



IMPALA PLATINUM HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1957/001979/06)
JSE Share code: IMP
ISIN: ZAE000083648
ADR code: IMPUY
JSE 2022 Convertible Bond ISIN: ZAE000247458
JSE 2022 Convertible Bond Code: IMCB22
FSE 2022 Convertible Bond ISIN: XS1623614572
FSE 2022 Convertible Bond Code: 162361457
("Implats")

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INVITATION TO HOLDERS TO OFFER TO CONVERT OUTSTANDING U.S.\$250,000,000 3.25 PER CENT. CONVERTIBLE BONDS DUE 2022

Introduction

Implats announces that it invites the holders ("**Bondholders**") of its U.S.\$250,000,000 3.25 per cent. convertible bonds due 2022 (ISIN: XS1623614572) (the "**Bonds**") to offer to exercise their Conversion Rights as defined in, and in accordance with, the terms and conditions of the Bonds (the "**Conditions**") in respect of any or all of their Bonds ("**Invitation**"). Pursuant to the Invitation, Bondholders who offer to convert their Bonds will, if such offer is accepted by Implats, receive by way of consideration a cash incentive payment as described below.

The Invitation is made upon the terms and subject to the conditions set forth in the invitation term sheet dated 17 July 2019 (the "**Invitation Term Sheet**"). Capitalised terms used but not otherwise defined in this announcement have the meaning ascribed to them in the Invitation Term Sheet.

Rationale

The optimisation of Implats' balance sheet through a reduction and restructuring of existing debt is a key pillar of Implats' strategy to reposition Implats as a profitable, sustainable and competitive business with clear capital allocation priorities and ultimately, a return to a dividend paying position. To this end, the Bonds have been identified as a priority given the higher relative costs associated with the Bonds when combined with Implats' USD 250 million Cross-Currency Interest Rate Swap (the "**CCIRS**").

The increase in the rand platinum group metals basket price has been a welcome tailwind to Implats' profitability and free cash flow generation. In the six months between 30 June 2018 and 31 December 2018, Implats achieved a reduction in net debt from R4.4 billion to R976 million. During this period, gross cash balances increased by R2.7 billion to R6.4 billion, while total debt (excluding finance leases) was reduced by R1.7 billion to R7.3 billion.

Improved operational and financial performance has resulted in substantial share price appreciation, such that Implats' equity has traded above the prevailing Conversion Price for the Bonds of USD3.8907.

The Invitation is expected to enable Implats to extinguish a material debt liability and issue additional equity through the payment of the Invitation Consideration (as defined below) and the issuance of up to 64,255,789 million Ordinary Shares. This is expected to improve the flexibility of Implats' capital structure through reduced levels of gearing, improve free cash flow generation through lower interest costs and provide Implats with additional headroom on certain of its existing covenants in its revolving credit facility. The Invitation Consideration will be funded from existing cash resources.

The future interest burden of Implats will be reduced by lower coupon payments, while the average borrowing cost of Implats will also benefit from the unwind of the CCIRS. The CCIRS hedges the foreign exchange risk on the Bonds and swaps the USD 3.25% coupon for a fixed ZAR interest rate of 9.8%. The residual value in this instrument will be used to reduce the costs associated with the Invitation.

A reduction in the quantum of the Bonds is expected to result in reduced market volatility through a decrease in existing hedge fund involvement which may have resulted in implied future equity holdings covered by proportionate short positioning.

The required accounting treatment of the Bonds has also increased the variability of reported earnings at Implats due to the requirement to account for the impact of fair valuing both the CCIRS and equity component of the Bonds, together with the translation impact of changes in the USD foreign exchange rate on the face value of the Bonds. This variability will also be reduced going forward.

Invitation

Any Bondholder (i) who delivers a valid Invitation Conversion Notice (as defined below) prior to the Expiration Deadline (as defined below) and (ii) whose offer is accepted for conversion by Implats, will be eligible to receive by way of consideration a cash sum (the "**Invitation Consideration**") equal to the aggregate of:

- the Invitation Premium (as defined below); and
- the Accrued Interest Amount (as defined below).

