

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")

Production report for the period ended 31 March 2023

Key features

- Regrettably, three fatalities were recorded in the third quarter, with a disappointing retracement in the recorded lost-time and total-injury frequency rates
- A 2% decrease in total 6E Group production volumes to 2.35 million ounces in the nine months ended 31 March 2023, with a 1% improvement in managed volumes to 1.74 million ounces, a 3% decrease in JV production to 396 000 ounces, and a 22% decrease in third-party receipts to 216 000 ounces
- Gross 6E refined and saleable production declined by 9% to 2.14 million ounces in the nine month period due to the timing of processing maintenance and the increased frequency and severity of load curtailment. 6E sales volumes of 2.27 million ounces were 5% lower than the prior comparable nine month period

Implats' Chief Executive Officer, Nico Muller, commented: *"The increased severity of domestic and regional power constraints has been well documented and was a notable impediment to operational delivery in the quarter. Our suite of capital projects was progressed across the Group's mining and processing assets and our team continued to engage with key stakeholders to secure the outstanding conditions precedent and conclude our offer for the remaining shares in Royal Bafokeng Platinum.*

Demand from our customers remained robust and the Group maintained healthy operating margins and free cash flow generation in the quarter. PGM pricing faced several headwinds in the period, with the impact of short-term demand and supply dislocations in key markets exacerbated by financial flows.

Some easing in input pricing across key consumables has emerged, but notable rand depreciation has persisted, limiting the benefit to our South African operations and adversely impacting the translated dollar cost and capital base of our Zimbabwean and Canadian assets. Group production remains vulnerable to the severity of regional load curtailment, which requires regular operational intervention and adjustments across our mining and processing assets.

Given the constrained operating environment, FY2023 production is likely to be towards the lower end of the previously guided range, while unit costs are trending toward the top end of the provided guidance.

The Group remains focused on delivering consistent and safe production, and constructively collaborating with our key stakeholders to ensure operational agility and flexibility in the remaining months of FY2023."

Operational information		Unaudited quarter ended 31-Mar-23	Unaudited quarter ended 31-Mar-22	Unaudited nine months 31-Mar-23	Unaudited nine months 31-Mar-22
Safety					
LTIFR	Pmmhw	4.05	3.80	4.07	3.85
TIFR	Pmmhw	10.02	9.17	9.47	10.01
Fatalities	Count	3	2	5	7
Gross production					
Tonnes milled (managed operations)	000t	5 609	5 357	17 424	16 659
Grade (6E)	g/t	3.62	3.57	3.58	3.60
6E Group production	000oz	735	777	2 353	2 403
<i>Managed operations</i>	000oz	562	552	1 741	1 720
<i>JV operations</i>	000oz	125	136	396	407
<i>Third-party</i>	000oz	47	89	216	277
Gross 6E refined	000oz	662	735	2 138	2 352
<i>Impala 6E refined</i>	000oz	277	210	882	860
<i>IRS 6E refined</i>	000oz	315	467	1 061	1 320
<i>Impala Canada saleable 6E</i>	000oz	71	58	196	171
Gross platinum refined	000oz	299	332	983	1 092
Gross palladium refined	000oz	241	258	761	809
Gross rhodium refined	000oz	39	47	125	139
Gross nickel refined	000t	3 258	4 148	11 202	12 371
6E sales volumes	000oz	752	838	2 267	2 384
Managed operations production:					
Impala Rustenburg					
Tonnes milled	000t	2 384	2 274	7 552	7 255
Grade (6E)	g/t	3.98	3.81	3.87	3.92
6E stock adjusted ¹	000oz	289	280	898	906
Zimplats					
Tonnes milled	000t	1 877	1 707	5 557	5 113
Grade (6E)	g/t	3.26	3.40	3.34	3.41
6E in matte (incl. concentrate sold to IRS) ²	000oz	148	149	449	432
Marula					
Tonnes milled	000t	453	491	1 461	1 511
Grade (6E)	g/t	4.35	4.42	4.39	4.51
6E in concentrate ³	000oz	53	62	181	197
Impala Canada					
Tonnes milled	000t	894	886	2 854	2 779
Grade (6E)	g/t	3.06	2.80	2.87	2.65
6E in concentrate ³	000oz	71	62	213	185
JV operations production					
Mimosa					
Tonnes milled	000t	652	678	2 027	2 095
Grade (6E)	g/t	3.77	3.84	3.78	3.84
6E in concentrate ³	000oz	56	60	179	184
Two Rivers					
Tonnes milled	000t	841	859	2 654	2 533
Grade (6E)	g/t	3.08	3.26	3.04	3.22
6E in concentrate ³	000oz	69	76	217	223
Impala Refining Services production					
Gross 6E receipts	000oz	364	417	1 218	1 322
<i>Mine-to-market</i>	000oz	318	329	1 002	1 044
<i>Managed operations</i>	000oz	201	194	621	651
<i>JV operations</i>	000oz	117	135	381	393
<i>Third-party</i>	000oz	47	89	216	277

