (H1 2019: 132 000 ounces).

Steps to derisk the processing plan bottlenecks at Mimosa have been taken by the JV partners through the procurement of additional concentrating equipment sourced from a decommissioned site in South Africa. This has allowed for the start of a process optimisation project, which will be completed over the course of 18 months. Negotiations to secure neighbouring ground to extend Mimosa's life-of-mine by two years were completed in the period. A royalty payment of US$4,5 million has been agreed. An upfront payment of US$1,5 million will be paid during H2 2020, followed by three US$1,0 million annual instalments.

Cash costs at Mimosa increased by 2% to US$100 million (H1 2019: US$98 million) and were impacted by bad ground conditions. While costs per tonne milled rose 10%, unit costs per 6E ounce rose 12% to US$830 per ounce (H1 2019: US$741 per ounce) and were 16% higher on translation into rand. Mimosa delivered a significant increase in gross profit to R830 million, with contributions to headline earnings of R65 million impacted by intercompany adjustments due to the increase in the unearned profit adjustment on metal in the pipeline.

KEY PROJECTS

Implats' key projects and business development activities are focused on low-cost, predominantly mechanised assets which can deliver defensive cash generation to entrench the Group's competitive position and sustain profitability well into the future.

Impala Rustenburg: 16 Shaft

There have been continued improvements in total and mineable face-length at 16 Shaft resulting in higher panel availability, which increased to 162 panels at the end of the period from 143 at the end of the first quarter.

The ramp up is 61% complete, marginally behind schedule due to ore pass rehabilitation and a slower build-up in teams. The C ore pass is expected to be completed in the third quarter of this financial year, with the D ore pass completion scheduled for the first quarter of FY2021. Steady-state 6E production of 330 000 ounces per annum is expected from June 2022.

To date, capital spend has totalled R7,5 billion of the R7,9 billion approved project vote, with the completion of this expenditure expected by November 2021.

Impala Rustenburg: 20 Shaft

The capital project scope has been completed with final expenditure of R7,9 billion.

The focus at 20 Shaft remains on creating mineable face to meet the planned ramp-up in stoping tonnes. Mineable face length improved well ahead of plan to 2 400 metres.

Zimplats: Mupani Mine

Decline development at Mupani Mine, which will replace Ngwarati and Rukodzi Mines, remains ahead of schedule, with two project fleets currently developing in both ore and waste. The mine will receive the first stoping fleet from Rukodzi in the final quarter of FY2020. A total of 115 316 tonnes was mined in the first half year at an average grade of 3,07g/t, bringing the production to date to 127 552 tonnes at an average head grade of 3,03g/t 4E.

The infrastructure focus is on commissioning the surface ore handling and crushing plant in March 2020. The raise bore contractor has been mobilised to site to establish two exhaust ventilation raises, the first of which is due for completion in April 2020.

A total of US$80 million out of the budgeted US$264 million had been spent by the end of the half year.

MINERAL RESOURCES AND MINERAL RESERVES

There has been no material change during the half-year assessment of the Implats Mineral Resources and Mineral Reserves estimates. Adjustments to the planned production profile of Impala Rustenburg – due to the benefit of efficiency gains and pricing improvements – are anticipated to positively impact year-end consolidation.

In addition, it is expected that the maiden reporting of the Attributable Mineral Resources from the Waterberg Project and the Mineral Resources and Mineral Reserves from Impala Canada's Lac Des Iles Mine may have a positive impact on Implats' palladium-to-platinum ratio – both currently being validated for SAMREC Code (2016) compliance in line with Implats' governance processes.

The revised Implats Mineral Resource and Mineral Reserve statement, as at 30 June 2020, will provide the detailed updated estimates.

COMMENTARY CONTINUED

FINANCIAL REVIEW

Revenue at R28,0 billion was R4,5 billion or 19% higher than the previous comparable period:

- Improved dollar metal prices benefited revenue by 29%, or R6,7 billion in the period. While platinum and nickel pricing improved, it was the marked price rise in both palladium and rhodium that was the primary contributor of this gain. Dollar revenue per 6E ounce sold was 36% higher at US$1 420 (H1 2019: US$1 044)
- The rand weakened by 4% to R14,71 from R14,18 in the previous period and contributed R1,0 billion to the increase in Group revenue with the achieved rand basket price of R20 888 per ounce sold increasing 41% year on year
- The benefit of these gains on revenue was partially offset by the R3,3 billion impact of the 14% decrease in sales volumes resulting from the constrained smelting capacity.

Cost of sales at R21,9 billion increased by R1,6 billion from the previous period:

- Higher rand metal prices resulted in a R3,0 billion increase in the cost of IRS metal purchased
- The combination of South African mining inflation of 7%, a weaker rand on the conversion of Zimplats US dollar costs and increased spend on development to secure operational flexibility at Impala Rustenburg resulted in a R1,4 billion or 11% increase in cash costs
- These increases were partially offset by the movement in inventory, which resulted in a credit to the costs of sales of R3,6 billion in the period. In the current year, costs were deferred due to a substantial increase in metal pipeline stocks as a result of constrained smelting capacity. Conversely in H1 2019, a draw-down of inventory largely offset movements in the value of stock with a R202 million credit to cost of sales.

As a result of the above, the Group generated *gross profit* for the period of R6,2 billion, a gain of 91% from the R3,2 billion achieved in the previous period.

Profit before tax of R4,8 billion improved from R3,4 billion achieved in H1 2019, with the R2,9 billion improvement in gross profit partially offset by a decrease in other income of R494 million, while other expenses increased by R1,1 billion.

Other income in H1 2019 benefited from the refund of customs duty penalties to Zimplats of R136 million and the receipt of export incentives by Zimplats of R417 million. In H1 2020, insurance proceeds on Rustenburg's No 5 furnace insurance claim rose to R353 million from R150 million in the comparable period with the claim now settled. *Other expenses* were impacted by the once-off cash expense of R509 million relating to the incentivised early conversion of the US dollar convertible bonds, the provision for restructuring costs of R331 million (primarily related to 1 and 9 Shafts at Impala Rustenburg) and the transaction costs of R147 million incurred on the acquisition of Impala Canada.

The increased *tax charge* of R1,3 billion (H1 2019: R895 million) was largely due to the improved profitability of the operations and higher dividend withholding tax paid by Zimplats.

Basic earnings increased to R3,4 billion from R2,3 billion in the comparable period. After adjusting for the after-tax profit on the sale of property, plant and equipment of R14 million, and the R11 million purchase gain on the acquisition of Impala Canada, *headline earnings* of R3,4 billion was achieved. The weighted average number of shares in issue increased to 774,4 million as a result of the issuance of 64,3 million Implats ordinary shares on 1 August 2019 following the successful incentivised conversion of the US dollar convertible bond. The resultant *headline earnings per share* of 436 cents increased 41% from 310 cents achieved in the comparable period.

The Board of Implats has approved the declaration of an interim cash *dividend* of R1,25 per ordinary share, in terms of the newly approved dividend policy, which is aligned to the Company's capital allocation framework. The dividend policy states that a dividend will be declared from 30% of free cash flow, pre-growth capital, for any given period, subject to the Board's discretion. The dividend has been declared from retained earnings and will be subject to a 20% dividend withholding tax for shareholders who are not exempt from, or do not qualify for, a reduced rate of withholding tax. The interim dividend will be paid on 23 March 2020.

Net cash from operating activities of R6,0 billion was at similar levels to that generated in the comparable period. The impact on cash of improved earnings and the receipt of R2,0 billion from a forward sale of metal was partially offset by the lock-up of inventory amounting to R3,8 billion in the half year.

Capital expenditure at managed assets increased to R1,9 billion (H1 2019: R1,7 billion). Of this, R147 million (H1 2019: R207 million) was spent on 16 and 20 Shafts at Impala Rustenburg while R292 million was spent on Mupani and Bimha (H1 2019: R333 million) at Zimplats. R117 million was incurred at the tailings storage facility under construction at Marula and a further R37 million at the newly acquired Impala Canada in the closing weeks of the year.

With effect from 13 December 2019, Implats acquired 100% of the outstanding shares in Impala Canada for a cash consideration of CAD$983 million (US$747 million or R10 859 million), using a combination of existing cash (US$277 million), proceeds from a forward sale of excess inventory (US$120 million) and the proceeds raised on a bridge loan facility (US$350 million). The cash consideration paid excludes the cash utilised by Impala Canada to settle certain share option payments that vested on the closing of the transaction. As part of the closing process, NAP amalgamated with Implats' wholly owned Canadian subsidiary, and was subsequently renamed Impala Canada Limited, which is now a wholly owned subsidiary of Implats. At the date of acquisition, Impala Canada had a cash balance of R1,4 billion. Prior to period-end, US$50 million of the bridge loan was repaid from cash by Impala Canada and, subsequently a further US$50 million was repaid by Implats in January 2020, with the remaining US$250 million of the facility being repaid from the proceeds of a US$250 million term loan raised by Impala Canada.

Borrowings increased as a result of the US$300 million bridge loan, but benefited from the early conversion of the US dollar convertible bond and Zimplats debt repayment of US$42,5 million in December 2019. Cash and cash equivalents at the end of the period under review amounted to R6,0 billion. Net debt, excluding finance leases, was R1,9 billion at 31 December 2019, an increase of R967 million on the comparable period (H1 2019: R976 million) and a swing of R3,0 billion from year-end (30 June 2019: net cash of R1,1 billion).

