NEWS RELEASE

Stunning half-year performance breaks previous full-year record

Cash bonanza for shareholders

Highlights
Results for the six months ended December 2000

- Headline earnings triple
- Special dividend declared of 3 000 cents per share
- Interim dividend quadruples to 1 420 cps
- Sales revenue increases 70%
- Total production rises 11%
- Some R0.5 billion (US$64 million) to mineral rights holders in 6 months.
- Growth projects surge ahead:
  - Impala Refining Services (IRS) income jumps 244%
  - Crocodile River comes into production, on time and under budget
  - Platexco acquisition concluded; mining to begin in 2002
  - Further drilling at Kennedy's Vale

A stunning half-year performance by Implats, that beats the records of the previous financial year in just six months, would mean a **cash bonanza for shareholders**, Implats CEO John Smithies said today (8 February 2001).

On top of an **interim dividend** of 1 420 cents per share (four times more than the previous interim dividend) and equivalent to a R950 million payout, Implats declared a 3 000 cents per share special dividend on the eve of the release of these results. Together the interim dividend and the special dividend (amounting to R2 billion) would mean a total payout to shareholders in the first six months of the year of R3 billion. Smithies said that this was in line with Implats' ongoing philosophy of returning excess cash to shareholders.

Attributable income and **headline earnings** per share for the six months both almost tripled to R2 245.1 million (US$305 million) and 3 398 cps (US462 cps) respectively, on the back of a 70% rise in sales revenue, Smithies said. Taking into account the impact of International Accounting Standards 10 (revised) on the income statement (in terms of which STC on the interim dividend is not reflected), attributable income increased by 177% to R2 159.1 million (US$293 million).

Driving sales revenue higher to a record R4.3 billion (US$584 billion), Smithies said, were the substantially higher dollar prices for platinum (up 52%), palladium (up 99%) and rhodium (up 130%).

Operations continue apace
Total platinum production rose by 11% to 673 000 ounces during the period. This includes metals sourced from concentrates purchased from third parties, which is in line with Implats' overall growth strategy. Platinum production from the mine decreased by 3.5% to 516 000 ounces, mainly as a result of an attempt to treat the stockpile which resulted in unacceptably low recoveries. Cash operating costs increased by 10% to R1 550 million (US$210 million) primarily as a result of the 9% wage increase and the cost of implementing the Basic Conditions of Employment Act, while unit costs rose by 13.9% as a result of a 3.5% decrease in platinum production from the Impala lease area. Nonetheless, cost per ton was maintained to a creditable 9.5% rise. The Refineries continued to produce an excellent cost performance with a gross costs decrease of 1.3% and unit costs per ounce of platinum refined down by 3%.

Production efficiencies were back on an upward trend at $42m^2$ per employee during the six months. The Fixco process is now targeting three major areas - productivity, metallurgical recoveries and head grade.

The processing **expansion projects** are well advanced with the UG2 upgrade to increase capacity by 30% and recoveries by 5% on track for commissioning in March 2001.

Growth
Impala's growth initiatives in both mining and refining had surged ahead, Smithies said.

Reinforcing the company's strategy of leveraging surface assets, **Impala Refining Services** (IRS) continued to deliver "phenomenal" growth, both in contribution to income (a record R178 million - US$24 million) and in the increase in total ounces of pgms produced. IRS platinum production more than doubled from 71 000 ounces to 157 000 ounces, of which 90 000 ounces were returned to toll-refining customers.

The **Crocodile River Mine** was brought into production on time and under budget during December. Some 31 000 tons of reef had been mined by end December and, on completion of the concentrator plant refurbishment during January, milling operations at 75 000 tons per month had begun.

The acquisition of **Platexco**, owner of the Winnaarshoek property, together with the acquisition of mineral rights to the adjacent properties, cleared the way for the establishment of a new mine within the next financial year. An innovative mine plan should ensure full production of 200 000 ounces of platinum per annum is achieved by 2003.

Negotiations with a black economic empowerment partner had progressed well. The result would be the purchase by a broadly based consortium of a significant minority share in the Winnaarshoek project and representation at project board and executive committee level.

The market
Continuing uncertainty about Russian pgm supply, coupled with "robust" demand had seen the platinum price rise to a 13-year high and palladium to an all-time high, according to Implats' Derek Engelbrecht.

Demand for platinum as substitution for palladium in autocatalysts had been somewhat offset by a leveling off of demand in the Chinese jewellery market which had been adversely affected by higher prices and tax investigations into the manufacturing sector. Consumer demand remains robust.

While **prices** were unlikely to be sustainable indefinitely at these high levels, Engelbrecht said, Implats believed that they would remain firm in the medium term and that platinum prices over the next three years would trade in excess of US$500.

Prospects
Looking ahead, Smithies said Implats had already achieved record profits for the full year. Based both on medium-term forecasts that platinum prices will remain firm and on the expectation that there would be no substantial strengthening of the Rand, the second half result should be similar to the first half.

In line with Implats' dividend policy (of maintaining a cover of 1.9), Smithies advised that shareholders could expect a **spectacular cash payout for the full year**.