

NEWS RELEASE

19 February 2009

Market environment impacts company performance

EMBARGO: For immediate release

<p>Ticker symbols: JSE: Imp LSE: Ipla ADRs: Impuy</p> <p>www.implats.co.za</p> <p>Queries:</p> <p>David Brown +27 11 731 9042 +27 83 908 9630</p> <p>Bob Gilmour +27 11 731 9013 +27 82 453 7100</p>	<p>Impala Platinum Holdings Limited (Implats) today (19 February 2009) announced results for the six months ended 31 December 2008.</p> <p>Key features</p> <ul style="list-style-type: none"> ▪ Improved safety performance ▪ Significant falls in platinum group metal prices partially offset by a weaker exchange rate ▪ Lower production at Impala Rustenburg ▪ Cost increases exacerbated by lower volumes ▪ Capital expenditure at R3.9 billion ▪ Cash preservation paramount ▪ Interim dividend of R1.20 per share <p>Implats CEO David Brown says “Headline earnings rose 14% to R8.77 per share for the first half of FY2009 despite the extremely challenging market conditions and the enormous change in the pricing environment particularly in the second quarter. However, both production and cost performance were disappointing. Gross platinum production declined by 15% to 878 000 ounces. The lower throughput when combined with ongoing inflationary pressures resulted in unit costs increasing by 37% to R8 681 per platinum ounce excluding share based payments. Including share based payments unit costs increased by 4% to R6 986. In order to preserve cash we have cut our capital expenditure programme by R10 billion to R13 billion in total for the next four years up to 2013. Both the Marula Merensky and the Leeuwkop projects have been deferred until further notice. An interim dividend of R1.20 has been declared, however this was based on the quantum of cash payable rather than on a cover basis. The final dividend will be reviewed in August 2009 and will be reflective of the then market conditions and our view of the short term outlook.”</p> <p style="text-align: right;">[more]</p>
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Market

In the platinum market CY2008 can only be described as a year of two halves, with the first half dominated by supply concerns, driven in part by the Eskom crisis, whilst the second half was victim of the credit crisis. Demand shrank on the back of lower vehicle sales but was offset by lower supplies despite an increase in recycled metal from the Japanese jewellery industry. Palladium demand was also down on a fundamental basis and only purchases by the ETF's kept the market from further falls. Rhodium was perhaps the biggest victim of its own high price levels and saw significant thrifting and subsequent destocking by the car companies in a move to generate cash, leaving the metal some 90% below its all time high.

Safety

Safety improved across the group both from a fatality and injury perspective. Ensuring a safe and healthy working environment is a key strategic objective for Implats and we are happy to report that the LTIFR improved to 2.85 per million man hours which is an excellent performance within the industry and an all time low for the company. Sadly six of our colleagues lost their lives during the course of work in the first half of this financial year. On behalf of the board and management we extend our sincere condolences to their family and friends.

Operating performance

Platinum production at **Impala Platinum** was down 10% while unit costs rose by 36% to R8 078 excluding share based payments on the back of the lower volumes and high inflation. Including share based payments unit costs decreased by 4% to R6 118. The poor production performance was due to a lack of focus on on-reef development at third generation shafts and slower than anticipated delivery of our decline projects. A new management structure has been put in place and they have been tasked to increase on-reef development which in turn will flow through to increased face availability and improved grade.

Marula experienced a slower than anticipated ramp up to conventional mining, however full production will still be achieved in FY2011. Despite an extremely challenging operating environment **Zimplats** continued to deliver outstanding performances in all areas of operation with output increasing by 15% to 47 000 ounces of platinum in matte. Portal 1 is now operational and the development of Portal 4 is on track for completion later this year along with the commissioning of the concentrator. Full production of 180 000 ounces of platinum per annum remains on schedule for FY2010. **Mimosa** also delivered another sterling performance and production increased by 11%. The plant optimisation project has been completed and steady state production of 100 000 ounces of platinum will be achieved this year. At **Two Rivers** the ramp up to full mining production has been completed and full production of 120 000 ounces of platinum will be attained this year. Production at **IRS** declined by 20% on the back of reduced deliveries from Aquarius and autocatalyst recycling activities.

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Prospects

CEO David Brown comments that, "The key going forward is to ensure all ounces are profitable, production targets are met and costs are right-sized according to the output. In the current difficult economic environment cash preservation has become our top priority. In the short term the disconnect between customer requirements and market conditions which was felt in the first half of this financial year, has disappeared and together with the weaker pricing environment, will fully impact in the second half. This will be a tough year for Implats, however we are confident that the markets will recover in the medium term and that strong growth will once again reassert itself. We are currently repositioning the group to ensure that we are well placed to take advantage of this upturn."

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