The *balance sheet* remains strong with unutilised revolving credit facilities of R4,0 billion, available until 7 June 2021. Therefore, at 31 December 2019, the Group had liquidity headroom of R8,0 billion, comprising cash of R6,0 billion (30 June 2019: R8.2 billion) and available banking facilities of R2,0 billion (30 June 2019: R4,0 billion), compared to the R12,2 billion available at the end of June 2019.

MARKET REVIEW (CALENDAR YEARS UNLESS OTHERWISE STATED)

All three major PGM markets recorded fundamental deficits during 2019. While investment demand primarily drove the 277 000 ounce shortfall in the platinum market, strong growth in autocatalyst loadings resulted in deficits of 982 000 ounces and 7 000 ounces in the palladium and rhodium markets respectively. Structural demand growth from tightening emission standards in Europe and China, and Asian investment in industrial capacity, underpinned demand for PGMs, despite a year marked by slowing economic activity, weak sentiment due to unresolved trade wars, geopolitical tensions and the form of an eventual Brexit.

The impact of COVID-19 is likely to result in downgrades to expected global economic activity in H1 2020 with China, the epicentre of the coronavirus, likely to bear the brunt of negative revisions. China's role in global growth, world trade and tourism has increased materially over the past two decades and the comparisons between COVID-19 and the impact of the 2003 SARS virus outbreak are likely to underestimate the potential economic impact of the coronavirus. It will be some time before the severity and duration of the COVID-19 epidemic is clear and hence the impact on metal demand in 2020 remains uncertain.

In our view, the support from increased automotive loading requirements, together with expected supply shortfalls in both rhodium and palladium, suggests limited impact on customer requirements and hence little risk to expected deficits in both metals.

Awareness of the potential of hydrogen and fuel cell technology to facilitate decarbonisation continues to grow and underpins the medium-term demand outlook for platinum. While we remain encouraged by progress made on the reintroduction of platinum in gasoline catalyst systems in the North American market, it remains our view that this is likely to impact positively from 2021 onwards and, as such, in the absence of substantial investment demand in 2020, the platinum market is likely to revert to a surplus once again.

Platinum ended 2019 at US$971 per ounce, 22% higher than the opening London Bullion Market Association ("LBMA") trade and averaged US$863 per ounce in 2019, 2% lower than the previous year (2018: US$879 per ounce). Platinum benefited from improving investor sentiment driven by its association with, and discount to, gold and

COMMENTARY CONTINUED

palladium. Investor support boosted pricing throughout 2019 and while Exchange Traded Fund ("ETF") inflows slowed materially in the final quarter of the year, speculative length expanded materially. Finally, in December, news of Eskom power outages supported a year-end rally and, at the margin, limited the availability of physical metal in the spot market into year-end.

Palladium's march higher continued apace in 2019, closing the year at US$1 920 per ounce, 52% higher than the opening LBMA trade and averaged US$1 539 per ounce in 2019, 49% higher than the previous year (2018: US$1 031 per ounce). The price was supported by increasing physical tightness and in the absence of substantial speculative investment activity. ETF selling was muted during the year, materially reducing the supply provided by this source of market liquidity in prior years. Stronger than expected auto growth was driven by increasing gasoline market share in Europe and the early introduction of China VI standards in certain cities. Tightness in early 2020 has been compounded by South African refined shortfalls and maintenance and closures at certain northern hemisphere refineries.

The rhodium price increased by US$3 590 per ounce in 2019 closing the year at US$6 050 per ounce and registering a gain of 146% over the year. The metal averaged US$3 312 per ounce, 76% higher than the prior year (2018: US$2 220 per ounce). Rhodium prices were driven by increased auto demand due to the implementation of tighter NO_x limits for gasoline-powered internal combustion engines. Demand growth for rhodium has resulted in universal customer requests for additional metal, with producer market activity also adding to the perception of market tightness and lending price support. This continued in the first weeks of 2020, where extreme physical tightness and Asian industrial buying have seen prices trade up to US$13 000 per ounce.

Automotive

2019 marked the second consecutive year of falling global light-duty sales, with volumes of 90,3 million units indicating a 4,4% contraction relative to 2018. The overhang of deepening economic frictions weighed heavily on consumer sentiment, while regional idiosyncrasies also played a part in the weak result. The current outlook for 2020 is uninspiring and hinges on the performance of the Chinese market, which comprises over a quarter of the global expected sales and was the key source of market weakness in 2019.

The global heavy-duty market also posted a decline (of 3% to 3,1 million units) in 2019 due to trade tensions and the impact of general economic uncertainty on investment. The truck cycle is heavily cyclical and influenced by tightening legislation, which increases costs and can result in buying being pulled forward in certain years. The introduction of Bharat VI in April 2020 together with early implementation of China VI standards (ahead of nationwide implementation in July 2021) is therefore likely to lead to a more material contraction in heavy-duty sales volumes in 2020.

Jewellery

Demand for platinum in the jewellery sector contracted again in 2019 – double digit growth in India and modest gains in Japanese demand were insufficient to offset the sustained weakness in the Chinese market where the impact of slowing economic growth due to domestic and external challenges led to increased consumer caution. In addition, escalating social unrest in Hong Kong was an unforeseen impediment to the previously hoped for stabilisation in 2019 and we expect a double-digit contraction in jewellery demand as a result. In North America, concerns about a potential economic recession increased, reflected in a drop in retail sales, and platinum jewellery sales are expected to have contracted marginally from the strong base created in 2018.

The impact of COVID-19 is likely to substantially lower Chinese retail activity in Q1 2020 limiting the potential for a near-term recovery in demand. Near-term headwinds are balanced by the demographic argument for growth potential, where the ability to penetrate and promote in lower-tier Chinese cities and capture rising wealth levels supports continued optimism on continued jewellery promotion.

Industrial

Industrial demand for PGMs continues to be robust, but eased slightly relative to recent years as capacity expansion slowed in China where recent demand was supported by the construction of sizeable integrated chemical complexes and LCD plants. Platinum continues to benefit from growth in demand from the non-road mobile machinery and the nascent fuel cell sector and we retain our view of a firm medium-term outlook for industrial demand.

Industrial demand for palladium benefited from strong chemical demand, impacted by high pricing and hence substitution in the dental sector. Some medium-term relief is expected from an uptick in the performance of the electrical components sector, which has been particularly hard-hit by "trade wars" and "tariff tiffs" and a slowing mobile phone upgrade cycle in early 2019.

Investment

Physical investment in small platinum bars and coins contracted in 2019, with substantially lower Japanese purchases offsetting modest growth elsewhere. Conversely, ETF buying accelerated in 2019 with net purchases in excess of one million ounces, as investors reassessed their view of the relative value of platinum to both palladium and gold. Palladium net sales of just 14 000 ounces indicate a dramatic shift in ETF disinvestment versus the previous five-year period, when sales averaged approximately 550 000 ounces per annum. This contributed to a shift in market liquidity and undoubtedly provided price support during the year.

Net paper ("NYMEX" and "TOCOM") positioning in platinum increased by 2,26 million ounces in 2019, reaching record levels in the final months of the year and closing at 3,58 million ounces. Conversely, palladium net length declined by 300 000 ounces over the period to close at 1,16 million ounces, reflecting a market where price has been driven by fundamental physical tightness rather than speculative investor support.

Investment activity in platinum has been supported by its price discount to palladium and a rise in gold investment action – while palladium investor flows have remained muted after the lease rate spike and subsequent price weakness in March 2019. This has been confirmed by market commentary with trading desks noting investor caution towards palladium given substantial volatility and rising lease rates.

Fundamentals

After renewed optimism in the final quarter of 2019, the outlook for near-term global growth has once again become uncertain with the emergence of the unexpected threat presented by the COVID-19 outbreak. Despite this, in our view, the market fundamentals for both palladium and rhodium remain robust in the medium term, with strong auto-led growth and a limited supply response likely in the short term, despite higher prices.

While we assume robust growth in secondary supply, we continue to highlight the impediments to a rapid acceleration of primary supply growth: increased corporate focus on capital allocation; regulatory uncertainty; the longer-term auto outlook; a shortage of readily available processing capacity for both primary and secondary supply; a weak project pipeline; and funding constraints at several emerging producers. We expect to see capital expenditure at producing assets edge up in the near term as corporates seek to extend mine life, play "catch-up" on delayed capital and maintenance projects and secure the stability of processing assets in an uncertain energy supply environment.

In the absence of substantial investment flows, we expect the platinum market to remain in surplus in the medium term, before tightening towards the end of the decade as increased industrial and automotive use erodes recently accumulated above-ground inventory.

Fundamental deficits in palladium and rhodium are expected to persist and expand in the medium term and support stronger-for-longer pricing of these metals.

PROSPECTS AND OUTLOOK

Implats has made excellent progress on several strategic imperatives and is well positioned to generate significant value for stakeholders. The Group's balance sheet and financial position have been materially strengthened allowing the Board to reinstate dividends at a free cash flow pay-out ratio of 30%.

The focus for the rest of the FY2020 will be multi-pronged and include completing the Furnace 4 rebuild and reducing the Group's excess processing stockpile.

