

NEWS RELEASE

Implats continues to deliver to shareholders

Another good half-year for Impala says CEO Steve Kearney

Highlights

Results for the six months ended December 1999

- Attributable income up 73% to R778.5 million (US\$127 million)
- Headline earnings per share up 70% to 1 183cps (\$1.93 per share)
- Sales revenue up 36% to R2 552.5 million (\$417.8 million)
- Palladium price reaches all time high, while platinum price at recent highs
- Capex up 97% to R277 million (\$45.4 million)
- Dividend doubled at 340 cents per share (\$0.55 per share)
- Crocodile River Mine to reopen
- Growth opportunities actively being pursued in South Africa and internationally

Results

Impala Platinum Holdings Limited (Implats) today announced an increase in attributable earnings of 73% to R778.5 million (US\$127.0 million) for the six months ended December 1999 (1998: R450.9 million or \$75.5). Headline earnings per share increased by 70% to 1 183cps (\$1.93 per share) (1998: 698 cps or \$1.17 per share). As a result, the Board has declared a dividend of 340 cents per share (\$0.55 per share) thereby doubling the dividend of 170 cps (\$0.29 per share) declared last year.

In commenting on the results, Implats CEO Steve Kearney said, Impala continues to deliver a solid operational performance. Although we benefited from an increase in metal prices during the period, our Fixco process continues to make a significant contribution to containing unit costs and increasing productivity. This has been another good half year for Impala and one in which we have continued to deliver real returns to shareholders.

Sales revenue generated during the period increased by 36% to R2 552.5 million (\$417.8 million). Increased sales volumes were aided by an increase in the dollar prices of palladium (which rose on average by 25%), rhodium (43%) and nickel (53%). Production also increased during the period: Platinum production increased by 1.7%, palladium by 3.9%, rhodium by 44% and nickel by 12.4%.

Cash operating cost per ounce of platinum was limited to a 5.9% increase. Cost of sales was up by 23% as a result of a reduction in inventory levels.

The 96.5% increase in capital expenditure to R277 million (\$45.4 million) was largely attributable to the mining decline projects. During the second half of the financial year this is expected to increase by R350 million (\$55 million) as the recently approved 12 and 14 shaft declines get underway.

Implats cash position (net of short term debt) increased to R1 745 million (\$284 million), which places the company in a good position to fund both capex and growth opportunities.

Implats 27% shareholding in Lonplats contributed equity accounted pre-tax income of R115.3 million (\$18.9 million); a dividend of R52.9 million (\$8.6 million) was received during the period under review.

Operational performance

The Fixco process has continued to implement best practices across Impala's operation. The total Impala workforce has reduced to 28 000 employees.

Development metres increased by some 18% during the period and, although this had the effect of diluting the head grade to some degree, additional resources have been opened for mining during the coming months.

The new Merensky flotation circuit has been successfully commissioned at Mineral Processes and recoveries of up to 90% have been attained. Work is underway to convert the UG2 plant from semi-autogenous to autogenous milling. This project should be completed by January 2001 and recoveries are expected to increase by up to 3%.

Continued improvement in the platinum purification circuit of the Enhanced Precious Metals Refinery yielded an improved platinum first pass yield, resulting in a reduction in platinum work in progress. In addition, improved separation efficiencies and a release of lockup resulted in an increase in rhodium production of 44%.

The market

Continued uncertainty regarding Russian PGM supply, coupled with robust demand, has raised platinum prices to a ten-year high, the palladium price to an all-time high and rhodium to a price not seen since 1992.

Platinum demand in the jewellery sector continues to grow with Chinese consumption for 1999 well above the expected 800 000 ounces. Auto companies' demand for palladium has also continued to grow, following record car sales in the US and Europe during 1999.

Growth

Impala Refining Services (IRS), the dedicated vehicle through which the company smelts and refines third party material, delivered further growth during the period. IRS earnings before interest received and taxation amounted to R51.9 million (\$8.5 million). Earnings are expected to be greater for the second half of the year, as the build-up effects of the throughput of 100 000 oz of platinum and associated metals of the Kroondal Mine concentrate purchase contract are felt.

Further growth opportunities, both locally and internationally, are being actively pursued by the company. Progress in this regard includes the following:

Aquarius Marikana project is in the final stages of a bankable feasibility study and agreement in principle has been reached on Implats involvement in this project. Implats' relationship with Aquarius continues to strengthen and during the period Implats shareholding was increased to 16,3%.

Impala is considering a joint venture in the Philippines to exploit a laterite nickel deposit where Impala would apply its nickel refining competencies to the project. An eight-month bankable feasibility study is envisaged. If the project proceeds, it would significantly reduce Impala's own nickel production costs.

We continue to pursue options open to us in terms of our right to subscribe for up to 20% of the investment capital of any mining company that mines the Winnaarshoek and Buffelshoek properties.

Exploration in the Sudbury River Valley in Canada in a joint venture with Mustang Corporation has commenced.

A joint venture with Falconbridge in the Insizwa project in South Africa, has yielded encouraging nickel and PGM values. Geological data on the latter are currently being assessed and further drilling is anticipated during the second half of the financial year.

Impala is committed to a joint venture to explore a known palladium, copper and nickel deposit in the Duluth complex in Minnesota, USA with the Beaver Bay Joint Venture.

The Crocodile River mine feasibility study has yielded positive results and, as a result, the company has today announced the re-opening of the mine and production at the Maroelabult area is expected to start in January 2001 at a rate of 50 000 oz platinum per annum.

The sale of Messina to SouthernEra Resources is proceeding satisfactorily and it is expected that the sale will become unconditional by end February 2000. IRS has been contracted to treat concentrate from this mine.

Prospects

Operational performance at Impala should continue at least at the current level during the second half of the year, said Kearney, while IRS is expected to deliver continued growth. We will continue to pursue opportunities that support our stated objective of increasing the output of our branded product by up to 10% per annum.

Although the resumption of Russian deliveries of PGMs to the market is expected to bring a greater degree of stability, the demand fundamentals for PGMs remain strong. Provided the R/\$ exchange rate remains at prevailing levels and with firm dollar metal prices even better results should be posted for the second half of the year.