

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

(“Implats” or “the Group”)

First quarter production report for the period 1 July to 30 September 2021

Key highlights

- A 20% improvement in the reported lost-time injury frequency rate, but a 5% deterioration in the reported all injury frequency rate. Regrettably, one fatality, resulting from a tramming accident at Impala Rustenburg in August.
- Total 6E concentrate volumes decreased 6% to 809 000 ounces, with a 5% decline in managed volumes to 592 000 ounces, a 3% decline in JV production to 138 000 ounces and 16% lower third-party receipts of 80 000 ounces.
- Gross 6E refined and saleable production volumes declined 15% to 741 000 ounces, aligned with scheduled processing maintenance, with stable 6E sales volumes of 707 000 ounces.

Implats' Chief Executive Officer, Nico Muller, commented: *“After a slow start, operating momentum improved during the quarter as we completed our annual scheduled processing maintenance, the third wave of the Covid-19 pandemic receded in South Africa and global logistical constraints started to ease. The improved organisational flexibility installed over recent years enabled the Group to manage several headwinds at the start of FY2022, including unprotected industrial action and intermittent power provision at Impala Rustenburg and a shortage of critical skills at Impala Canada. This is a credit to our people, who continue to demonstrate remarkable adaptability, resilience and innovation.*

PGM markets are experiencing heightened volatility due to global macroeconomic factors and supply-chain constraints impacting automotive production. However, at Implats, we continue to benefit from robust absolute pricing for our products. The sustained demand from our customer base is indicative of the strong underlying fundamentals for PGMs.”

Operational information		Unaudited quarter ended 30 September 2021	Unaudited quarter ended 30 September 2020
Safety			
LTIFR	pmmhw	3.95	4.91
TIFR	pmmhw	9.68	9.19
Fatalities	count	1	-
Gross production			
Tonnes milled (managed operations)	000t	5 761	6 133
Grade (6E)	g/t	3.64	3.61
6E in concentrate	000oz	809	859
<i>Managed operations</i>	000oz	592	623
<i>JV operations</i>	000oz	138	142
<i>Third-party and toll</i>	000oz	80	94
Gross 6E refined	000oz	741	870
<i>Impala 6E refined</i>	000oz	292	372
<i>IRS 6E refined</i>	000oz	394	443
<i>Impala Canada saleable 6E</i>	000oz	55	56
Gross platinum refined	000oz	345	408
Gross palladium refined	000oz	258	295
Gross rhodium refined	000oz	44	53
Gross nickel refined	000t	3 959	3 956
6E sales volumes	000oz	707	706
Managed operations production:			
Impala Rustenburg			
Tonnes milled	000t	2 589	2 958
Grade (6E)	g/t	3.99	3.93
6E in concentrate	000oz	315	346
6E refined	000oz	292	372
Zimplats			
Tonnes milled	000t	1 678	1 670
Grade (6E)	g/t	3.45	3.49
6E in concentrate	000oz	144	148
6E in matte (incl. concentrates sold to IRS)	000oz	143	142
Marula			
Tonnes milled	000t	523	525
Grade (6E)	g/t	4.73	4.33
6E in concentrate	000oz	71	68
Impala Canada			
Tonnes milled	000t	971	980
Grade (6E)	g/t	2.42	2.48
6E in concentrate	000oz	61	61
JV operations production:			
Mimosa			
Tonnes milled	000t	704	724
Grade (6E)	g/t	3.84	3.88
6E in concentrate	000oz	61	67
Two Rivers			
Tonnes milled	000t	852	802
Grade (6E)	g/t	3.28	3.37
PGE in concentrate	000oz	77	75
Impala Refining Services production			
Gross 6E receipts	000oz	464	475
<i>Mine-to-market</i>	000oz	384	380
<i>Third-party and toll</i>	000oz	80	94
6E refined	000oz	394	443
<i>Mine-to-market</i>	000oz	323	321
<i>Third-party and toll</i>	000oz	71	121

Rounded numbers may not add up correctly

HEALTH AND SAFETY

Implats remains committed to ensuring zero harm and the Group's safety strategy is premised on achieving safe production. Specifically, the strategy demands safe behaviour, an inherently safe work environment and leading safety practices. Regrettably, during the quarter ended 30 September 2021, the Group experienced one fatal incident at managed operations, resulting from a tramming accident at Impala Rustenburg, and one at the non-managed joint venture, Two Rivers. The board and management team have extended their sincere sympathies to the family, friends and colleagues of the deceased. Safe production remains our principle priority and we are committed to pursuing our vision of zero harm with sustained vigour.

At the end of September 2021, the Group's lost-time injury frequency rate improved by 20% to 3.95 per million man hours worked from the 4.91 and the 4.92 reported in the previous comparable quarter and for FY2021, respectively. The all injury frequency rate deteriorated by 5% to 9.68 from the 9.19 achieved in the previous comparable quarter.

Managing the Covid-19 pandemic remains a critical imperative at Implats. The virus and its impact continued to be a prominent feature of the operating environment, particularly in southern Africa as the third wave swept across the sub-continent. Pleasingly, the Group saw a reduction in active and new Covid-19 cases as the wave of infections receded.

Implats continues to work closely with all role players in vaccinating employees and surrounding communities against Covid-19. As at the end of the quarter, more than 80% of employees at Group operations had received a first vaccine dose, while 62% had been fully vaccinated. At our Zimbabwean operations, all employees are vaccinated.