Other key priorities include further strengthening operational performance across the Group, aligning to the current favourable metal pricing environment, integrating Impala Canada into the Implats Group and delivering on the business case as communicated to the market at the time of acquisition.

The Group is mindful of the potential impact of continued electricity supply constraints on its operations in South Africa and Zimbabwe and continues to actively engage with both governments to secure continuity of our business as far as possible.

Implats remains fully committed to our long-term, value-driven strategy favouring value over volume in a zero harm environment, enhancing operational performance, building sustainability and returning value to shareholders.

COMMENTARY CONTINUED

Guidance

The Group is pleased to largely reiterate the operational guidance provided with its FY2019 results release, with adjustments reflecting the inclusion of Impala Canada and our reporting transition to 6E metrics.

Full-year refined production guidance is unchanged at 3,00 to 3,10 million 6E ounces for FY2020, which corresponds with our previous guidance of 1,45 to 1,55 million platinum ounces for FY2020. While the inclusion of Impala Canada increases concentrate production, these ounces are sold to a third party in terms of existing contractual requirements and therefore do not benefit the Group's refined volumes.

Group stock-adjusted operating costs are expected to be between R12 500 and R13 500 per 6E ounce (R25 500 and R26 500 per platinum ounce, and impacted by the inclusion of Impala Canada which has a low platinum content) for the full financial year. Group capital expenditure is forecast at R4,9 billion to R5,2 billion (previously guided at R4,2 to R4,5 billion and adjusted for the R0,7 billion expected spend at Impala Canada).

Full-year production estimates for the operational entities are as follows*:

Business area	Unit	**FY2019 actual Pt**	Previous guidance FY2020 Pt	Updated guidance FY2020 Pt	Updated guidance FY2020 6E
Refined production					
Group	oz	**1,53 million**	1,45 – 1,55 million	1,45 – 1,50 million	3,00 – 3,10 million
Concentrate production					
Impala	oz	**688 000**	640 000 – 690 000	640 000 – 690 000	1,21 – 1,3 million
Zimplats	oz	**269 000**	265 000 – 280 000	265 000 – 280 000	565 000 – 600 000
Two Rivers	oz	**147 000**	140 000 – 160 000	140 000 – 160 000	300 000 – 340 000
Mimosa	oz	**122 000**	110 000 – 125 000	110 000 – 125 000	230 000 – 260 000
Marula	oz	**83 000**	80 000 – 95 000	80 000 – 95 000	210 000 – 250 000
IRS (third party)	oz	**189 000**	170 000 – 185 000	180 000 – 200 000	330 000 – 370 000
Impala Canada	oz	**na**	na	8 000 – 10 000	120 000 – 150 000

* *The financial information on which this outlook is based has not been reviewed and reported on by Implats' external auditors.*

DIRECTORATE AND MANAGEMENT

In August 2019 Implats announced the resignation of Mr Udo Lucht as a non-executive director of the Board of Directors. Ms Boitumelo Tapnis Koshane was appointed as non-executive director of the Board replacing Mr Lucht as a representative of the Royal Bafokeng Nation.

The Board adopted the Independent Regulatory Board for Auditors Mandatory Audit Firm Rotation rule earlier than required, and appointed Deloitte as Implats' external auditor from FY2020.

DECLARATION OF INTERIM DIVIDEND

The Board of Implats wishes to inform shareholders that it has approved the declaration of an interim cash dividend of R1,25 per ordinary share for the six-month period ended 31 December 2019. The interim dividend has been declared in terms of the newly approved dividend policy, which is aligned to the Company's capital allocation framework. The dividend policy states that a dividend will be declared from 30% of free cash flow, pre-growth capital, for any given period, subject to the Board's discretion.

The Company has 799 034 147 ordinary shares in issue and the Company's tax reference number is 9700178719. The dividend has been declared from retained earnings and will be subject to a 20% dividend withholding tax for shareholders who are not exempt from, or do not qualify for, a reduced rate of withholding tax. Therefore, the net dividend amount is R1,00 per ordinary share for shareholders liable to pay the dividend withholding tax and R1,25 per ordinary share for shareholders exempt from dividend withholding tax. Shareholders are advised to complete the requisite declaration form to make the Company aware of their tax status. The salient dates are as follows:

Declaration date	Thursday, 27 February 2020
Last day for trading to be eligible for cash dividend	Tuesday, 17 March 2020
Trading ex-dividend commences	Wednesday, 18 March 2020
Record date	Friday, 20 March 2020
Dividend payment date	Monday, 23 March 2020

Share certificates may not be dematerialised or rematerialised between Wednesday, 18 March 2020 and Friday, 20 March 2020, both days inclusive.

APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The directors of Impala Platinum Holdings Limited ("the Company") are responsible for the maintenance of adequate accounting records and the preparation of the condensed consolidated interim financial statements and related information in a manner that fairly presents the state of the affairs of the Company. These condensed consolidated interim financial statements are prepared in accordance with and containing the information required by IAS 34 *Interim Financial Reporting,* the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, requirements of the Companies Act, 71 of 2008, and the Listings Requirements of the JSE Limited and incorporate full and responsible disclosure in line with the accounting policies of the Group which are supported by prudent judgements and estimates.

The interim financial statements have been prepared under the supervision of the chief financial officer, Ms M Kerber, CA(SA).

The directors are also responsible for the maintenance of effective systems of internal control which are based on established organisational structure and procedures. These systems are designed to provide reasonable assurance as to the reliability of the financial statements, and to prevent and detect material misstatement and loss.

The interim financial statements have been prepared on a going-concern basis as the directors believe that the Group will continue to be in operation in the foreseeable future.

The interim financial statements as set out on pages 18 to 44 have been approved by the board of directors and are signed on their behalf by:

Dr MSV Gantsho
Chairman

NJ Muller
Chief executive officer

Johannesburg

27 February 2020

INDEPENDENT AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF IMPALA PLATINUM HOLDINGS LIMITED

We have reviewed the condensed consolidated financial statements of Impala Platinum Holdings Limited, contained in the accompanying interim report, which comprise the condensed consolidated statement of financial position as at 31 December 2019 and the condensed consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE INTERIM FINANCIAL STATEMENTS

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with International Financial Reporting Standard (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements ("ISRE") 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements of Impala Platinum Holdings Limited for the six months ended 31 December 2019 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

Deloitte & Touche.

Deloitte & Touche
Registered Auditor
Per: M Mantyi
Partner

27 February 2020

Deloitte & Touche
The Woodlands
20 Woodlands Drive
Woodmead, Sandton
2146

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Rm)	Notes	As at 31 December 2019 (Reviewed)	As at 31 December 2018 (Reviewed)	As at 30 June 2019 (Audited)
ASSETS				
Non-current assets				
Property, plant and equipment*	6	**45 037**	36 664	34 499
Investment property		**90**	90	90
Investment in equity-accounted entities	7	**4 852**	4 557	4 437
Deferred tax		**2 242**	3 607	3 096
Financial assets at fair value through other comprehensive income		**268**	260	265
Other financial assets		**83**	373	316
		52 572	45 551	42 703
Current assets				
Inventories	8	**15 595**	11 988	11 811
Trade and other receivables		**5 097**	2 799	3 266
Current tax receivable		**222**	902	216
Other financial assets		**121**	3	232
Prepayments		**780**	679	484
Cash and cash equivalents		**5 996**	6 355	8 242
		27 811	22 726	24 251
Total assets		**80 383**	68 277	66 954
EQUITY AND LIABILITIES				
Equity				
Share capital and share-based payment reserve#^		**24 905**	20 430	20 536
Retained earnings		**17 176**	14 608	13 773
Foreign currency translation reserve		**4 945**	4 932	4 668
Other components of equity		**162**	157	160
Equity attributable to owners of the Company		**47 188**	40 127	39 137
Non-controlling interest		**1 891**	2 487	1 943
Total equity		**49 079**	42 614	41 080
LIABILITIES				
Non-current liabilities				
Provisions for environmental rehabilitation		**1 740**	1 228	1 492
Deferred tax		**6 479**	5 450	5 503
Borrowings	9	**3 826**	7 505	6 677
Other financial liabilities		**44**	345	1 652
Other liabilities		**243**	274	267
		12 332	14 802	15 591
Current liabilities				
Trade and other payables		**12 717**	8 608	8 294
Current tax payable		**569**	903	66
Borrowings	9	**5 487**	1 313	1 885
Other financial liabilities		**6**	5	6
Other liabilities		**193**	32	32
		18 972	10 861	10 283
Total liabilities		**31 304**	25 663	25 874
Total equity and liabilities		**80 383**	68 277	66 954

* *Included in property, plant and equipment is the impact of the adoption of IFRS 16 Leases in the current year, refer note 9.*
\# *During the current period the US$ convertible bonds were converted into ordinary shares in Implats, refer note 9.*
^ *Share capital was renamed to share capital and share-based payment reserve to better reflect the nature of the amounts included in the subtotal column renamed in the condensed consolidated statement of changes in equity.*

