NEWS RELEASE

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CHANGING LABOUR DYNAMICS, ORE RESERVE FLEXIBILITY, COST PRESSURES AND INTRODUCTION OF PARTNERS IN ZIMBABWE DOMINATE THE PERIOD

EMBARGO: For immediate release

Ticker symbols:
JSE: Imp
LSE: Ipla
ADRs: Impuy

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Impala Platinum Holdings Limited (Implats) has announced results for the half year ended 31 December 2012 today.

Implats' CEO, Terence Goodlace commented, "The period under review continued to be affected by the complex changing labour environment at both company and industry level."

Key features

- ***Safety*** - remains a key priority
- ***Production*** - gross production up 2% to 865 000 ounces despite a 25% decline at Impala Rustenburg
- ***Costs*** - lower refined volumes at Impala increased unit costs by 42% to R15 983 per platinum ounce
- ***Revenue*** - decreased by 2% to R15.2 billion
- ***Earnings*** - headline earnings decreased by 78% to R776 million
- ***Dividend*** - an interim dividend of 35 cents per share
- ***Market*** - moved into a deficit

Safety

Safety remained unsatisfactory with six fatalities during the period under review, all of which occurred at Impala Rustenburg. The Board, Management and all of the Implats team extend sincere condolences to the families and friends of the deceased.

Our safety strategy is focused on implementing the industry cultural transformation framework, closing the supervision gap and a number of new technical initiatives.

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Financial review

While total revenue was only marginally down at R15.2 billion, headline earnings fell to R776 million due to a decrease in mine-to-market throughput, above inflation cost increases and the impairment of long-term receivables.

Market

Calendar year 2012 has been proven to be a watershed year in the platinum industry as significant labour disruptions at Impala Rustenburg, and subsequently at other platinum producers, reduced South African supply by in excess of 600 000 ounces.

Demand for our metals remained firm. The automotive industry continued to perform well with global passenger vehicles sales increasing by more than 5% to exceed 80 million units for the first time. Jewellery markets also experienced growth primarily driven out of China and India where platinum is becoming much more accepted as a jewellery metal.

The combined affect has been that the platinum market moved into a deficit in the region of half a million ounces. In the case of palladium where supplies were further impacted by considerably lower Russian stock sales the market deficit was closer to one million ounces.

Operational performance

Impala's Rustenburg operation continued to be affected by the complex changing labour environment experienced since the strike and subsequent events in the region. The operation has also been impacted by company and DMR stoppages, a lack of ore reserve flexibility, and mining quality. As a consequence, production declined by 25% to 368 000 ounces of platinum exacerbated by a 22 000 ounce pipeline lockup. The lower output negatively impacted unit costs, which rose by 52% to R16 674 per platinum ounce.

Labour relations continue to receive management's highest attention. Following the de-recognition of the NUM we are now embarking on a new labour dispensation. Our aim is to involve all stakeholders in this regard to create a safe new working environment at Impala.

At **Zimplats** tonnes milled remained flat at 2.2 million. A fire in the smelter during November and a subsequent run out in December impacted platinum in matte production, which declined by 20% to 73 400 ounces. Concentrates stockpiled during the furnace outage (18 000 ounces) will be smelted before the end of the financial year. As a result of the lower smelter throughput and inflation, unit costs increased by 26% to US $1 670 per ounce. The phase 2 expansion remains on schedule.

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The company concluded a non-binding term sheet with the Government of Zimbabwe which stipulates the key terms of the indigenisation plan.

At **Marula** platinum production in concentrate rose by 1% to 36 300 ounces. Mining inflation, a productivity intervention and additional development labour affected unit costs which that rose 27% to R19 118 per ounce in concentrate. The strategic review has been completed and has proved the operation's ability to increase production to 90 000 of platinum over the medium term.

In line with a 4% increase in mill throughput at **Mimosa,** platinum production in concentrate rose to 54 700 ounces. Unit costs per platinum ounce in concentrate increased by 10% to US $1 649 per ounce due to the increased use of plant reagents and mining consumables. The company has also concluded a non binding indigenisation term sheet with the government of Zimbabwe.

At **Two Rivers** an increase in tonnes milled together with improved recoveries resulted in an 9% increase in platinum production in concentrate to 83 200 ounces. Unit costs rose by 6% to R10 829 per platinum ounce in concentrate.

At **IRS,** refined platinum production increased by 40% to 497 100 ounces as lower third party deliveries were more than offset by an increase in once-off tolling treatment receipts.

Prospects

The fundamentals for PGMs remain robust as a result of tight South African supply and on-going firm demand by the automotive industry. This should have a positive impact on PGM prices. The operating environment in South Africa continues to be challenging as a result of the changing labour dynamics and increased stakeholder expectations. Cost pressures will remain high as a result of proposed power increases and potential wage demands, which could be mitigated to some extent by a recovery at Impala Rustenburg. Implats takes a long-term view on the business and will continue to invest in replacement shafts in South Africa and the growth project in Zimbabwe.

CEO Terence Goodlace concluded, "We have reviewed our safety initiatives following a disappointing half year, and our strategy is now focused on implementing the industry cultural transformation framework, closing the supervision gap and a number of new technical initiatives. We are confident that we will be able to position Implats appropriately for the future following the focus on operational efficiencies, as well as the progress made on replacement shafts in South Africa and the growth project in Zimbabwe."

Ends