Any Bondholder whose Bonds are accepted for conversion pursuant to the Invitation, shall in addition receive, in accordance with the Conditions and subject to all applicable laws, the Ordinary Shares comprising the relevant Bondholder's entitlement under the Conditions as a result of the exercise of the Conversion Rights.

Each Bondholder who wishes to participate in the Invitation must validly offer to exercise Conversion Rights in relation to at least U.S.\$200,000 in principal amount of Bonds.

Invitation Premium: For each U.S.\$200,000 in principal amount of the Bonds accepted for conversion by Implats pursuant to the Invitation an amount calculated as follows (and rounded to the nearest U.S.\$0.01, with U.S.\$0.005 being rounded upwards):
$$\text{U.S.}\$25,485.08 + ((\text{U.S.}\$5.35 - \text{VWAP}) \times (51,404.6316 \text{ per U.S.}\$200,000 \text{ in principal amount of the Bonds} \times (1 - \text{Reference Delta}))$$

where:

VWAP = the arithmetic mean of the volume weighted average price of an Ordinary Share on the Johannesburg Stock Exchange (the "**JSE**") from 12.00 p.m. to 4.00 p.m. (London time) converted at the prevailing ZAR:USD mid-spot rate at 4.00 p.m. (London time) (as observed on Bloomberg page ZAR Curncy BFIX) on 17 July 2019, from 8.00 a.m. to 4.00 p.m. (London time) converted at the prevailing ZAR:USD mid-spot rate at 4.00 p.m. (London time) (as observed on Bloomberg page ZAR Curncy BFIX) on 18 July 2019, and from 8.00 a.m. to 4.00 p.m. (London time) converted at the prevailing ZAR:USD mid-spot rate at 4.00 p.m. (London time) (as observed on Bloomberg page ZAR Curncy BFIX) on 19 July 2019 as further described in the Invitation Term Sheet.

Reference Delta = 85 per cent

Accrued Interest Amount: An amount equal to the accrued but unpaid interest on each U.S.\$200,000 in aggregate principal amount of Bonds accepted for conversion pursuant to the Invitation from and including 7 June 2019, being the immediately preceding interest payment date applicable to the Bonds, to but excluding the Invitation Conversion Payment Date (as defined below). The Accrued Interest Amount, based on an expected Invitation Consideration Payment Date of 24 July 2019 is U.S.\$848.61 per U.S.\$200,000 in aggregate principal amount of Bonds.

The final acceptance amount will be the aggregate principal amount of the Bonds which Implats agrees, in its sole and absolute discretion, to accept for conversion pursuant to the Invitation ("**Final Acceptance Amount**"). If Implats accepts any valid offer for conversion received from Bondholders pursuant to the Invitation, then Implats currently intends to accept all valid offers for conversion received from Bondholders pursuant to the Invitation, subject to applicable law and the conditions of the Invitation set out in the Invitation Term Sheet.

In the event that 15% or less of the aggregate principal amount of the Bonds originally issued remain outstanding after the Invitation Conversion Date, Implats may elect to exercise its option to redeem any Bonds outstanding following settlement of the Invitation in accordance with the Conditions.

The Invitation is expected to expire at 5.00 p.m. (London time) on 19 July 2019 (the "**Expiration Deadline**"). Holders of the Bonds must validly submit or instruct a relevant intermediary to submit on their behalf, the information required by the invitation conversion notice annexed to the Invitation Term Sheet ("**Invitation Conversion Notice**") prior to the Expiration Deadline in order for such Bonds to be eligible for conversion. Invitation Conversion Notices may be submitted in relation to the Bonds, to the Conversion Agent via Euroclear and Clearstream, Luxembourg, S.A. Bondholders are advised to check with any bank, securities broker or other intermediary through which they hold Bonds whether such intermediary would require receipt of instructions to participate in or revoke their instructions to participate in the Invitation before the Expiration Deadline.

Announcement of the final Invitation Premium and Final Acceptance Amount will be made as soon as reasonably practicable after the Expiration Deadline (which is expected to be before 7.00 a.m (London time) on 22 July 2019) by publication of such information by (i) delivery of a notice to the ICSDs for communication to direct participants; (ii) announcement on the Stock Exchange News Service of the JSE ("**SENS**"); and (iii) announcement on the Bloomberg newswire.