The notes on pages 23 to 44 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Rm)	Notes	**Six months ended 31 December 2019 (Reviewed)**	Six months ended 31 December 2018 (Reviewed)	Year ended 30 June 2019 (Audited)
Revenue	10	**28 019**	23 521	48 629
Cost of sales	11	**(21 853)**	(20 289)	(41 791)
Gross profit		**6 166**	3 232	6 838
Impairment		**—**	—	(2 432)
Other income	12	**400**	894	1 424
Other expenses	13	**(1 466)**	(394)	(1 799)
Finance income		**279**	116	368
Finance cost		**(625)**	(533)	(1 136)
Net foreign exchange transaction losses		**(222)**	(165)	(362)
Share of profit of equity-accounted entities	7	**247**	203	398
Profit before tax		**4 779**	3 353	3 299
Income tax expense		**(1 312)**	(895)	(2 120)
Profit for the period		**3 467**	2 458	1 179
Other comprehensive (loss)/income, comprising items that may subsequently be reclassified to profit or loss:				
Exchange differences on translating foreign equity-accounted entities		**(28)**	111	65
Deferred tax thereon		**3**	(11)	(6)
Exchange differences on translating foreign operations		**(170)**	688	387
Deferred tax thereon	3	**455**	(90)	(51)
Other comprehensive income/(loss), comprising items that will not be subsequently reclassified to profit or loss:				
Financial assets at fair value through other comprehensive income		**3**	(32)	(28)
Deferred tax thereon		**(1)**	(1)	(2)
Total comprehensive income		**3 729**	3 123	1 544
Profit/(loss) attributable to:				
Owners of the Company		**3 403**	2 306	1 471
Non-controlling interest		**64**	152	(292)
		3 467	2 458	1 179
Total comprehensive income/(loss) attributable to:				
Owners of the Company		**3 682**	2 881	1 785
Non-controlling interest		**47**	242	(241)
		3 729	3 123	1 544
Earnings per share (cents):				
Basic		**439**	321	205
Diluted		**416**	309	203

For headline earnings per share refer note 15.

The notes on pages 23 to 44 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Rm)	Ordinary shares	Share premium	Share-based payment reserve
Balance at 30 June 2018 (Audited)	18	17 986	2 487
Adjustment on initial application of IFRS 9	—	—	—
Shares purchased – Long-term Incentive Plan	—	(101)	—
Share-based compensation expense	—	—	40
Total comprehensive income/(loss)	—	—	—
– Profit for the year	—	—	—
– Other comprehensive income/(loss)	—	—	—
Cash distributions to non-controlling interest	—	—	—
Balance at 31 December 2018 (Reviewed)	18	17 885	2 527
Shares purchased – Long-term Incentive Plan	—	(10)	—
Share-based compensation expense	—	—	116
Total comprehensive (loss)/income	—	—	—
– Loss for the year	—	—	—
– Other comprehensive (loss)/income	—	—	—
Cash distributions to non-controlling interest	—	—	—
Balance at 30 June 2019 (Audited)	**18**	**17 875**	**2 643**
Conversion of US$ bonds*	**—**	**4 810**	**—**
Shares purchased – Long-term Incentive Plan	**—**	**(628)**	**—**
Share-based compensation expense	**—**	**—**	**187**
Total comprehensive income	**—**	**—**	**—**
– Profit for the year	**—**	**—**	**—**
– Other comprehensive income/(loss)	**—**	**—**	**—**
Cash distributions to non-controlling interest	**—**	**—**	**—**
Balance at 31 December 2019 (Reviewed)	**18**	**22 057**	**2 830**

The table above excludes the treasury shares.

* *During the year, all of the holders of the US$3.25% convertible bonds, which were due in 2022, exercised their conversion rights. This resulted in a 64.3 million ordinary shares being issued to the bondholders.*

The total share capital subtotal was renamed to share capital and share-based payment reserve to better reflect the nature of the amounts included in the subtotal.

The notes on pages 23 to 44 are an integral part of these condensed consolidated interim financial statements.

Share capital and share-based payment reserve#	Retained earnings	Foreign currency translation reserve	Other components of equity	Attributable to: Owners of the Company	Attributable to: Non-controlling interest	Total equity
20 491	12 302	4 324	96	37 213	2 380	39 593
—	—	—	94	94	—	94
(101)	—	—	—	(101)	—	(101)
40	—	—	—	40	—	40
—	2 306	608	(33)	2 881	242	3 123
—	2 306	—	—	2 306	152	2 458
—	—	608	(33)	575	90	665
—	—	—	—	—	(135)	(135)
20 430	14 608	4 932	157	40 127	2 487	42 614
(10)	—	—	—	(10)	—	(10)
116	—	—	—	116	—	116
—	(835)	(264)	3	(1 096)	(483)	(1 579)
—	(835)	—	—	(835)	(444)	(1 279)
—	—	(264)	3	(261)	(39)	(300)
—	—	—	—	—	(61)	(61)
20 536	**13 773**	**4 668**	**160**	**39 137**	**1 943**	**41 080**
4 810	**—**	**—**	**—**	**4 810**	**—**	**4 810**
(628)	**—**	**—**	**—**	**(628)**	**—**	**(628)**
187	**—**	**—**	**—**	**187**	**—**	**187**
—	**3 403**	**277**	**2**	**3 682**	**47**	**3 729**
—	**3 403**	**—**	**—**	**3 403**	**64**	**3 467**
—	**—**	**277**	**2**	**279**	**(17)**	**262**
—	**—**	**—**	**—**	**—**	**(99)**	**(99)**
24 905	**17 176**	**4 945**	**162**	**47 188**	**1 891**	**49 079**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Rm)	Notes	**Six months ended 31 December 2019 (Reviewed)**	Six months ended 31 December 2018 (Reviewed)	Year ended 30 June 2019 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from operations	14	**6 895**	6 702	11 844
Finance cost paid (net of interest capitalised)		**(460)**	(520)	(963)
Income tax paid		**(450)**	(160)	(223)
Net cash from operating activities		**5 985**	6 022	10 658
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment (including interest capitalised)		**(1 833)**	(1 727)	(3 877)
Proceeds from sale of property, plant and equipment		**32**	55	74
Net cash paid for the acquisition of North American Palladium		**(9 431)**	—	—
Cash acquired through the acquisition of North American Palladium	19	**1 428**	—	—
Acquisition of North American Palladium	19	**(10 859)**	—	—
Proceeds from held-to-maturity financial assets		**87**	—	—
Finance income received		**273**	168	358
Dividends received		**121**	130	473
Other		**(4)**	(12)	(20)
Net cash used in investing activities		**(10 755)**	(1 386)	(2 992)
CASH FLOWS FROM FINANCING ACTIVITIES				
Shares purchased – Long-term Incentive Plan		**(628)**	(101)	(111)
Repayments of borrowings		**(1 406)**	(1 855)	(2 169)
Proceeds from borrowings		**5 082**	—	—
Cash received from cross-currency interest rate swap		**77**	—	—
Invitation premium paid on US$ bond conversion		**(509)**	—	—
Cash distributions paid to non-controlling interest		**(99)**	(135)	(196)
Net cash from/(used in) financing activities		**2 517**	(2 091)	(2 476)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(2 253)**	2 545	5 190
Cash and cash equivalents at beginning of period		**8 242**	3 705	3 705
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies		**7**	105	(653)
Cash and cash equivalents at end of period		**5 996**	6 355	8 242

The notes on pages 23 to 44 are an integral part of these condensed consolidated interim financial statements.

NOTES TO THE FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

Impala Platinum Holdings Limited ("Implats", "the Company" or "the Group") is a leading producer of platinum group metals ("PGMs"). Implats is structured around six mining operations and Impala Refining Services, a toll refining business. The mining operations are located on the Bushveld Complex in South Africa, the Great Dyke in Zimbabwe – the two most significant PGM-bearing ore bodies in the world – and the Canadian Shield, a prominent layered igneous complex domain for PGMs.

The Company has its listing on the securities exchange operated by JSE Limited in South Africa and a level 1 American Depositary Receipt programme in the United States of America.

On 13 December 2019 Implats successfully concluded the acquisition of 100% of the outstanding shares in the Canadian PGM miner, North American Palladium ("NAP"). NAP is now a wholly owned subsidiary of Implats and will operate in Canada as Impala Canada Limited ("Impala Canada").

Impala Canada owns and operates the Lac des Iles Mine ("Lac des Iles") northwest of Thunder Bay, Ontario, and has a shareholding in two exploration properties, the Sunday Lake project and the Shebandowan Joint Venture.

The condensed consolidated interim financial statements were approved for issue on 27 February 2020 by the board of directors.

2. INDEPENDENT AUDITOR'S REVIEW

The independent auditor's review has been conducted in accordance with International Standards on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor, Deloitte & Touche, and their unmodified review report is available on page 17. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Group's external auditors. The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should read the auditor's report together with the accompanying financial information.

3. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with and contains the information required by IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, requirements of the Companies Act, 71 of 2008, and the Listings Requirements of the JSE Limited.

The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 30 June 2019, which have been prepared in accordance with IFRS, and the commentary included in the interim results.

The condensed consolidated interim financial statements have 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 some equity and liabilities for share-based payment arrangements which are measured using a binomial option model.

The condensed consolidated interim financial information is presented in South African rand, which is the Company's functional currency.