PRODUCTION

Gross tonnes milled at managed operations decreased by 6% to 5.76 million tonnes during the quarter, with lower volumes reported at Impala Rustenburg and Impala Canada offsetting gains at Zimplats. Milled grade improved marginally to 3.64g/t and, together with improved recoveries and yield, the decline in 6E concentrate production of 592 000 ounces at managed operations was limited to 5%. 6E concentrate production from the joint ventures at Mimosasa and Two Rivers declined by 3% to 138 000 ounces.

Impala Refining Services (IRS) 6E in concentrate receipts from third-party and toll customers declined by 16% to 80 000 ounces, resulting in gross Group concentrate production declining by 6% to 809 000 ounces.

Refined 6E production, which includes saleable ounces from Impala Canada, declined by 15% to 741 000 ounces, with the annual scheduled processing maintenance, which was completed during July and August, contributing to the decline. In the prior comparable period, gross refined volumes benefitted from unconstrained processing capacity, with the annual maintenance brought forward into the Covid-impacted Q4 FY2020. As a result, excess 6E in-process inventory increased by circa 40 000 ounces and the Group ended the period with circa 120 000 ounces of excess stock, which is expected to be released before year end.

6E sales volumes of 707 000 ounces were unchanged from those in the prior comparable period.

Impala Rustenburg

Milled production at Impala Rustenburg decreased by 12% to 2.59 million tonnes. This was partially offset by higher milled grade, as well as yield gains, and resulted in a 9% decline in 6E in concentrate production to 315 000 ounces.

Production was impacted by unprotected industrial action among the contractor workforce, compounded by unstable power supply, increased safety stoppages, cable theft and community disruptions. Targeted interventions to mitigate the impact of each of these factors were developed and implemented at the operation.

Refined 6E production of 292 000 ounces declined by 22% during the quarter from 372 000 ounces in the prior comparable period. In FY2020, the Group expedited annual processing maintenance scheduled for Q1 FY2021 to better match the expected ramp-up in mining production and third-party concentrate receipts following the Covid-19 lockdown in South Africa. As a result, refined volumes in the prior comparable period benefitted from increased availability of processing capacity.

Zimplats

Tonnes milled were stable at 1.68 million tonnes, with planned maintenance at the Selous concentrator completed in the period. Delivered mill grade declined by 1% due to changes in the ore mix as Ngwarati Mine returned to full production following rehabilitation of the box cut. 6E concentrate production was 2% lower at 144 000 ounces, while matte volumes of 143 000 ounces improved by 1% following a scheduled furnace reline in the prior comparable period.

Marula

Marula benefitted from improved operational continuity following safety stoppages in Q4 FY2021, with higher stoping and development efficiencies achieved during the period. Milled volumes of 523 000 tonnes were largely unchanged, but a 9% improvement in milled head grade offset lower yields and 6E in concentrate production increased by 5% to 71 000 ounces.

Impala Canada

Impala Canada continues to face a critical skills shortage and logistical constraints. These challenges are regional in nature, impacting the broader North American mining industry, and are not unique to the Ontario region in which Impala Canada's operations are located. At Lac Des Iles, it has directly impacted the operation's maintenance programme, resulting in poor underground equipment availability and absolute volumes produced.

In the period, underground volumes were supplemented by higher volumes of open pit and surface material, while planned concentrator maintenance limited absolute milled throughput to 971 000 tonnes, a 1% decrease from the prior comparable period. Changes in the ore mix resulted in a 2% decline in milled head grade, while 6E volumes in concentrate produced of 61 000 ounces were 1% lower than the prior comparable period.

Mimosa

Mimosa operated well during the quarter, however milled volumes were impacted by planned maintenance and declined by 3% to 704 000 tonnes. Lower milled throughput was compounded by a dip in recoveries, which was resolved by quarter-end, resulting in a 9% decrease in 6E concentrate production to 61 000 ounces.

Two Rivers

Production volumes in the period were impacted by the delayed upliftment of a Section 54 safety stoppage at the operation following the fatal accident in September. Underground mined volumes were supplemented from surface stockpiles to mitigate the impact on ounce production and milled volumes improved by 6% to 852 000 tonnes. Milled grade and recoveries were impacted by increased volumes of development and stockpile tonnage and 6E volumes in concentrate increased by 2% to 77 000 ounces.

IRS

Gross receipts at IRS declined by 2% to 464 000 6E ounces. In the prior comparable period, IRS purchases benefitted from the deferred receipt of accumulated concentrates after the *force majeure* was lifted on deliveries related to Covid-19 lockdowns in Q4 FY2020. During the period under review, mine-to-market 6E receipts increased by 1% to 384 000 ounces benefitting from higher deliveries of Zimplats matte following deferral of delivery to Q1 FY2022. Third-party volumes declined by 16% to 80 000 ounces 6E. Refined 6E production of 394 000 ounces from both mine-to-market operations (Zimplats, Marula, Two Rivers and Mimosa) and IRS third-party and toll customers, was 11% lower than in the previous comparable period when IRS benefitted from increased availability at Group processing facilities.

The first quarter production report for the period 1 July to 30 September 2021 has not been reviewed and reported on by the external auditors of Implats.

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Johannesburg

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