Expected Timetable

Launch Date:	17 July 2019
Expiration Deadline	19 July 2019, 5.00 p.m. (London time). Invitation Conversion Notices must be received by the Conversion Agent prior to the Expiration Deadline for the relevant Bonds to be eligible for conversion pursuant to the Invitation
Announcement of Results	Expected to be before 22 July 2019, 7.00 a.m. (London time). Announcement by (i) delivery of a notice to the ICSDs for communication to accountholders; (ii) announcement on SENS; and (iii) announcement on the Bloomberg newswire.
Invitation Consideration Payment Date	Expected to be 24 July 2019 Payment of the Invitation Consideration to Bondholders whose Bonds have been accepted for conversion pursuant to the Invitation
Invitation Conversion Date	Expected to be 25 July 2019
Ordinary Share Delivery Date	Expected to be 1 August 2019. Delivery of Ordinary Shares in accordance with the Conditions comprising the relevant Bondholder's entitlement under the Conditions following exercise of Conversion Rights.

Bondholders are advised that all Invitation Conversion Notices delivered to the Conversion Agent will be irrevocable except (i) if and to the extent that the relevant Bonds are not accepted for conversion by Implats pursuant to the Invitation and (ii) in the limited circumstances described in the Invitation Term Sheet.

Any Bonds that are not accepted for conversion pursuant to the Invitation will remain outstanding, subject to Implats' right to elect to redeem such bonds, as described above.

Implats may, in its sole discretion, extend, re-open, amend, waive any condition of, or terminate the Invitation at any time prior to announcement of the final Invitation Premium and the Final Acceptance Amount, subject to applicable law. Details of any such extension, re-opening, amendment, waiver or termination (including any change to the Invitation Conversion Date) will be announced on SENS and on the Bloomberg newswire and by delivery of a notice to the ICSDs for communication to accountholders as soon as reasonably practicable after the relevant decision is made.

Copies of the Invitation Term Sheet may be obtained from the Conversion Agent and/or the Dealer Manager, whose contact details are set out at the end of this announcement. Bondholders are requested to read the Invitation Term Sheet in full before making any decision with respect to the Invitation. Bondholders may wish to obtain independent professional advice before making any such decision.

Dealer Manager

Morgan Stanley & Co. International

Conversion Agent and Payment Agent

The Bank of New York Mellon, London Branch

Financial Adviser to Implats

Macquarie Advisory and Capital Markets South Africa

Sponsor to Implats

Nedbank Corporate and Investment Banking, a division of Nedbank Limited

Further Information:

Requests for information in relation to the terms of the Invitation should be directed to the Dealer Manager as follows:

Morgan Stanley & Co. International plc

25 Cabot Square Canary Wharf London, E14 4QA United
Kingdom

Attention: Daniele Bonomo Telephone: 0044 (0) 20 7677 9487

Email: Daniele.bonomo@morganstanley.com

Requests for information in relation to the submission of Invitation Conversion Notices should be directed to the Conversion Agent as follows:

The Bank of New York Mellon, London Branch

1 Canada Square, Canary Wharf, London E14 5AL, UK

Attention: Corporate Trust Administration

Email: debtstructuring@bnymellon.com & CONVTRAN@bnymellon.com

IMPORTANT NOTICE IN RELATION TO THE INVITATION

This announcement does not constitute an invitation to participate in any jurisdiction in which, or to or from any person to or from whom, it is unlawful to make such invitation under applicable securities laws. The distribution of this announcement in certain jurisdictions may be restricted by law. Persons into whose possession this announcement comes are required by each of Implats, the Dealer Manager and the Conversion Agent to inform themselves about, and to observe, any such restrictions.

United States

The Invitation is not being made and will not be made directly or indirectly in or into, or by use of the mails of, or by any means or instrumentality of interstate or foreign commerce of, or any facilities of a national securities exchange of, the United States. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone and the Internet. Accordingly, copies of this announcement and any other documents or materials relating to the Invitation are not being, and must not be, directly or indirectly mailed or otherwise transmitted, distributed or forwarded in or into the United States or to any persons located or resident in the United States and Bonds cannot be offered for conversion pursuant to the Invitation by any such use, means, instruments or facilities or from within the United States or by persons located or resident in the United States, as defined in Regulation S of the U.S. Securities Act of 1933 ("**Regulation S**" and the "**Securities Act**"). Failure to comply with these restrictions may result in a violation of applicable laws and any purported offer of Bonds for conversion resulting directly or indirectly from a violation of these restrictions will be invalid and offers of Bonds for conversion made by a person located in the United States or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a nominee giving instructions from within the United States will not be accepted.