NOTES TO THE FINANCIAL INFORMATION CONTINUED
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

3. BASIS OF PREPARATION CONTINUED

The following foreign currency exchange rates were used to prepare the condensed consolidated interim financial statements:

US dollar:
Closing rate: R13.98 (December 2018: R14.38) (June 2019: R14.09)
Average rate: R14.69 (December 2018: R14.18) (June 2019: R14.19)

Canadian dollar:
Closing rate: R10.77
18-day average rate: R10.84

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings. During the current period, management changed its estimate of the expected profits to be distributed in the foreseeable future from its Zimplats subsidiary, which resulted in a reversal of R440 million of deferred tax raised on foreign currency exchange translation differences and a reversal of R248 million of deferred tax raised on un-distributable profits.

4. ACCOUNTING POLICIES

The principal accounting policies and methods used by the Group are consistent with those of the most recent annual financial statements, except for changes due to the adoption of new or revised IFRSs, for which the first time disclosure is more comprehensive than would otherwise be done on interim and includes the once-off transition impact. Further, the transition impact and accounting policies have been disclosed in the relevant notes.

The following standards became effective on 1 January 2019 and were adopted by the Group on 1 July 2019:

- IFRS 16 *Leases*, refer note 9; and
- IFRIC 23 *Uncertainty over Income Tax Treatment*, no material impact on the condensed consolidated interim financial statements.

5. SEGMENT INFORMATION

The Group distinguishes its segments between the mining operations ("Mining"), processing and refining ("Impala Refining Services"), chrome processing ("Impala Chrome") and "all other segments".

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

The Impala Canada segment consists of the North American Palladium business acquired on 13 December 2019.

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

The reportable segments' measure of profit or loss is profit after tax. This is reconciled to the consolidated profit after tax.

The two largest sales customers amounted to 11.3% and 11.5% of total revenue (December 2018: 11% and 9%) (June 2019: 10% each).

(Rm)	Six months ended 31 December 2019 (Reviewed) Revenue	Profit/(loss) after tax	Six months ended 31 December 2018 (Reviewed) Revenue	Profit/(loss) after tax	Year ended 30 June 2019 (Audited) Revenue	Profit/(loss) after tax
Mining						
– Impala	**16 007**	**2 649**	10 783	1 055	21 522	1 185
– Zimplats	**5 549**	**1 667**	4 139	991	8 954	1 899
– Marula	**2 704**	**808**	1 511	116	2 976	149
– Impala Canada	**175**	**(145)**	–	–	–	–
Impala Refining Services*	**11 782**	**1**	12 601	967	26 899	2 080
Impala Chrome	**61**	**9**	151	24	247	54
All other segments	**–**	**(779)**	–	(119)	–	(3 442)
Intersegment revenue	**(8 259)**	**–**	(5 664)	–	(11 969)	–
Total segmental revenue/profit after tax	**28 019**	**4 210**	23 521	3 034	48 629	1 925
Reconciliation						
Unrealised profit in inventory consolidation adjustment		**(1 030)**		(347)		(457)
IRS preproduction Group consolidation adjustment		**–**		(259)		(259)
Inventory adjustments made on consolidation		**287**		30		(30)
Total consolidated profit after tax		**3 467**		2 458		1 179

** Refer in-process metal inventory allocation on page 26.*

NOTES TO THE FINANCIAL INFORMATION CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

5. SEGMENT INFORMATION CONTINUED

(Rm)	Six months ended 31 December 2019 (Reviewed) Capital expenditure	Six months ended 31 December 2019 (Reviewed) Total assets	Six months ended 31 December 2018 (Reviewed) Capital expenditure	Six months ended 31 December 2018 (Reviewed) Total assets	Year ended 30 June 2019 (Audited) Capital expenditure	Year ended 30 June 2019 (Audited) Total assets
Mining						
– Impala*	**998**	**27 007**	1 017	23 205	2 006	28 850
– Zimplats	**686**	**21 536**	657	21 566	1 628	21 232
– Marula	**204**	**4 302**	32	3 562	152	3 512
– Impala Canada	**37**	**12 734**				
Impala Refining Services*	**–**	**25 731**	–	17 346	–	18 701
Impala Chrome	**–**	**78**	–	152	–	95
All other segments	**–**	**34 018**	–	38 418	–	36 121
Total	**1 925**	**125 406**	1 706	104 249	3 786	108 511
Intercompany balances eliminated		**(41 302)**		(34 779)		(39 356)
Unrealised profit in inventory, NRV and other inventory adjustments		**(2 940)**		(1 193)		(1 476)
Segmental deferred tax asset/liability allocations		**(781)**		–		(725)
Total consolidated assets		**80 383**		68 277		66 954

* *During the current period, the estimated allocation of in-process metal inventories between the Impala and Impala Refining Services ("IRS") segments have been changed on a prospective basis. This will result in the more appropriate allocation of in-process inventory to each segment and reflect better estimation of the inventory attributable to each segment.*

The in-process metal inventory allocation is now based on the percentage of actual throughput for each operation, as opposed to a contractual basis for IRS, and an allocation of the remaining balance to Impala. The overall inventory balance, after the reallocation of inventory, increased by R325 million in the current period, but decreased by R443 million overall, after the unearned profit in stock adjustment.

The value of IRS in-process purchased metal has increased by approximately R3.4 billion, while the Impala in-process mined inventories reduced by approximately R3.1 billion. The unearned profit on consolidation increased by R768 million.

(Rm)	Impala	Zimplats	Marula	Impala Canada	IRS	Impala Chrome	Inter-segment revenue	Total
	Six months ended 31 December 2019 (Reviewed)							
Revenue from:								
Platinum	**5 230**	**1 331**	**558**	**7**	**3 583**	**–**	**(1 889)**	**8 820**
Palladium	**5 424**	**2 133**	**1 067**	**153**	**4 016**	**–**	**(3 200)**	**9 593**
Rhodium	**3 599**	**626**	**638**	**–**	**2 457**	**–**	**(1 264)**	**6 056**
Nickel	**616**	**402**	**27**	**–**	**514**	**–**	**(428)**	**1 131**
Other metals	**1 138**	**446**	**71**	**15**	**921**	**61**	**(523)**	**2 129**
Movement in commodity prices	**–**	**611**	**343**	**–**	**–**	**–**	**(954)**	**–**
Treatment income	**–**	**–**	**–**	**–**	**291**	**–**	**(1)**	**290**
Revenue	**16 007**	**5 549**	**2 704**	**175**	**11 782**	**61**	**(8 259)**	**28 019**
	Six months ended 31 December 2018 (Reviewed)							
Revenue from:								
Platinum	4 548	1 383	451	–	4 541	–	(1 834)	9 089
Palladium	3 123	1 438	591	–	4 018	–	(2 029)	7 141
Rhodium	1 837	353	286	–	1 688	–	(639)	3 525
Nickel	237	354	18	–	891	–	(372)	1 128
Other metals	1 038	611	165	–	1 225	151	(788)	2 402
Treatment income	–	–	–	–	238	–	(2)	236
Revenue	10 783	4 139	1 511	–	12 601	151	(5 664)	23 521
	Year ended 30 June 2019 (Audited)							
Revenue from:								
Platinum	8 739	2 761	835	–	9 057	–	(3 596)	17 796
Palladium	6 233	3 365	1 257	–	9 415	–	(4 622)	15 648
Rhodium	3 625	744	562	–	3 848	–	(1 306)	7 473
Nickel	696	700	34	–	1 622	–	(734)	2 318
Other metals	2 229	911	132	–	2 434	247	(1 063)	4 890
Movement in commodity prices	–	473	156	–	–	–	(629)	–
Treatment income	–	–	–	–	523	–	(19)	504
Revenue	21 522	8 954	2 976	–	26 899	247	(11 969)	48 629

NOTES TO THE FINANCIAL INFORMATION CONTINUED
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

6. PROPERTY, PLANT AND EQUIPMENT

(Rm)	**Six months ended 31 December 2019 (Reviewed)**	Six months ended 31 December 2018 (Reviewed)	Year ended 30 June 2019 (Audited)
Opening net book value	**34 499**	36 045	36 045
Capital expenditure	**1 808**	1 706	3 786
PPE acquired through the acquisition of North American Palladium ("NAP")	**11 067**	—	—
Right-of-use assets capitalised#	**117**	—	—
Interest capitalised	**25**	21	89
Disposals	**(13)**	(6)	(15)
Depreciation	**(2 007)**	(1 800)	(3 488)
Impairment	**—**	—	(2 432)
Rehabilitation adjustment	**(64)**	(18)	123
Exchange adjustment on translation	**(395)**	716	391
Closing net book value	**45 037**	36 664	34 499

Land and buildings of R29 million and mobile equipment of R88 million were capitalised following the adoption of IFRS 16. Refer note 9.

Included in property, plant and equipment are right-of-use assets, namely, land and buildings with a carrying amount of R582 million (December 2018: R637 million) (June 2019: R598 million), equipment (acquired through the acquisition of NAP) with a carrying amount of R132 million (December 2018: Rnil) (June 2019: Rnil), mobile equipment with a carrying amount of R71 million (December 2018: Rnil) (June 2019: Rnil), refining plants with a carrying amount of R42 million (December 2018: R54 million) (June 2019: R48 million) and other assets with a carrying amount of R1 million (December 2018: R1 million) (June 2019: R1 million) arising from leases capitalised.