1. PGM production post the precious metals refinery, adjusted for any increase (added) or decrease (deducted) in smelting and refining lock-up
2. PGM production post the smelter ahead of the base metal refinery, unadjusted for further processing recoveries
3. PGM production post the concentrator ahead of the smelter, unadjusted for further processing recoveries

HEALTH AND SAFETY

Implats' goal is to eliminate harm to the health and safety of our employees and contractors and, as such, safe production remains our foremost priority. Regrettably, during the quarter ended 31 March 2023, the Group reported three fatal incidents at managed operations. On 4 February, Mr Abraham Mofokeng passed away from injuries suffered from the detonation of remnant explosives at Impala Rustenburg's 14 Shaft. On 8 February, Mr Henry Raki was fatally injured in a fall-of-ground incident at Zimplats' Mupani Mine and on 13 March, Mr Thembile Ngqanji suffered fatal injuries in a fall-of-ground incident at Impala Rustenburg's 20 Shaft. The board and management team have extended their sincere sympathies to the families and colleagues of the deceased.

For the nine months ended 31 March 2023, the Group's lost-time injury frequency rate (LTIFR) deteriorated by 6% to 4.07 per million man hours worked from 3.85 reported in the previous comparable nine month period, while the total-injury frequency rate (TIFR) improved by 5% to 9.47 per million man hours worked.

PRODUCTION

Quarter ended 31 March 2023

Gross Group 6E production declined by 5% to 735 000 ounces. Tonnes milled at managed operations improved by 5% to 5.61 million tonnes during the quarter, with higher volumes at Impala Rustenburg, Zimplats and Impala Canada offsetting lower mill throughput at Marula. A 2% improvement in milled grade to 3.62g/t 6E was partially offset by lower recoveries, resulting in 6E production at managed operations increasing by 2% to 562 000 ounces. 6E production from the joint ventures (JVs) at Mimosa and Two Rivers declined by 8% to 125 000 ounces. At Impala Refining Services (IRS), third-party 6E receipts of 47 000 ounces were 47% lower than the prior comparable quarter.

Refined 6E production, which includes saleable ounces from Impala Canada, declined by 10% to 662 000 ounces. Production in the quarter was impacted by lower Group production volumes and compounded by reduced available smelting capacity due to scheduled maintenance and the increased severity and frequency of load curtailment in the quarter.

The scheduled rebuild of the Number 4 furnace, which began in November 2022, was completed as planned at the beginning of April, but experienced some delays in recommissioning due to constrained power availability.

In addition to load curtailment at South African managed and JV operations, severe loadshedding was also experienced across the Zimbabwean national grid in March 2023 due to generation constraints at Hwange Power Stations and the curtailment of power imports following payment challenges.

Implats responds to load curtailment requirements through several operational interventions including reducing power to Group smelters and adjusting milling, hoisting and re-mining rates. The estimated impact of Eskom load curtailment on Group production in the quarter resulted in the deferral of circa 16 000 6E ounces. Implats finished the period with circa 190 000 6E ounces of excess inventory.

6E sales volumes of 752 000 ounces declined by 10%, in line with lower refined volumes.

Nine months ended 31 March 2023

Group production in the nine month period was negatively impacted by the challenging operational environment, with a notable impact from power supply interruptions and safety stoppages at our southern African operations. Tonnes milled from managed operations increased by 5% to 17.42 million tonnes, while the average 6E mill grade declined by 1% to 3.58g/t. 6E production from managed operations at Impala Rustenburg, Zimplats, Marula and Impala Canada increased by 1% to 1.74 million ounces.

