

NEWS RELEASE

Implats increases platinum production to a record 1.96 Moz for the year

Earnings decline limited to 13% despite strong rand

Key Performance Highlights

- Safety performance (LTIFR) improves by 15%
- Gross platinum production up by 17% to 1.96 Moz
- Impala Platinum production at 1.09 Moz platinum
- Sales revenue maintained at R11.81 billion
- Gross margin of 36%
- Profit down 13% to R2.96bn, largely due to rand appreciation
- Unit cost per platinum ounce up by 4.1%
- Final dividend of 1 600 cents declared

Impala Platinum Holdings Limited (Implats) today reported a significant rise in production to 1.96 Moz of platinum for the 2004 financial year, an increase of 17% on 2003. In spite of markedly higher Dollar metal prices, the Rand revenue per platinum ounce declined by 9% due to the strengthening of the SA Rand versus the US Dollar. Consequently, sales revenue was maintained at R11.81 billion. Increases in group unit costs per platinum ounce were contained to just over 4%, which was less than the South African CPI rate of inflation of 5%, resulting in a gross margin of 36%. Notwithstanding the good volume growth and cost management, the 24% appreciation of the Rand led to earnings declining by 13% to R2 963 million.

As a result, the board has declared a total dividend payout for the year of R1 399 million (\$204 million), equivalent to R21 per share (\$3,06 per share).

Implats had an excellent year from an operational perspective. The year was characterized by record performance from our mining operations in Rustenburg (a 10-year high at 1.09 Moz) and Zimbabwe, ably supported by improved metallurgical performance at our concentrators and refineries. In addition, IRS delivered spectacular results, a 43% increase in throughput, inclusive of the once-off processing of 232 000 oz of platinum contribution on behalf of Lonplats during the year.

Implats CEO, Keith Rumble said, "Implats has continued to deliver in line with its stated performance objectives. Metal output increased from Impala Platinum, Zimplats, Mimosa and IRS, while the group's refining operations produced efficiently even though operating above nameplate capacity. This robust performance was overshadowed by the strength of the rand. The only operational lowlight was the slower than expected ramp-up at Marula. We are confident though that we have put plans in place to address this.

"Safety is always an important area of focus for our group. While the 15% improvement in safety performance as measured by the lost time injury frequency rate (LTIFR) to a record low was gratifying, I regret to report the deaths of 10 people at our operations, and we extend our condolences to their families and friends. We will continue with our focus on safety and renew our efforts to improve on this continually."

The market

Several factors supported the platinum price which traded between a low of \$655/oz and a high of \$937/oz during the year. These included a weak Dollar and equity markets, strong demand for commodities in general, a significant increase in global speculative activity and the perception that supply may not keep up with growing demand as a number of expansion plans were cut back. The average price received for platinum was \$773/oz, being 30% up on that of the previous year.

In the palladium market, increasing supply and static demand, combined with speculative activity resulted in prices ranging from \$160/oz to \$333/oz. The thin market for rhodium, the price of which spiked in recent months, belies the underlying poor fundamentals for the metal and will keep prices under pressure. Nickel, on the other hand, enjoyed a far healthier year with supply lagging demand as the metal benefited not only from a strike at a major producer, but also from a significant increase in demand from a burgeoning Chinese economy.

Contribution to profit

The simplification of the group's structure reflected its continued strategy to focus on mine-to-market operations.

The group's mining operations (Impala Platinum, Marula Platinum, Zimplats and Mimosa) contributed about 66% of profit and have a combined margin of 41%.

Impala Refining Services (IRS), which processes third party concentrates and undertakes toll-refining, contributed 13% to profit. Although IRS's margins are in the region of 15%, this operation is undertaken with lower risk to the group and uses spare processing and refining capacity, thereby reducing the unit costs associated with the mine-to-market operations in particular at Impala Platinum.

Contributions from strategic alliances remained satisfactory at 11%. Lonplats was still equity accounted during the year.

Growth

Commenting on the group's growth plans, Keith Rumble said, "At Marula, Mimosa and Zimplats, capital expenditure amounted to R621 million with the bulk being spent at Marula. In Zimbabwe, we have progressed cautiously on our investments. The Mimosa mine successfully concluded its expansion programme this year, and additional expansion is being considered. Operating in Zimbabwe can be difficult given both the socio-political dynamics and hyper-inflationary economic circumstances. Recent government moves to introduce additional indigenisation quotas without due consultation are of great concern to us.

"Nonetheless, both Mimosa and Zimplats continue to operate and grow in line with our expectations. Our relationship with the government, which is driven by issues of mutual concern, has been amicable. We await clarity on the impending changes to the mining law in that country as a prerequisite to any further significant investment. Currently, the plan at Zimplats is to expand in stages, gradually securing the benefits to be gained through our pre-eminent position on the Great Dyke."

Structural Changes

During the past year, two major transactions were announced: the sale of Implats' 27.1% holding in Western Platinum Limited and Eastern Platinum Limited (collectively Lonplats), and the sale of Barplats. The Minister of Minerals and Energy, Ms Phumzile Mlambo-Ngcuka has indicated that, as presented, the Lonplats transaction is in line with the requirements of the new mining law. Although the Department of Minerals and Energy will only evaluate compliance when the parties formally apply for conversion to new order mining rights, the Minister has acknowledged that, having facilitated this transaction, Implats will be allocated credits proportional to the percentage and ounces sold to the BEE parties. In Impala Platinum's hands this is expected to equal credits of 9%.

The board is satisfied that this transaction is in the best strategic interests of the group and to the benefit of shareholders. In addition to the empowerment credits, the selling price of \$800 million represents a premium of 8% on the market valuation of Lonplats at the time of the first announcement.

The sale of Barplats to the Salane Platinum Consortium for R389 million was approved by the South African competitions authorities in June 2004 and the new owners took over from the beginning of July. IRS has a long-term agreement in place with the Crocodile River mine to process any concentrate that may be produced when this mine resumes operation.

In the absence of any acquisition opportunities, just more than half the net inflow from the Lonplats transaction in

2005 (of US\$668 million) could be available for distribution to shareholders in some form after allowing for the capital requirements of our growth projects. We are considering a number of avenues including a share buy-back or a special dividend.

Prospects

In respect of prospects, Keith Rumble noted that market fundamentals for platinum are expected to remain sound next year. Automotive demand will be the key driver, alongside a recovery in jewellery demand. Palladium and rhodium may fall victim to growing supply and above ground inventories while nickel should remain firm on the back of strong demand and very little growth in supply. Implats' consistent growth in production is set to continue for the next four years potentially rising to about 2.3 Moz of platinum in 2008. Production for 2005 will come from Implats' managed operations and through IRS, but the once-off windfall of platinum processed on behalf of Lonplats will not be repeated.

Consequently, refined platinum production is expected to decline to about 1.8 Moz in 2005. At the same time, unit cost increases are expected to be in line with inflation. Whereas profit should be significantly enhanced by the proceeds from the sale of the Lonplats interests, headline earnings will depend to a substantial extent on the exchange rate.

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