NEWS RELEASE

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Implats in a strong position to take advantage of improving economic environment

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Ticker symbols:
JSE: Imp
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ADRs: Impuy

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Impala Platinum Holdings Limited (Implats) today (18 February 2010) announced results for the six months ended 31 December 2009.

Key features

- Unsatisfactory safety performance
- Group platinum production up 2% to 0.895 million ounces
- Revenue down due to lower metal prices
- Unit costs impacted by lower volumes at Impala Rustenburg
- Development issues at Impala Rustenburg being successfully addressed
- Zimplats Phase 1 at full throughput
- Interim dividend of R1.20 per share

Implats CEO David Brown says "The first half of FY2010 has proven to be an extremely challenging period for Implats. Not only did we have to deal with trying economic conditions, but also the impacts of both the tragedy at 14 Shaft and industrial action. However, despite these circumstances, we have made significant progress in addressing the issues at Rustenburg, we have successfully commissioned Zimplats' new concentrator and have reached full annualised steady state throughput while volumes through IRS have grown appreciably.

Brown continued, "Implats has retained a strong balance sheet, maintained our capex programme in order to deliver our growth profile to 2.1 million ounces by 2014, and provided a continuous dividend flow to shareholders. This is a reflection of operational recovery and improved market fundamentals and the return on capital employed is poised to deliver superior returns relative to our peers. In addition, while the group's cost performance has been impacted by the most difficult year in our history at Impala Rustenburg, it is still regarded as one of the best in the industry. Now that we are getting to grips with the issue of development, we will maintain that premier position."

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Overview

Headline earnings fell by 76% to R2.12 per share for the first half of FY2010 largely due to lower rand metal prices. Despite this, the Board agreed to maintain the dividend at the same level as the previous interim dividend of R1.20 per share. Platinum production increased by 2% to 895 000 ounces as throughput from IRS increased appreciably. The lower volumes from the flagship operation, Impala Platinum, negatively impacted on group costs which rose by 14% to R9 889 per platinum ounce excluding share based payments.

Safety

Implats' safety performance was poor in the half year to December 2009 with fourteen fatalities at Impala Rustenburg. Nine of these occurred in the single tragic incident at Impala Rustenburg's 14 Shaft. The group continues to focus on changing the safety behaviour of its employees to one where safety and health is their first priority. On behalf of the board and management we extend our sincere condolences to their family and friends.

Market

The global financial crisis continued during 2009 and the world's economic power took a dramatic shift east as China, and to a lesser extent India, prevented a catastrophic move towards depression. Western world car sales slumped having an enormous impact on platinum group metal (PGM) demand. This was offset by a more than doubling of Chinese platinum jewellery consumption and a 50% leap in investment demand. Supply declined as a result of reduced secondary deliveries leaving the market with a small deficit for the year. Palladium automotive demand was less severely impacted than platinum due to a robust Chinese market and a move to gasoline engines, from diesel, in Europe. This market remained close to balance. Rhodium, driven by forward buying by automotive companies at lower prices and renewed speculative interest, experienced no shortage of liquidity as evidenced by a market which moved into surplus.

Operating performance

At **Impala** the impact of the 14 Shaft incident, coupled with the two week industrial action resulted in tonnes milled declining by 16% to 6.8 million. Consequently refined platinum production fell to 432 000 ounces. The lower volumes impacted directly on unit costs which rose 21% to R9 755 per platinum ounce excluding share based payments. The focus of the operation remains on on-reef development at the major Merensky shafts where rates have improved by 16% on a normalised basis and are in line with our plans communicated at the company's Annual Results.

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Marula experienced a slower than anticipated ramp up of conventional mining, due to limited face availability. The mineral reserve agreement with neighbouring Modikwa will extend the life of the Driekop shaft and will improve mining flexibility. At **Zimplats** the Phase One Expansion has reached full production with the concentrator reaching nameplate capacity in September 2009. The technical evaluation for a second phase of expansion has been completed. Platinum in concentrate production at **Mimosa** increased by 16% in line with the recently completed plant expansions. The plant optimisation at **Two Rivers** together with higher concentrator recoveries has resulted in platinum in concentrate production increasing by 24%. Volumes at **IRS** were up 27% despite reduced deliveries from Aquarius due to the temporary closure of the Everest South mine.

Prospects

CEO David Brown comments that, “This time a year ago the short-term was clouded with uncertainty as to the extent and depth of the recession. While a double dip recession cannot be ruled out the first signs of a global economic recovery are becoming apparent. Another year of constrained supply together with recovering demand aided by the recent launch of the US platinum and palladium ETF will result in tight market conditions for both metals. The positive developments at Rustenburg, coupled with the solid growth profile, position the company favourably to take advantage of the improving economic environment.”

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