(Rm)	**Six months ended 31 December 2019 (Reviewed)**	Six months ended 31 December 2018 (Reviewed)	Year ended 30 June 2019 (Audited)
Capital commitments			
Commitments contracted for	**1 869**	1 703	1 462
Approved expenditure not yet contracted	**4 948**	7 143	4 946
	6 817	8 846	6 408
Less than one year	**4 595**	4 326	3 394
Between one and five years	**2 222**	4 520	3 014
	6 817	8 846	6 408

This expenditure will be funded internally and from borrowings, where necessary. Apart from the leases, assets are not encumbered by loans. A portion of land (R18 million) has been pledged as payment to the developer of stands to be allocated to eligible non-managerial employees based at the Selous Metallurgical Complex. No other assets were pledged as collateral.

7. INVESTMENT IN EQUITY-ACCOUNTED ENTITIES

(Rm)	**Six months ended 31 December 2019 (Reviewed)**	Six months ended 31 December 2018 (Reviewed)	Year ended 30 June 2019 (Audited)
Summary balances			
Joint venture			
Mimosa	**2 523**	2 367	2 353
Associates			
Two Rivers	**1 793**	1 641	1 569
Makgomo Chrome	**75**	101	62
Friedshelf	**51**	38	42
Waterberg	**410**	410	411
Total investment in equity-accounted entities	**4 852**	4 557	4 437
Summary movement			
Beginning of the period	**4 437**	4 317	4 317
Shareholder funding – Waterberg	**5**	11	19
Share of profit	**559**	248	475
Share of other comprehensive (loss)/income	**(28)**	111	65
Dividends received	**(121)**	(130)	(439)
End of the period	**4 852**	4 557	4 437
Share of equity-accounted entities is made up as follows:			
Share of profit	**559**	248	475
Movement in unrealised profit in inventory	**(312)**	(45)	(77)
Total share of profit of equity-accounted entities	**247**	203	398

NOTES TO THE FINANCIAL INFORMATION CONTINUED
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

8. INVENTORIES

(Rm)	**Six months ended 31 December 2019 (Reviewed)**	Six months ended 31 December 2018 (Reviewed)	Year ended 30 June 2019 (Audited)
Mining metal			
Refined metal	**1 005**	931	518
In-process metal	**3 806**	5 377	5 036
	4 811	6 308	5 554
Purchased metal#			
Refined metal	**2 233**	1 497	1 571
In-process metal	**7 318**	3 208	3 818
	9 551	4 705	5 389
Total metal inventories	**14 362**	11 013	10 943
Stores and materials inventories	**1 233**	975	868
Total carrying amount	**15 595**	11 988	11 811

The fair value exposure on purchased metal and resultant inventory has been designated as a hedged item and is included in the calculation of the cost of inventories. The fair value exposure relates to adjustments made to commodity prices and US$ exchange rates from the date of delivery until the final pricing date as per the relevant contract.

The net realisable value ("NRV") adjustment included in inventory comprised Rnil (December 2018: R39 million) (June 2019: Rnil) for refined metal and Rnil (December 2018: R180 million) (June 2019: Rnil) for in-process metal inventory.

Included in refined metal inventory is ruthenium on lease to third parties of 21 200 (December 2018: 45 000) (June 2019: 25 600) ounces.

Purchased metal consists of Impala Refining Services inventory. Inventory includes 55 000 ounces of platinum and palladium each, which were forward sold and which will be delivered to the counterparty on 28 February 2020, 29 April 2020, 29 May 2020 and 30 June 2020.

Change in in-process metal estimate
Changes from an in-process metal inventory estimate review resulted in a R625 million (December 2018: R389 million) (June 2019: R404 million) (pre-tax) increase of in-process metal inventory.

Accounting estimates and judgement
Metals classification between main and by-products are determined based on an assessment of the relative metal content for each segment. The relative metal content of the recently acquired Impala Canada, mining on the Canadian Shield, differs materially from what is mined in the Bushveld Complex in South Africa or the Great Dyke in Zimbabwe.

The African operations treat platinum, palladium, rhodium and nickel as main products and other precious and base metals produced, as by-products, for purposes of inventory valuation.

Impala Canada's mining and processing process does not form part of the African operations' production process and inventory is valued independently. Impala Canada treats palladium as a main product and all other precious and base metals as by-products for inventory valuation purposes.

9. BORROWINGS

(Rm)	**Six months ended 31 December 2019 (Reviewed)**	Six months ended 31 December 2018 (Reviewed)	Year ended 30 June 2019 (Audited)
Standard Bank Limited – BEE partners Marula	**886**	887	888
Standard Bank Limited – Zimplats term loan	**—**	898	599
Convertible bonds – ZAR	**2 838**	2 697	2 764
Convertible bonds – US$	**—**	3 062	3 067
Bridge loan facility (note 20.1)	**4 215**	—	—
Lease liabilities	**1 374**	1 274	1 244
	9 313	8 818	8 562
Current	**5 487**	1 313	1 885
Non-current	**3 826**	7 505	6 677
Reconciliation			
Beginning of the period	**8 562**	10 352	10 352
Conversion of US$ bonds to equity	**(2 996)**	—	—
Lease liabilities acquired through the acquisition of North American Palladium	**76**	—	—
Leases capitalised	**117**	—	—
Proceeds	**5 082**	—	—
Interest accrued	**360**	465	906
Interest repayments	**(271)**	(332)	(639)
Capital repayments	**(1 406)**	(1 855)	(2 169)
Exchange adjustment	**(211)**	188	112
End of the period	**9 313**	8 818	8 562
Facilities			
Committed credit limit facility	**4 000**	4 000	4 000
Revolving discounting facility (US$34 million)	**475**	489	479
	4 475	4 489	4 479

All of the facilities remain undrawn. Of these facilities, R4.0 billion expires on 30 June 2021.

9.1 Convertible bond – US$

On 17 July 2019, Implats announced an invitation to the holders ("bondholders") of its US$250 000 000 3.25% convertible bonds due 2022 ("US$ bonds") to offer to exercise their conversion rights in accordance with the terms and conditions of the bonds in respect of any or all of their US$ bonds for ordinary shares in Implats.

Pursuant to the invitation, bondholders who accepted the offer received by way of consideration a cash incentive payment of R509 million as an invitation premium and 64.3 million ordinary shares were issued by Implats to bondholders. The shares were issued on 27 August 2019. Consequently, the total number of ordinary shares in issue, post the conversion, increased to 799 million.

NOTES TO THE FINANCIAL INFORMATION CONTINUED
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

9. BORROWINGS CONTINUED
9.2 Adoption of IFRS 16 *Leases*

This standard replaces IAS 17 *Leases*.

Transition

The Group adopted IFRS 16 which became effective on 1 July 2019 and applied the standard retrospectively making use of the simplified retrospective approach, under which a lessee does not restate comparative information. There was no financial impact on the opening retained earnings at 1 July 2019.

Historically, lease contracts were classified as either finance or operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, all lease contracts, with the exception of leases pertaining to low-value assets and leases with a duration of 12 months or less, are recognised as right-of-use assets. The corresponding liability is also recognised from the date at which the leased asset is available for use by the Group.

The Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted by the lessee's incremental borrowing rate as at 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 9.79%.

The aggregate lease liability recognised in the statement of financial position at 1 July 2019 and the Group's operating lease commitment at 30 June 2019 can be reconciled as follows:

	Rm
Operating lease commitments at 30 June 2019	139
Recognition exemptions: short-term and low-value leases	(2)
Operating lease liabilities before discounting	137
Effect of discounting operating lease commitments at an annual rate of 9.79%	(20)
Total lease liabilities recognised under IFRS 16 at 1 July 2019	117

For leases previously classified as finance leases the Group recognised the previous carrying amounts of the resultant right-of-use asset and lease liability immediately before the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

In applying the simplified retrospective approach, the Group has applied the following practical expedients permitted by the standard:
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- leases with a remaining term of 12 months or less from the date of application have been accounted for as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 *Determining whether an Arrangement Contains a Lease*.

9.3 Accounting policy – Leases

The Group assesses whether a contract is, or contains, a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities are initially measured at the present value of the contractual lease payments due over the lease term, discounted using the rate implicit in the lease. If this rate is not readily determinable, the Group's incremental borrowing rate is used. Variable lease payments are included in the measurement of the lease liability if they are linked to an index or rate at the date of commencement. The initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability includes:

- amounts expected to be payable under any residual value guarantee;
- exercise price of any purchase option if the lessee is reasonably certain to exercise the option; and
- penalties payable for terminating the lease, if the term of the lease reflects the termination option.

Right-of-use assets are initially measured at the value of the corresponding lease liability at initial measurement, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs; and
- the amount of any provision recognised where the lessor is contractually required to dismantle, remove or restore the leased asset.

Lease payments are subsequently allocated between the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period at a constant periodic rate of interest on the remaining balance of the liability. The right-of-use asset is subsequently depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

When the lessee revises its estimate of the term of any lease due to changes in the probability of a lease extension or termination option being exercised, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the revised discount rate at remeasurement. The carrying value of lease liabilities are similarly revised when the variable element of future lease payments dependent on a rate or index is revised, using the revised discount rate on commencement of lease. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being depreciated over the revised remaining lease term.

