



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 "Company")

IRS / IMPALA SALE OF BUSINESS

Introduction and rationale

Shareholders are advised of the sale of business between Implats' subsidiaries Impala Refining Services Limited ("IRS") and Impala Platinum Limited ("Impala"), with effect from 1 July 2018.

IRS is a wholly owned subsidiary of Implats.

Implats holds 96% of the shares in Impala. Impala conducts mining operations, operates a smelting plant near Phokeng, Rustenburg and a refinery for base and precious metals in Springs. IRS does not own or operate any processing and/or refining assets, but have agreements in place with Impala to process material acquired by IRS under contract through their processing and refining facilities.

IRS' principal business comprised the acquisition of platinum group metals for the extraction and refining into deliverable products through a combination of metal purchase and toll refining agreements.

In the furtherance of its business, IRS held a beneficiation licence in terms of the Precious Metals Act, No 37 of 2005 ("the PMA"), which governs the acquisition, possession, smelting, refining, beneficiation, use and disposal of precious metals in South Africa, as well as an import permit to procure unwrought precious metals from its international customers.

During 2007 IRS engaged extensively with the Department of Minerals and Energy (the "Regulator") to obtain an understanding of the licences for which IRS should apply in terms of the PMA, as it does not own or operate any precious metal mining, processing or refining assets (a Precious Metals Beneficiation Licence versus a Precious Metals Refining Licence). It

was agreed with the Regulator that IRS should obtain a Precious Metals Beneficiation Licence for its toll contracting business.

The Regulator informed IRS during 2016 that it would need to replace its Precious Metals Beneficiation Licence with a Precious Metals Refining Licence. The requirements for the submission and approval of a Precious Metals Refining Licence application include inter alia compliance with the Mining Charter. IRS unsuccessfully applied for a Precious Metals Refining License in December 2016 under the prevailing operating model where IRS utilised Impala's facilities, which company operates with a fully compliant Precious Metals Refining License.

Following extensive consultation, it was agreed that the most efficient manner in which IRS could commercially meet the requirements to obtain a Precious Metals Refining Licence, given its unique operating model, was to become a fully integrated division of Impala, which already processes all the material acquired by IRS and conducts most of the regulatory and administrative duties required in terms of the PMA. Not securing the required regulatory approvals would preclude IRS from continuing to conduct its business as it would not be able to secure the necessary permits to purchase material containing precious metals from its customers.

The benefits of IRS becoming a division of Impala include:

- Securing IRS business tenure through the Precious Metals Refining Licence held by Impala, subject to compliance to the terms and conditions of the PMA (including the Mining Charter requirements);
- Simplifying the corporate structure and ongoing toll refining business model by combining IRS' contract administration function and the processing/refining function through Impala's facilities under the same corporate entity (Impala).
- The Transaction does not have any adverse tax consequences for either IRS or Impala and will ensure efficient administration as IRS is currently administered by Impala;
- IRS, as a division of Impala, is likely to benefit from the net Value-Added tax and income tax position of Impala thereafter.

Terms of the Transaction

Impala and IRS entered into a sale of business agreement (the "Transaction") in terms of which Impala acquired the metal purchase and toll refining operations of IRS as a going concern, utilising the group roll-over relief provisions of sections 45 and 47 of the Income Tax Act No. 58 of 1962.

The purchase consideration is payable by the creation of a loan account by Impala in favour of IRS in an amount equal to the net purchase consideration and the assumption of certain business liabilities of IRS by Impala.

Effective Date

The effective date of the Transaction is 1 July 2018.

Purchase Consideration

The total purchase consideration of the Transaction is R8 billion.

Conditions Precedent

The Transaction is no longer subject to the approval and/or waiver of any suspensive conditions.

Value of the Transaction for the Group

At the end of June 2017 Impala had an assessed loss of circa R6.4 billion and unredeemed capex of circa R9 billion which resulted in a tax shield of approximately R4.3 billion to Impala. Where allowable, these benefits would be available for offset against future IRS profits.

Other Significant Terms

Warranties and other terms that are standard for transactions of this nature were agreed amongst the parties to the Transaction.

The Transaction does not classify as a categorised transaction in terms of the JSE Listings Requirements.

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