6E production from the JV operations declined by 3% to 396 000 ounces, due to safety stoppages at Two Rivers and the impact of commissioning and optimising the Mimosa concentrator, which was further impeded by power supply interruptions. Received 6E third-party concentrate volumes of 216 000 ounces were 22% lower than the prior comparable period, due to operational challenges at peer group producers

and the cessation of deliveries from two contracts. In total, the Group's gross 6E production decreased 2% to 2.35 million ounces.

Refined 6E production, which includes saleable production from Impala Canada, declined by 9% to 2.14 million ounces. The impact of lower production volumes and third-party receipts was exacerbated by constrained processing capacity, due to the scheduled rebuild of the furnace at Rustenburg, and the increased severity and frequency of load curtailment during the period. The estimated impact of Eskom load curtailment resulted in the deferral of circa 27 000 6E ounces in the nine months to end March 2023.

6E sales volumes of 2.27 million ounces decreased by 5% from the prior comparable period, with some destocking of refined inventory to offset the impact of the planned furnace maintenance.

Impala Rustenburg

Quarter ended 31 March 2023

Tonnes milled during the quarter increased by 5% to 2.38 million tonnes, despite load curtailment, safety stoppages and engineering constraints, while grade improved by 4% to 3.98g/t 6E. Recoveries and yield gains were impacted by load curtailment, and stock-adjusted 6E production increased by 3% to 289 000 ounces.

Refined 6E production of 277 000 ounces increased by 32% from the prior comparable period, despite reduced available processing capacity flowing from the Number 4 furnace rebuild. The furnace rebuild was progressed according to plan, with limited delays to the scheduled April 2023 heat-up due to Eskom load curtailment, and first matte was tapped on 1 May 2023.

Nine months ended 31 March 2023

Milled volumes increased by 4% to 7.55 million tonnes, while 6E mill grade of 3.87g/t was 1% lower. Lower re-mining volumes, recoveries and yield gains limited the increase in 6E production, which declined 1% to 898 000 ounces, while refined 6E production increased by 3% to 882 000 ounces.

Zimplats

Quarter ended 31 March 2023

Zimplats delivered a 10% increase in milled throughput to 1.88 million tonnes. Volumes were negatively impacted by regional power outages suffered in March, but benefitted from increased installed milling capacity following commissioning of the third concentrator in late H1 FY2023. Grade declined by 4%, impacted by dilution across geological features and higher throughput of low-grade ore stockpile. While concentrate volumes increased, production in matte of 148 000 6E ounces was impacted by power outages and maintenance at the Zimplats furnace.

Nine months ended 31 March 2023

Mill throughput increased by 9% to 5.56 million tonnes, offsetting slightly lower grade and recoveries. Production in matte increased by 4% to 449 000 6E ounces.

Marula

Quarter ended 31 March 2023

Marula faced a series of operational challenges during the period under review including renewed community unrest, infrastructure breakdowns, safety stoppages, regional power failures and national load curtailment. Tonnes milled declined by 8% to 453 000 tonnes and milled grade of 4.35g/t was 2% lower than the prior comparable period. 6E concentrate production decreased by a more notable 15% to 53 000 ounces as recoveries were impacted by plant instability due to load curtailment.

Nine months ended 31 March 2023

Milled throughput and 6E head grade of 1.46 million tonnes and 4.39g/t, respectively, each declined by 3% from the prior comparable period. Lower metal recoveries, largely due to power curtailment, compounded the impact of weaker volumes and resulted in an 8% decline in 6E concentrate production to 181 000 ounces.

Impala Canada

Quarter ended 31 March 2023

Impala Canada continued to benefit from improved operational continuity with improved plant stability following the commissioning of the mill decoupling project in late H1 FY2023, and was bolstered by increased throughput of higher-grade underground ore. Milled throughput increased by 1% to 894 000 tonnes. Milled head grade increased by 9% to 3.06g/t and 6E metal in concentrate of 71 000 ounces was 15% higher than that achieved in the prior comparable period.

Nine months ended 31 March 2023

Impala Canada delivered a 3% increase in milled throughput to 2.85 million tonnes, which, together with an 8% increase in milled head grade of 2.87g/t, resulted in a 15% increase in nine month 6E concentrate production to 213 000 ounces.

