

Implats won't increase its stake in Waterberg project

The board of Implats has elected not to exercise the current option arrangement to acquire up to 50.1% from the joint venture (JV) partners in the Waterberg Development Project. It will, however, retain its 15% ownership in the project.



Waterberg Development Project

The original investment decision was informed by Implats' stated strategy to rebalance its portfolio of mining assets towards lower risk, shallow and mechanisable ore bodies. The final decision to increase participation in the project was always dependent on the outcomes of a definitive feasibility study. Following completion of this study, which was approved by the JV partners in December 2019, the following key considerations, among others, were considered in assessing the group's appetite for increasing its participation in the project:

- The long-term PGM demand outlook combined with the project schedule and production ramp-up profile.
- Implats' funding and return requirements at 50.01% shareholding in the context of the group's capital allocation framework, which prioritises balance sheet strength and shareholder returns.
- More recently, the implications of the Covid-19 pandemic on the global economic outlook.
- Investor financing appetite for large greenfield projects in general

After taking these considerations into account, the Implats board resolved that the group will not exercise its option to increase its shareholding in the project at this time.

Implats reiterates its support for both the project and its JV partners. The group intends to remain an active participant in the project at its current 15% shareholding, including funding its share of costs depending on future implementation decisions taken by all the JV partners.

In addition, the group confirms that its rights relating to the concentrate offtake from the project remains unchanged and affirms its commitment to continue negotiations in this regard with the JV partners in good faith.

Costs associated with further study and optimisation work to de-risk the project implementation programme will continue to be funded by Implats, up to a maximum of R55mn as previously announced, with planned studies expected to be complete by mid-August 2020.

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