NOTES TO THE FINANCIAL INFORMATION CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

10. REVENUE

(Rm)	**Six months ended 31 December 2019 (Reviewed)**	Six months ended 31 December 2018 (Reviewed)	Year ended 30 June 2019 (Audited)
Disaggregation of revenue by category			
Sales of goods			
Precious metals			
Platinum	**8 820**	9 089	17 796
Palladium	**9 593**	7 141	15 648
Rhodium	**6 056**	3 525	7 473
Ruthenium	**349**	501	902
Iridium	**698**	667	1 346
Gold	**641**	657	1 524
Silver	**17**	15	24
	26 174	21 595	44 713
Base metals			
Nickel	**1 131**	1 128	2 318
Copper	**264**	259	610
Cobalt	**26**	50	59
Chrome	**134**	253	425
	1 555	1 690	3 412
Revenue from services			
Toll refining	**290**	236	504
	28 019	23 521	48 629

Note 5 contains additional disclosure of revenue per operating segment.

Forward sale of metal inventory

During the period, Implats entered into a forward sale arrangement for the sale of 55 000 ounces of platinum and 55 000 ounces of palladium.

The cash receipt has been accounted for as a contract liability in terms of IFRS 15 *Revenue from Contracts with Customers*. The contract liability forms part of the trade and other payables balance.

The performance obligations under the arrangement will be satisfied, through delivery of Impala's inventory on the scheduled dates (28 February, 29 April, 29 May and 30 June 2020), at the agreed upon location.

The difference between the cash received in advance and the contract price is a finance cost that will be recognised over the duration of the contract.

At 31 December 2019, no revenue had been recognised as the first tranche of metal delivery is due on 28 February 2020.

The following table summarises the changes in the contract liability:

	Rm
Contract liability	
Funds received in terms of forward sale	**1 999**
Revenue recognised during period	**—**
Finance cost	**42**
End of the period	**2 041**

11. COST OF SALES

(Rm)	**Six months ended 31 December 2019 (Reviewed)**	Six months ended 31 December 2018 (Reviewed)	Year ended 30 June 2019 (Audited)
Production costs			
On-mine operations	**9 781**	8 850	17 686
Processing operations	**3 069**	2 766	5 410
Refining and selling	**870**	800	1 621
Depreciation of operating assets	**2 007**	1 800	3 488
Other costs			
Metals purchased	**8 364**	5 399	11 746
Corporate costs	**546**	433	981
Royalty expense	**488**	305	646
Change in metal inventories*	**(3 613)**	(202)	(182)
Chrome operation – cost of sales	**31**	99	144
Other	**310**	39	251
	21 853	20 289	41 791

* *Refer note 8.*

NOTES TO THE FINANCIAL INFORMATION CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

12. OTHER INCOME

(Rm)	**Six months ended 31 December 2019 (Reviewed)**	Six months ended 31 December 2018 (Reviewed)	Year ended 30 June 2019 (Audited)
Insurance proceeds – business interruption (No. 5 furnace fire)	**353**	90	236
Zimplats export incentive	**—**	417	516
Derivative financial instruments – fair value movements			
– Cross-currency interest rate swap	**—**	89	—
– Foreign exchange rate collar	**—**	—	230
Customs duty penalty refund	**—**	136	136
Profit on disposal of property, plant and equipment	**19**	49	60
Profit on sale and leaseback of houses	**15**	15	30
Insurance proceeds – asset damage (No. 5 furnace fire)	**—**	60	64
A1 legal action – recovery	**—**	—	76
Dividend income	**—**	34	34
Other	**13**	4	42
	400	894	1 424

13. OTHER EXPENSES

(Rm)	**Six months ended 31 December 2019 (Reviewed)**	Six months ended 31 December 2018 (Reviewed)	Year ended 30 June 2019 (Audited)
US$ bond conversion – invitation premium	**509**	—	—
Restructuring costs	**331**	—	—
Derivative financial instruments – fair value movements			
– Conversion option – US$ convertible bond	**203**	255	1 560
– Cross-currency interest rate swap	**74**	—	72
– Foreign exchange rate collar	**109**	—	—
Non-production-related corporate costs	**191**	112	82
Auditor remuneration	**3**	5	19
Other	**46**	22	66
	1 466	394	1 799

14. CASH GENERATED FROM OPERATIONS

(Rm)	**Six months ended 31 December 2019 (Reviewed)**	Six months ended 31 December 2018 (Reviewed)	Year ended 30 June 2019 (Audited)
Profit before tax	**4 779**	3 353	3 299
Adjustments for:			
Depreciation	**2 007**	1 800	3 488
Finance cost	**625**	533	1 136
Impairment	**—**	—	2 432
Fair value adjustments on derivative financial instruments	**390**	166	1 402
Other	**189**	(266)	(312)
	7 990	5 586	11 445
Changes in working capital:			
(Increase)/decrease in trade and other receivables	**(1 302)**	912	239
Increase in inventories	**(3 770)**	(264)	(152)
Increase in trade and other payables	**3 977**	468	312
	6 895	6 702	11 844

NOTES TO THE FINANCIAL INFORMATION CONTINUED
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

15. HEADLINE EARNINGS

Headline earnings attributable to equity holders of the Company arise from operations as follows:

(Rm)	**Six months ended 31 December 2019 (Reviewed)**	Six months ended 31 December 2018 (Reviewed)	Year ended 30 June 2019 (Audited)
Profit attributable to owners of the Company	**3 403**	2 306	1 471
Remeasurement adjustments:			
Profit on disposal of property, plant and equipment	**(19)**	(49)	(60)
Bargain purchase on acquisition of North American Palladium	**(11)**	–	–
Impairment	**–**	–	2 432
Insurance compensation relating to scrapping of property, plant and equipment	**–**	(60)	(64)
Total non-controlling interest effects of adjustments	**–**	–	(582)
Total tax effects of adjustments	**5**	31	(159)
Headline earnings	**3 378**	2 228	3 038
Adjusted for:			
Interest on dilutive ZAR convertible bonds (after tax at 28%)	**128**	122	245
Headline earnings used in the calculation of diluted earnings per share	**3 506**	2 350	3 283
Weighted average number of ordinary shares in issue for basic earnings per share (millions)	**774.39**	718.54	718.55
Adjusted for: Dilutive potential ordinary shares relating to Long-term Incentive Plan	**9.30**	2.11	6.15
Dilutive potential ordinary shares relating to ZAR convertible bonds	**64.99**	64.99	64.99
Weighted average number of ordinary shares for diluted earnings per share (millions)	**848.68**	785.64	789.69
Headline earnings per share (cents)			
Basic	**436**	310	423
Diluted	**413**	299	416

16. CONTINGENT LIABILITIES, GUARANTEES AND UNCERTAIN TAX MATTERS

As at 31 December 2019, the Group had contingent liabilities in respect of guarantees and other matters arising in the ordinary course of business from which it anticipated that no material liabilities will arise. The Group has issued guarantees of R982 million (December 2018: R2 159 million) (June 2019: R1 587 million) in respect of liabilities held by companies in the Group. Guarantees of R1 877 million (December 2018: R1 477 million) (June 2019: R1 877 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 755 million (December 2018: R1 355 million) (June 2019: R1 755 million).

At 31 December 2019, the Group have certain unresolved tax matters. SARS issued additional assessments relating to these matters and the Group have lodged objections to these assessments.

17. RELATED PARTY TRANSACTIONS

The Group entered into PGM purchase transactions of R2 776 million (December 2018: R1 763 million) (June 2019: R5 175 million) with Two Rivers Platinum, an associate company, resulting in an amount payable of R1 901 million (December 2018: R1 286 million) (June 2019: R1 361 million) at year end. It also received refining fees of R16 million (December 2018: R17 million) (June 2019: R33 million).

The Group previously entered into sale and leaseback transactions with Friedshelf, an associate company. At the end of the period, R1 128 million (December 2018: R1 175 million) (June 2019: R1 154 million) was outstanding in terms of the lease liability. During the period, interest of R59 million (December 2018: R61 million) (June 2019: R122 million) was charged and an R85 million (December 2018: R78 million) (June 2019: R160 million) repayment was made. The finance leases have an effective interest rate of 10.2%.

The Group entered into PGM purchase transactions of R2 297 million (December 2018: R1 708 million) (June 2019: R4 876 million) with Mimosa investments, a joint venture, resulting in an amount payable of R1 485 million (December 2018: R1 091 million) (June 2019: R1 166 million) at year end. It also has advances receivable of R1 076 million (December 2018: R806 million) (June 2019: R1 004 million) that yielded interest of R8 million (December 2018: R8 million) (June 2019: R17 million). The Group received refining fees of R147 million (December 2018: R157 million) (June 2019: R317 million).

These transactions are entered into on an arm’s length basis at prevailing market rates.
Fixed and variable key management compensation was R84 million (December 2018: R47 million) (June 2019: R97 million).