This announcement is not an offer of securities for sale or an invitation to offer or sell securities in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from the registration requirements of the Securities Act. The purpose of this announcement is limited to the Invitation and this announcement may not be sent or given to a person in the United States. Each holder of Bonds participating in the Invitation will represent that it is not located in the United States and is not participating in the Invitation from the United States, or it is acting on a non-discretionary basis for a principal located outside the United States that is not giving an order to participate in the Invitation from the United States.

For the purposes of this and the above two paragraphs, "**United States**" means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.

United Kingdom

The communication of this announcement by Implats and any other documents or materials relating to the Invitation is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials is exempt from the restriction on financial promotions under section 21 of the FSMA on the basis that it is only directed at and may only be communicated to (1) persons who have professional experience in matters relating to investments, being investment professionals as defined in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**FPO**"); (2) persons who fall within Article 43 or 49 of the FPO; or (3) any other persons to whom these documents and/or materials may lawfully be communicated. Any investment or investment activity to which this announcement relates is available only to such persons or will be engaged in only with such persons and other persons should not rely on it.

France

The Invitation is not being made, directly or indirectly, to the public in the Republic of France ("**France**"). Neither this announcement, the Invitation Term Sheet nor any other document or material relating to the Invitation has been or shall be distributed to the public in France and only: (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*); and/or (ii) qualified investors (*investisseurs qualifiés*), acting for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French Code Monétaire et Financier are eligible to participate in the Invitation. This announcement has not been submitted for clearance to the Autorité des Marchés Financiers.

Italy

None of the Invitation, this announcement, the Invitation Term Sheet or any other documents or materials relating to the Invitation have been submitted to the clearance procedures of the Commissione Nazionale per le Società e la Borsa (CONSOB) pursuant to Italian laws and regulations. The Invitation is being carried out in the Republic of Italy ("**Italy**") as an exempted offer pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the Financial Services Act) and article 35-bis, paragraph 3 of CONSOB Regulation No. 11971 of 14 May 1999, as amended (the "**Issuers' Regulation**").

Accordingly, the Invitation is only addressed to holders of Bonds located in the Republic of Italy who are "qualified investors" (*investitori qualificati*) as defined pursuant to and within the meaning of Article 100 of the Financial Services Act and article 34-ter, paragraph 1, letter b) of the Issuers' Regulation.

Holders or beneficial owners of the Bonds may offer their Bonds for conversion pursuant to the Invitation through authorised persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018, as amended from time to time, and Legislative Decree No. 385 of September 1, 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority. Each intermediary must comply with the applicable laws and regulations concerning information duties vis-à-vis its clients in connection with the Bonds or the Invitation.

South Africa

The communication of this announcement by Implats and any other documents or materials relating to the Invitation should not be construed as constituting any form of investment advice or recommendation, guidance or proposal of a financial nature under the South

African Financial Advisory and Intermediary Services Act, 2002. The Invitation is not being made to and does not constitute an “offer to the public” (as such term is defined in the South African Companies Act, 2008 (the “**SA Companies Act**”) and is not, nor is it intended to constitute, a “registered prospectus” (as such term is defined in the SA Companies Act) prepared and registered under the SA Companies Act.

General

This announcement does not constitute an offer to sell or buy or a solicitation of an offer to sell or buy the Bonds, as applicable (and offers of Bonds for conversion pursuant to the Invitation will not be accepted from Bondholders in any circumstances in which such offer or solicitation is unlawful). In those jurisdictions where the securities, blue sky or other laws require the Invitation to be made by a licensed broker or dealer and the Dealer Manager or its affiliates is such a licensed broker or dealer in such jurisdictions, the Invitation shall be deemed to be made by the Dealer Manager or such affiliate (as the case may be) on behalf of Implats in such jurisdictions.