

JOHANNESBURG, July 21, 2017 /CNW/ - [Atlatsa Resources Corp.](#) ("Atlatsa" or the "Company") (TSX: ATL; JSE: ATL) announces that it has entered into a letter agreement dated 21 July 2017 ("Letter Agreement") with [Anglo American Platinum Ltd.](#) ("Anglo American Platinum") outlining key terms agreed in relation to a two-phased transaction in terms of which Atlatsa will implement:

- a care and maintenance strategy for Bokoni Mine ("Phase 1"); and
- a financial restructure plan for Atlatsa and its subsidiaries ("Atlatsa Group") conditional upon Anglo American Platinum acquiring and including into its adjacent mining rights the resources specified in the Central Block and Kwanda North prospecting rights ("Phase 2"),

(collectively, the "2017 Restructure Plan").

The salient terms of the Letter Agreement are as follows:-

Phase 1:

- Atlatsa to place the Bokoni Mine on care and maintenance
- Anglo American Platinum to fund all costs associated with the care and maintenance process up until 31 December 2019
- Anglo American Platinum to suspend servicing and repayment of all current and future debt owing by Atlatsa Group until 31 December 2019 ("Debt Standstill")

Phase 2:

- Anglo American Platinum acquiring and including into its adjacent mining rights the resources specified in the Kwanda North and Central Block prospecting rights for a cash consideration of ZAR 300 million (C\$ 29 million) ("Asset Disposal")
- Subject to the implementation of the Asset Disposal, Anglo American Platinum to capitalise and/or write off all debt owing by Atlatsa Group and Bokoni Platinum Mines Proprietary Limited ("Bokoni") to Anglo American Platinum, currently amounting to ZAR 4.2 billion (C\$ 401 million), including such further debt incurred during the care and maintenance period until 31 December 2019 ("Debt Write Off")
- Atlatsa and Anglo American Platinum to retain their 51% and 49% respective shareholdings in the Bokoni joint venture ("Bokoni JV")

Background to and rationale for the 2017 Restructure Plan

Notwithstanding various attempts since 2014 to restructure the Bokoni Mine through, inter alia, shaft closures and other measures in order to achieve profitability, Bokoni Mine's operations remain cash negative after capital expenditure. The mine has incurred negative cash flow of approximately ZAR 500 million (C\$ 49 million) for the first 6 months of 2017.

In recent months Atlatsa and Anglo American Platinum ("Bokoni JV Partners"), together with mine management, have continued to investigate a range of further mine re-configuration options. All of the options assessed demonstrate significant cash outflows in the short to medium term with material execution risk. The immediate to medium term outlook for Bokoni Mine remains negative, given the current weak PGM ¹ pricing environment which is expected to remain under pressure for the foreseeable future.

In addition to investigating the various mine re-configuration options, the Bokoni JV Partners have also actively investigated various potential funding and corporate ownership alternatives, including seeking to introduce new funding partners and/or a disposal of Bokoni Mine. However, given Bokoni's current operational challenges, continued operational losses and negative cash generation, the depressed PGM environment, the negative medium term PGM pricing outlook and Atlatsa Group's significant debt levels, attempts to implement such alternatives have proven unsuccessful.

In the circumstances, the Bokoni JV Partners are no longer able to continue funding losses at the mine with no reasonable short to medium term turnaround prospects. The Bokoni JV Partners have therefore agreed to implement the 2017 Restructure Plan as the most appropriate strategy, having regard to long term asset value preservation and potential future sustainability of Bokoni Mine.

Phase 1: Bokoni Mine care and maintenance and Debt Standstill

Atlatsa will place the Bokoni Mine operations on care and maintenance as soon as reasonably possible. Anglo American Platinum has agreed to fund, via a loan account to Bokoni Mine, all once-off costs associated with placing the mine on care and maintenance, as well as ongoing care and maintenance costs, up until 31 December 2019.

Atlatsa will also, as a consequence, restructure its corporate head office and associated overhead costs in order to right size for a

business which will hold a single asset on care and maintenance, including reviewing the sustainability of its listings on various stock exchanges.

Anglo American Platinum has agreed to suspend servicing and repayment of all current (approximately ZAR 4.2 billion (C\$ 401 million)) and future debt incurred by Atlatsa Group and owing to Anglo American Platinum and its related entities until 31 December 2019 ("Debt Standstill Period"). Upon implementation of Phase 2, all debt incurred during the Debt Standstill Period will also be capitalised and/or written off, in accordance with the Debt Write Off.

The Bokoni JV Partners have embarked on a comprehensive stakeholder engagement strategy associated with the care and maintenance plan.

During the care and maintenance period the Bokoni JV Partners will continue to review various alternatives in respect of the mine's future sustainability and revisit its care and maintenance status, depending on future circumstances.

