



NEWS RELEASE

For immediate release

Implats acquires Canadian PGM producer NAP for US\$758m

Johannesburg, 7 October 2019 – Impala Platinum Holdings Limited (**Implats**) today announced it has entered into a definitive agreement to acquire 100% of the outstanding shares in Canadian PGM miner, North American Palladium Limited (**NAP**). Brookfield Business Partners LP, NAP's majority shareholder with 81.0%, has been offered C\$16.00 per share in cash, while the minority shareholders will receive C\$19.74 per share, in a deal worth C\$1 008 million (US\$758 million), resulting in an average total offer price of C\$16.77 per share.

The offer will be settled via a combination of existing cash of US\$288 million, cash raised through a metal prepayment of excess inventory of US\$120 million and a loan of US\$350 million. At this stage, Implats' anticipates refinancing the loan through a combination of internally generated cash from operations, term debt and a potential placement of its 16,233,994 Treasury shares by way of a vendor consideration placing.

NAP is a Canadian-based primary PGM producer listed on the Toronto Stock Exchange (TSX), the US OTC market and the Börse Frankfurt. NAP wholly 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.

During calendar year 2018, NAP produced 237 461 ounces of palladium, generated EBITDA of c. C\$147 million (US\$111 million) and free cash flows of c. C\$45 million (US\$34 million). The operation is on track to meet its calendar year 2019 production guidance of 220 000 to 235 000 ounces of palladium at an all-in sustaining cost of US\$785 to US\$815 per palladium ounce produced.

Implats CEO, Nico Muller, said: *"Implats has had an exploration presence in Canada for more than two decades and over the past three years we have developed a strong relationship with and understanding of NAP and its management team and operations. The ability to acquire NAP and deliver on its medium-term production plans and exploration potential is an exciting development for our Group. Ownership of NAP will accelerate our progress against a number of key strategic imperatives, and it is Implats' view that the palladium market will remain in a structural deficit in the medium term, which should lend considerable support to stronger-for-longer pricing. The increase in rand PGM pricing, together with the step-change in operational momentum at Implats resulted in considerable free cash generation and a substantial strengthening of the Group's balance sheet during FY2019. This has allowed Implats' to pursue this*

transaction through a prudent and efficient financing structure and, in doing so, enhance value accretion and returns for the Group and its stakeholders, generating returns above the Group's internal cost of capital and with attractive payback periods."

Implats' believes the transaction provides a compelling opportunity for the Group to:

- Further reposition its portfolio and strengthen its competitive positioning in line with its stated strategy by acquiring a palladium-rich, operating asset in an established mining jurisdiction:
 - Lac De Iles is a low-cost PGM producer and generated cash margins of 53% in the 12 months to end June 2019;
 - The mine is fully mechanised with a low labour complement and leading safety statistics, which further reduces the risk profile of the asset;
 - Resource base supports a life-of-mine in excess of 15 years, with potential future upside; and
 - The operation leverages modern infrastructure and advanced underground mining technologies to capitalise on its highly prospective exploration portfolio; and
 - The geological setting presents highly prospective future exploration opportunities.
- Acquire a strongly cash-generative asset at a competitive price:
 - Accretive to Implats net asset value and cash flows;
 - Conservatively financed to optimise returns for shareholders and maintain comfortable levels of gearing; and
 - Strengthens cash flow generation to advance the Group's journey towards delivering sustainable shareholder returns.
- Develop a competitive global portfolio of producing, processing and exploration assets:
 - Diversifies Implats' production base geographically and operationally with assets on the Western and Eastern limbs of the Bushveld Complex in South Africa, on the north and south of the Great Dyke in Zimbabwe and now North America;
 - Enhances the mix of Implats' attributable mine production which is sourced from a diverse range of PGM-bearing reef types; and
 - Reduces dependence on any single mining complex.

NAP President and CEO, Jim Gallagher commented: *"This transaction delivers attractive value for our shareholders and reflects five years of hard work we have devoted to realise the potential of our assets. We have successfully established Lac des Iles as one of Canada's largest, lowest-cost and safest underground mines, producing a metal that contributes to a cleaner global environment. Our employees, suppliers, customers and community stakeholders can all join me in feeling tremendous pride at this pivotal moment in our Company's trajectory. By becoming a significant part of a larger, integrated global producer, we will benefit from greater access to technical, operational and financial resources with which to pursue our production, development and exploration objectives in Canada."*

The transaction will be implemented by means of a Canadian Plan of Arrangement (the Plan of Arrangement) according to an Arrangement Agreement (the Arrangement Agreement) between NAP,

Implats, and Implats' wholly-owned Canadian subsidiary 11638050 Canada Inc. (BidCo).

The Board of directors of NAP have unanimously approved the transaction and will recommend to NAP shareholders that they vote in favour of it. In addition, all directors and officers of NAP and its majority shareholder have entered into voting agreements with Implats and BidCo to support and vote in favour of the transaction.

Once the Plan of Arrangement is complete, NAP will be delisted and become a wholly owned subsidiary of Implats through the amalgamation of NAP and BidCo.

The deal is subject to standard conditions precedent, as are customary in a transaction of this nature, including regulatory conditions.

-ENDS-

Note to the editors

About Implats

Implats is one of the world's foremost producers of platinum and associated platinum group metals (PGMs). Implats is structured around five main operations including Impala, Zimplats, Marula, Mimoso and Two Rivers, with headquarters in Johannesburg. The Group's operations are located on the Bushveld Complex in South Africa and the Great Dyke in Zimbabwe, the two most significant PGM bearing ore bodies in the world. The Refineries operations is based in Springs, Ekurhuleni.

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