

# NEWS RELEASE

17 February 2011

## Improved operational recovery coupled with the capital expansion projects positions Implats well for the future

**EMBARGO: For immediate release**

<p><b>Ticker symbols:</b> JSE: Imp LSE: Ipla ADRs: Impuy</p> <p><b>www.implats.co.za</b></p> <p><b>Queries:</b></p> <p><b>David Brown</b> +27 11 731 9042 +27 83 908 9630</p> <p><b>Bob Gilmour</b> +27 11 731 9013 +27 82 453 7100</p>	<p>Impala Platinum Holdings Limited (Implats) today (17 February 2011) announced results for the six months ended 31 December 2010.</p> <p><b>Key features</b></p> <ul style="list-style-type: none"> <li>▪ Unsatisfactory safety performance.</li> <li>▪ Group platinum production up 6% to 952 000 ounces.</li> <li>▪ Revenue 38% higher, mainly due to increased volumes and stronger dollar metal prices.</li> <li>▪ Unit costs per platinum ounce increased by 4%.</li> <li>▪ Healthy gross margin 33%.</li> <li>▪ Rustenburg recovery on track, Zimplats and Mimosa continue to meet operational targets.</li> <li>▪ Interim dividend of 150 cents per share.</li> </ul> <p>Implats CEO David Brown says "The first half of FY2011 has been one of continuing operational improvement at the flagship Impala Rustenburg operation. Development at the three new shafts remains on track with the first production from 20 Shaft delivered in January. These shafts will ensure steady state production of a million platinum ounces at Impala Rustenburg. The Phase 2 expansion at Zimplats which forms a key part of our growth strategy to 2.1 million ounces of platinum by 2014 has commenced and is progressing satisfactorily."</p> <p><b>Safety</b></p> <p>Safety remains a major challenge for the group and in spite of an intense focus on safety at all operation's six fatal incidents occurred during the first half of the year. The Board and management extend their sincere condolences to the families and friends of the six employees who died.</p> <p>The major findings of the recently completed Du Pont study have focused our safety strategy on two main areas, namely supervision and the safety culture of all employees.</p> <p style="text-align: right;">[more]</p>
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## Market

Despite a somewhat pedestrian recovery in Western World markets the economic might of the developing world particularly China, has seen platinum continue its recovery from the lows of 2008. The market performance had more to do with the surge of money flowing into investment products such as the ETF and the paper markets. From a physical demand perspective the developing world underpinned automotive demand with the jewellery market consolidating after an extremely robust 2009. We believe the platinum market was balanced for the year.

Palladium was the beneficiary of similar factors, but the effects were further enhanced by robust fundamentals given the growth of gasoline fuelled and palladium-catalysed vehicles in emerging markets. The combination of increased automotive and ETF demand coupled with reduced Russian stocks deliveries left the palladium market in deficit for the period. The rhodium market benefited from some speculative positioning. However we believe the market was adequately supplied during the year.

## Operational performance

At **Impala Rustenburg** the tonnes milled increased by 15% to 7.8 million. Coupled with a marginal increase in headgrade, refined platinum production rose 16% to 501 000 ounces. The higher volumes positively impacted on unit costs which rose 4% to R10 162 per platinum ounce excluding share based payments. The focus at this operation remains on on-reef development at the major Merensky shafts and the establishment of the new shafts, the first of which, 20 Shaft, commenced production on schedule in January this year. In line with the ramp-up of conventional mining, production at **Marula** increased by 8% to 41 000 ounces of platinum in concentrate. The build-up to full production necessitated an increase in the labour complement which impacted on units costs which rose 19% to R14 683 per platinum ounce in concentrate. Platinum production in concentrate at **Two Rivers** was unchanged at 73 000 ounces.

Both Zimbabwean operations continued to excel. At **Zimplats** higher throughput coupled with higher mill grades and concentrator recoveries resulted in platinum production in matte increasing by 9% to 89 000 ounces. The Phase 2 expansion to 270 000 of platinum is on track. **Mimosa** maintained steady state production of 51 000 ounces of platinum in concentrate. Both companies remain in discussions with government regarding indigenisation and empowerment. Platinum production at **IRS** declined by 2% to 451 000 ounces due to pipeline increases which will revert before financial year end.

## Prospects

World markets look set for a sustained recovery as a result of the growing influence of emerging market economies and the injection of further liquidity in the US. This will result in tight market conditions for both platinum and palladium. The improved operational recovery coupled with the capital with expansion projects, position the company well to benefit from the improving economic environment.

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