Phase 2: Conditional sale of Kwanda North and Central Block prospecting rights and Debt Write Off

Atlatsa has accepted a conditional offer from Anglo American Platinum to acquire the Central Block and Kwanda North prospecting rights for a cash purchase consideration of ZAR 300 million (C\$ 29 million) subject to, inter alia, the following conditions precedent:

- conclusion of definitive transaction agreements; and
- relevant regulatory approvals for a transaction of this nature, including those required by the Mineral and Petroleum Resources Development Act, 28 of 2002 and registration by the Mineral and Petroleum Titles Registration Office to complete Anglo American Platinum acquiring and including into its adjacent mining rights the resources specified in the Central Block and Kwanda North prospecting rights.

Should the Asset Disposal be implemented, Anglo American Platinum has undertaken to, inter alia, implement the Debt Write Off which will reduce Atlatsa Group's debt levels to ZAR nil.

Possible future position following implementation of the 2017 Restructure Plan

Subsequent to implementation of the 2017 Restructure Plan and on the basis that the transactions set out above, including the Asset Disposal and the Debt Write Off, have been successfully implemented:-

- Atlatsa and Anglo American Platinum will retain their 51% and 49% respective shareholdings in the Bokoni Mine;
- Atlatsa Group and Bokoni Mine will be debt free; and
- Atlatsa will receive ZAR 300 million (C\$ 29 million) in cash as consideration for the Asset Disposal.

Both Anglo American Platinum and Atlatsa will continue to investigate opportunities for either or both parties to divest of their interests in the Bokoni JV.

Lifting of trading halt on the exchange operated by the JSE Limited ("JSE")

Shareholders are referred to the announcement published on the Stock Exchange News Service of the JSE earlier today, whereby shareholders were advised that trading in the Company's securities on the JSE was halted. Shareholders are further advised that trade in the Company's securities on the JSE will resume at 14:00 (South African Standard Time) today. For the avoidance of doubt, trading in the Company's securities on the Toronto Stock Exchange remains unaffected.

Cautionary note regarding forward-looking information

This document contains "forward-looking statements" within the meaning of the applicable Canadian securities laws that are based on Atlatsa's expectations, estimates and projections as of the dates as of which those statements are made, including statements relating to anticipated financial or operational performance. Generally, these forward-looking statements can be identified by the use of forward-looking terminology including without limitation, statements relating to potential acquisitions and/or disposals, future production, reserve potential, exploration drilling, exploitation activities and events or developments that Atlatsa expects such statements appear in a number of different places in this document and can be identified by words such as "anticipate", "estimate", "project", "expect", "intend", "believe", "plan", "forecasts", "predicts", "schedule", "forecast", "predict", "will", "could", "may", or their negatives or other comparable words. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Atlatsa's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Atlatsa believes that such forward-looking statements are based on material factors and reasonable assumptions, including the following assumptions: maintaining production levels at Bokoni in accordance with mine operating plan; anticipated financial and operational improvements expected as a result of the 2017 Restructure Plan; the Company's ability to refinance its debts as and when due; the provision of goods and/or services by contracted parties on the agreed timeframes; availability of equipment available as scheduled; absence of material labour slowdowns, strikes or community unrest; proper functioning of plant and equipment functions; absence of mine plan changes resulting from a change in geological or financial parameters; and absence of geological or technical problems.

Forward-looking statements, however, are not guarantees of future performance and actual results or developments may differ materially from those projected in forward-looking statements. Factors that could cause actual results to differ materially from those in forward looking statements include: uncertainties related to the achievement of the anticipated financial and operational improvements expected as a result of the 2017 Restructure Plan; uncertainties related to the continued implementation of the Bokoni operating plan; uncertainties related to the termination and rehabilitation of the Klipfontein Merensky Opencast Mine operation; uncertainties related to the timing of the implementation of the Bokoni deferred expansion plans which includes the accelerated development of the Brakfontein and Middelpunt Hill shafts; fluctuations in market prices, levels of exploitation and exploration successes; changes in and the effect of government policies with respect to mining and natural resource exploration and exploitation; continued availability of capital and financing; general economic, market or business conditions; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes, industrial unrest and strikes; political instability; suspension of operations and damage to mining property as a result of community unrest and safety incidents; insurrection or war; the effect of HIV/AIDS on labour force availability and turnover; delays in obtaining government approvals; and the Company's ability to satisfy the terms and conditions of the loans and borrowings, MD&A – Section 2 – "Liquidity", a copy of which can be found on SEDAR at www.sedar.com and under "Going Concern" in note 2 of the condensed consolidated interim financial statements. These factors and other risk factors that could cause actual results to differ materially from those in forward-looking statements are described in further detail under Item "Risk Factors" in Atlatsa's Annual Information Form for Fiscal 2016, which is available on SEDAR at www.sedar.com.

Atlatsa advises investors that these cautionary remarks expressly qualify in their entirety all forward-looking statements attributable to Atlatsa or persons acting on its behalf. Atlatsa assumes no obligation to update its forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such statements, except as required by law. Investors should carefully review the cautionary notes and risk factors contained in this document and other documents that Atlatsa files from time to time with, or furnishes to; Canadian securities regulators and which are available on SEDAR at www.sedar.com.

¹ PGM means Platinum Group Metals, including Platinum, Palladium, Rhodium and Gold

SOURCE Atlatsa Resources Corp.

Contact

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