



## NEWS RELEASE

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### **Implats signs memorandum of understanding to gain 25% stake in Philippines Nickel Project**

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Impala Platinum Holdings Limited (Implats), announced today, Wednesday 23 February 2000, that it has concluded a Memorandum of Understanding (MOU) with Philnico Developments Limited, the developers of the Nonoc nickel laterite project, to enable Implats participation in the project. Based on Nonoc Island, Surigao del Norte, in the Philippines, the project has a resource of 144 million tons with an average grade of 1,1 per cent nickel and 0,11 per cent cobalt.

In terms of the MOU, and subject to certain outstanding issues being resolved by the partners before the end of February 2000, Implats will enter into the project in March 2000. Implats will contribute US\$6 million to fund a Bankable Feasibility Study, which should be completed within eight months. Assuming all financial and other hurdles are met, Implats will invest up to US\$75 million in cash and contribute the nickel and cobalt assets within its base metal refinery to the project in exchange for 25 per cent of the equity of this newly created nickel company.

Production of 41 000 tons per year of Class I nickel and 4 000 tons per year of high purity cobalt is envisaged with a mine life in excess of 40 years. The mixed metal sulphides produced at Nonoc will be refined to pure metals at Impala's base metals complex in Springs, South Africa, which will be expanded to the required capacity.

Implats Chief Executive, Steve Kearney says shareholders will derive a twofold benefit from the transaction. Firstly, it will give the group a 25 per cent strategic stake in a large integrated mine-to-market nickel and cobalt operation, which should be in the lowest quartile of the cash operating cost curve for the nickel industry.

Secondly says Kearney, the project will lead to a significant reduction in Impala's current nickel refining costs which should result in a three per cent overall reduction in Implats total cost of platinum group metals (PGMs) production.

Although Implats focus remains on PGMs, this project provides us with the opportunity of improving in the one area of our business where we are currently not competitive. We currently mine about 8 000 tons of nickel per annum. The increased throughput at Springs as a result of the refining of the Philippine metals will enable us to achieve significant cost savings and drive us yet further down the PGM cost curve.

The combination of Implats current throughput of around 15 000 tons per year of nickel (from its own mines and tolling) coupled with Nonoc production will result in a base metal refinery that will have a world-class throughput of up to 60 000 tons of nickel and 4 200 tons of cobalt output per year. This will enable both parties to enjoy the resultant economy of scale benefits. Impala's existing and potential PGM and copper production will be unaffected by the expansion, due to the configuration of the existing refinery circuits.

Stuart Murray, Implats Consulting Engineer, New Business, added, This exciting project is based on a quality, homogeneous, tropical laterite orebody with competitive grades eminently suitable for high-pressure acid leach (HPAL) processes.

The project, previously run on the ammonia leach process, was mothballed in the 1980s as a result of poor efficiencies and high oil prices. It will be resuscitated as a new refinery, utilising HPAL process producing mixed nickel and cobalt sulphides at Nonoc. HPAL will significantly boost metal recoveries and reduce energy costs when compared to the ammonia leach process. The HPAL process has been successfully operating at Moa Bay in Cuba for many years. The issues facing the new HPAL projects are in the main engineering ones. We believe that it will have the benefit of learning from the problems experienced in Western Australia.

The split of the processing operations will reduce the project risk by bringing to bear two management teams on this project. Not only does Impala have an existing refinery, it has over 30 years of expertise and experience in producing Class I nickel. Impala will also contribute its expertise in autoclave operations to the Philippine part of the project and be extensively involved with the design team for Nonoc. The project brings together two sets of assets to the mutual benefit of two developing countries. Significant value will be added in both places.

The capital costs of the project should be reduced as a result of the re-use of parts of the Nonoc infrastructure and processing plant and through a brown-field expansion of Impala's existing base metals refinery.

Steve Kearney will join the Board of Philnico Developments Limited.