NOTES TO THE FINANCIAL INFORMATION CONTINUED
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

18. FINANCIAL INSTRUMENTS

(Rm)	Six months ended 31 December 2019 (Reviewed)	Six months ended 31 December 2018 (Reviewed)	Year ended 30 June 2019 (Audited)
Financial assets – carrying amount			
Financial assets at amortised cost	**9 499**	8 690	11 170
Trade and other receivables	**3 417**	2 172	2 761
Cash and cash equivalents	**5 996**	6 355	8 242
Other financial assets	**86**	163	167
Financial assets at fair value through profit or loss[#,2]	**1 189**	213	381
Financial assets at fair value through other comprehensive income[1]	**268**	260	265
	10 956	9 163	11 816
Financial liabilities – carrying amount			
Financial liabilities at amortised cost	**15 597**	12 546	11 913
Borrowings	**9 313**	8 818	8 562
Other financial liabilities	**49**	44	47
Trade payables	**6 203**	3 675	3 296
Other payables	**32**	9	8
Financial liabilities at fair value through profit or loss[2]	**4 777**	3 813	5 115
Trade payables – metal purchases	**4 777**	3 507	3 504
Other financial liabilities	**–**	306	1 611
	20 374	16 359	17 028

[#] *Financial assets at fair value through profit or loss are part of other financial assets and trade and other receivables in the statement of financial position.*
[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 – Significant inputs are based on observable market data with the rand/dollar exchange rate and metal prices being the most significant.*

The carrying amounts of financial assets and liabilities approximate their fair values except for the ZAR convertible bond (carrying amount R2 838 million), carried at amortised cost, which had a fair value of approximately R3 028 million. This fair value was categorised within Level 3 of the fair value hierarchy – unobservable inputs. A discounted cash flow valuation technique was used, using a discount rate of 9.74%.

18.1 Fair value hedge accounting

Management adopted a hedging strategy and accounting policy to manage the fair value risk (commodity price and foreign currency exchange risk) to which purchased metal (note 8), the hedged instrument, was exposed. The financial instrument used to hedge this risk was trade payables, related to metal purchased, measured at fair value through profit or loss. The fair value movements on this financial liability was designated to hedge the price and foreign currency exchange risk on purchased metal inventory.

To the extent that the hedging relationship was effective, that is, when the fair value gains and losses on both the hedged item and hedged instrument were offset against each other, the fair value loss in trade payables of R1 622 million (December 2018: R121 million loss) (June 2019: R545 million loss) and gain in purchased metal inventory of R1 622 million (December 2018: R121 million gain) (June 2019: R545 million gain) were recognised in profit or loss in other expenses and other income respectively.

Included in the R1 622 million gain and loss above was an accumulated fair value hedge loss of R130 million in trade payables and a R130 million gain in purchased metal inventory. These relate to metal purchases that was still in the refining process at period-end.

Due to the high correlation between the fair value movements in trade payables and inventory, no source of hedge ineffectiveness is expected to affect this hedging relationship during its term.

19. BUSINESS COMBINATION

With effect from 13 December 2019, Implats acquired control of North American Palladium Limited ("NAP") through the acquisition of 100% of the outstanding shares for a cash consideration of CAD$983 million (US$747 million or R10 859 million). The acquisition of NAP, now Impala Canada, will improve the Group's competitive industry position, result in sustained profitability, strengthen financial returns and rebalance its commodity mix.

As part of the closing process, NAP amalgamated with Implats' wholly owned Canadian subsidiary, 11638050 Canada Inc. and NAP's wholly owned subsidiary Lac Des Iles Mines Limited to form Impala Canada Limited ("Impala Canada"). Impala Canada is now a wholly owned subsidiary of Implats.

Impala Canada is a Canadian-based primary platinum group metals ("PGM") producer previously listed on the TSX and the US OTC market. Impala Canada wholly owns and operates the Lac des Iles Mine northwest of Thunder Bay, Ontario, Canada and had an ownership in two Canadian exploration properties, the Sunday Lake Project and Shebandowan Joint Venture.

The Lac des Iles Mine has been in operation since 1993 and is an established PGM producer located in a stable and attractive mining jurisdiction. The operation comprises an underground mine, surface mining activities, and a 13 500 tonnes per day (c. 400 000 tonnes per month) concentrator plant. It benefits from year-round road access and low-cost green power from the provincial grid.

The following table summarises the provisionally recognised fair value of assets acquired and liabilities assumed at the acquisition date:

NOTES TO THE FINANCIAL INFORMATION CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

19. BUSINESS COMBINATION CONTINUED

	Rm (Reviewed)
Assets	
Property, plant and equipment	**11 067**
Inventories	**480**
Trade and other receivables*	**982**
Cash and cash equivalents	**1 428**
	13 957
***Less:* Liabilities**	
Rehabilitation provision	**289**
Deferred tax liabilities	**2 092**
Borrowings	**76**
Trade and other payables	**583**
Income tax payable	**47**
	3 087
Total fair value of identifiable assets and liabilities assumed	**10 870**
Bargain purchase on acquisition of NAP	**(11)**
Total consideration	**10 859**
Total consideration consists of the following:	
Cash	**5 857**
Borrowings (note 9)	**5 002**
	10 859
Net cash flow on acquisition of NAP business	
Cash consideration	**10 859**
Less: Cash and cash equivalent balances acquired	**(1 428)**
	9 431

** The fair value of trade receivables (R921 million) and other receivables (R61 million) represent the gross contractual amounts receivable, none of the contractual cash flows receivable are expected not to be collected.*

	Rm (Reviewed)
Amounts included in the Group's results relating to NAP since date of acquisition:	
Revenue	175
Acquisition-related costs[1]	147
Loss for the year[2]	(156)
[1] *The acquisition-related costs relate to advisory and legal fees. These costs form part of other expenses in the statement of profit or loss.* [2] *Includes bridge costs and interest of R176 million for the period.*	
NAP contribution had it been consolidated from 1 July 2019:	
Revenue	3 284
Profit for the year	552

Accounting policy – Business combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the acquisition date. The excess of the aggregate of the cost of the acquisition, the non-controlling interest and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed is recognised as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the gain is recognised directly in profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured either at the non-controlling interest's proportionate share of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. Any difference between the fair value of the consideration paid or received and the carrying amount of the non-controlling interest, is recognised directly in equity and attributed to the owners of the Company.

The profit or loss realised when control is lost by the Group as a result of the disposal of an entity is calculated after taking into account any related goodwill.

NOTES TO THE FINANCIAL INFORMATION CONTINUED
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

20. EVENTS AFTER THE REPORTING PERIOD

20.1 Borrowings

The acquisition of North American Palladium ("NAP") by Implats was for a cash consideration of US$747 million. This was funded from a combination of existing cash (US$277 million), proceeds from a metal prepayment of excess inventory (US$120 million) and a bridge loan facility (US$350 million) (refer note 19).

Prior to year end, US$50 million of the bridge loan was repaid from existing cash. Subsequent to 31 December 2019, the remaining balance on the bridge loan facility of US$300 million was repaid in full, partly from available cash balance (US$50 million) and the remainder from the proceeds of the term loan.

Impala Canada entered into a US$250 million term loan facility and a US$25 million revolving credit facility on 29 January 2020. The proceeds from the term loan was used to repay the bridge facility and the revolving credit facility will be used to fund the working capital requirements of Impala Canada.

The facilities bear interest at the aggregate of the London Interbank Offered Rate ("LIBOR") and a margin of between 2.5% and 3.0%, which is dependent on the level of net debt to EBITDA at an Impala Canada level. These facilities are guaranteed by Implats, Impala Holdings Limited and Impala Platinum Limited.

The term loan has a final repayment date of 31 December 2023 and the principal amount of the term loan is repayable in equal instalments of US$15 625 000 at the end of each quarter, commencing with the quarter ending 31 March 2020. The revolving credit facility has a two-year maturity with an option to renew for a further year, subject to agreement with the lenders.

20.2 Dividends

In terms of the newly approved Implats dividend policy to declare 30% of free cash flow pre-growth capital, subject to the Board's discretion, the board declared an interim cash dividend on 27 February 2020 in respect of the six month period ended 31 December 2019.

The dividend of 125 cents per ordinary share or R978 million in aggregate is to be paid out of retained earnings, but not recognised as a liability at the half year. The dividend will have no tax consequence for the Group, but will be subject to 20% withholding tax for shareholders who are not exempt from or do not qualify for a reduced rate of withholding tax.

The dividend is payable on Monday, 23 March 2020 to shareholders recorded in the register at the close of business on Friday, 20 March 2020.

CORPORATE INFORMATION

IMPALA PLATINUM HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
Registration No 1957/001979/06
JSE share code: IMP
ISIN: ZAE000083648
JSE convertible bond stock code: IMCB22
JSE convertible bond ISIN: ZAE000247458
ADRs: IMPUY
("Implats" or "the Company" or "the Group")

REGISTERED OFFICE

2 Fricker Road, Illovo, 2196
(Private Bag X18, Northlands 2116)

TRANSFER SECRETARIES

South Africa

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Ave, Rosebank, Johannesburg, 2196
(PO Box 61051, Marshalltown, 2107)

United Kingdom

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

SPONSOR

Nedbank Corporate and Investment Banking

DIRECTORS

MSV Gantsho (chairman), NJ Muller (chief executive officer), M Kerber (chief financial officer), PW Davey*, D Earp, BT Koshane, AS Macfarlane*, FS Mufamadi, B Ngonyama, MEK Nkeli, LN Samuel, P Speckmann, ZB Swanepoel

** British*

EXCELLENCE IN PGMs

IMPALA PLATINUM HOLDINGS LIMITED
Tel: +27 11 731-9000 / investor@implats.co.za
2 Fricker Road, Illovo, 2196 / Private Bag X18, Northlands, 2116

www.implats.co.za