Mimosa

Quarter ended 31 March 2023

Milling operations at Mimosa were negatively impacted by sporadic regional power interruptions and the planned five-day plant shutdown in March to integrate and commission the optimised plant project. Milled volumes of 652 000 tonnes declined by 4% and milled head grade, of 3.77g/t 6E, was 2% lower than the prior comparable period. 6E production in concentrate declined by 6% to 56 000 ounces.

Nine months ended 31 March 2023

Mimosa operated well despite power interruptions and the series of interventions to optimise and improve stability and recoveries at the concentrator plant during the period. Milled throughput and head grade declined by 3% and 2% respectively, while 6E concentrate production of 179 000 was 2% weaker than in the prior compatible period.

Two Rivers

Quarter ended 31 March 2023

Two Rivers faced a series of operational challenges in FY2023, which compounded the operational impact of the required ramp-up in mining volumes, the optimisation of expanded UG2 milling capacity, and the significant on-site project activity associated with the Merensky project. Safety stoppages, mine equipment failures, and regional electrical breakdowns and repairs took place in the period, while mined volumes and grade were impacted by a transition in mining cuts and some batch-milling of development ore from the Merensky project. Tonnes milled declined by 2% to 841 000 tonnes, 6E mill grade decreased by 6% to 3.08g/t, and 6E volumes in concentrate of 69 000 ounces were 9% weaker than the prior comparable period.

Nine months ended 31 March 2023

Tonnes milled increased by 5% to 2.65 million tonnes, but the volume gains were offset by a 6% lower 6E milled grade of 3.04g/t, impacted by split reef, the transition of mining cuts and ore stockpile milling during the period. As a result, 6E concentrate volumes of 217 000 ounces declined by 3% compared to the prior comparable period.

IRS

Quarter ended 31 March 2023

Concentrate receipts were impacted by lower deliveries from third parties, with two contracts terminating during the quarter, and deliveries from Mimosa deferred by administrative delays. Mine-to-market receipts of 318 000 6E ounces declined by 3%, while third-party receipts fell by 47% to 47 000 6E ounces. Refined 6E production of 315 000 ounces from both mine-to-market operations (Zimplats, Marula, Two Rivers and Mimosa) and IRS third-party customers declined by 33% from the prior comparable period as concentrate was stockpiled during the rebuild of the Number 4 furnace at Impala Rustenburg.

Nine months ended 31 March 2023

Mine-to-market receipts of 1.00 million 6E ounces decreased by 4%, with receipts in the prior comparable period elevated by the deferred delivery of volumes from Zimplats. Third-party receipts of 216 000 6E ounces were 22% lower and gross receipts of 1.22 million ounces declined by 8%. Refined volumes were constrained by smelter maintenance and load curtailment and declined by 20% to 1.06 million ounces.

ACQUISITION OF ROYAL BAFOKENG PLATINUM SHARES AND TRANSACTION UPDATE

The Group concluded purchase agreements for a total of 2 393 704 shares in Royal Bafokeng Platinum (RBPlat) during the period, for an offer consideration of R90 and 0.3 Implats shares per RBPlat share acquired. On 2 May 2023, Implats held an aggregate of approximately 45.09% of the RBPlat shares in issue, following the acquisition of a further 10 307 417 RBPlat shares post period end.

As previously communicated, the remaining Conditions Precedent outstanding for Implats to declare its offer to RBPlat shareholders unconditional are the issuance of a Compliance Certificate by the Takeover Regulation Panel (TRP) and JSE approval to list the Offer Consideration Shares.

On 26 April 2023, RBPlat notified shareholders of its intentions, to resolve the outstanding issues following the Takeover Special Committee (TSC) rulings, which have been acknowledged as the key impediment to issuing Implats with a Compliance Certificate.

Implats has extended the Longstop Date set for fulfilment or waiver of the conditions precedent to 31 May 2023, and continues to engage with key stakeholders in this regard.

OUTLOOK AND GUIDANCE

Despite the challenging operating environment during the period under review, the elevated load curtailment requirements and the prevailing exchange rates, Implats remains on track to deliver within the guided Group parameters for FY2023, with volumes trending towards the lower and costs increasing towards the upper boundaries of the range, respectively.

The third quarter production report for the period 1 January to 31 March 2023 has not been reviewed and reported on by Implats' external auditors.

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Johannesburg

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