

NEWS RELEASE

ARM and Implats to proceed with Two Rivers Platinum Project

African Rainbow Minerals Limited (ARM) and Impala Platinum Holdings Limited (Implats) today announced that the companies will proceed with the 220 000 oz per year platinum group metals (PGM) project, Two Rivers Platinum (Pty) Limited (Two Rivers) on the Eastern Limb of the Bushveld Complex. The joint venture between the companies is held 55% by ARM and 45% by Implats. The JV has contracted ARM to manage the project, while Implats will undertake the processing and refining through its subsidiary Impala Refining Services (IRS).

Two Rivers capital expenditure is estimated to be in the region of R1.2 billion to commissioning. R600 million project finance has been secured through ABSA and Nedbank, with the balance of the funding being contributed by the two partners in their respective shareholding ratios (ARM R330 million and Implats R270 million). The mine will employ about 1,000 people, including contractors.

The decision to proceed follows a successful trial mining phase to test all critical project assumptions. The mining and stockpiling of nearly 240 000 tons of UG2 ore, as well as extensive access development has substantively validated geological and mining feasibility parameters.

Two Rivers is located in the southern, central part of the eastern limb of the Bushveld Complex in the Mpumalanga province of South Africa. Both the Merensky and the UG2 reefs are found on the property, but the initial focus of the new Two Rivers mine will be the UG2 Reef. The UG2 reserve totals 40 million tons at a 6E mill grade of 4.18g/t. A platinum to palladium ratio of 5:3 adds to the attractiveness of this project.

ARM Chief Executive Officer, Andre Wilkens said: The decision to proceed with Two Rivers is aligned with the company growth strategy. The PGM sector is one of ARM key commodity focus areas, the project has an exciting return which comfortably meets the company required return rates, and the successful trial mining phase has reduced risk considerably.

Keith Rumble, Chief Executive Officer of Implats said: The coming on stream of Two Rivers is an integral part of Implats growth strategy and is a building block in our plans to reach 2.3 million platinum ounces by 2010. The current expansions at our refinery complex are proceeding well, and the necessary capacity will be available well ahead of the planned commissioning date.

The life of mine is forecast at 20 years at an underground production rate of 2,2 million run-of-mine tons a year. The underground mine will be accessed via a decline shaft system comprising a footwall conveyor decline and two on-reef declines: one for vehicle access and the other a chairlift installation for the transportation of employees. The underground mining operations will be fully mechanised.

Following test-work conducted at Mintek in 2002, with independent laboratory verification, the concentrator plant will be a standard MF2 design as generally used in this industry. Design work for this concentrator advanced significantly during the trial mining phase.

Main metal annual sales from the new mine are planned at an average annual production over the life of the mine of 120 000oz of platinum, 68 000oz of palladium and about 20 000oz of rhodium. Full production is forecast during the second half of 2006.

The necessary environmental and mining authorisations for project release have been approved by the Department of Minerals and Energy.

Andre Wilkens continued: We intend to implement ARM We Do It Better management style at Two Rivers to ensure world-class operating efficiencies. All project assumptions indicate that Two Rivers will be one of the lowest cost PGM producers at less than R200 a ton. We are also optimistic about the upside potential that exists at Two Rivers as additional resources exist in the Merensky Reef that will be mineable in the future.

Keith Rumble concluded that the decision to proceed confirmed Implats focus on platinum. He also noted that the combination of ARM and Implats was a good one, with ARM bringing to the party operating expertise and Implats the considerable processing and refining infrastructure which would normally prove a barrier to entry to smaller producers. The operation will, at the outset, be compliant with the BEE equity component of the Mining Charter and all other aspects of the Charter are being dealt with at an operational level.

African Rainbow Minerals is a South African-based diversified mining company with ferrous metals, nickel and platinum operations. The company also has an exploration portfolio in Zambia, the DRC and Namibia. ARM has a significant interest in gold, with a 16.2% shareholding in Harmony. ARM is listed on the JSE Securities Exchange South Africa (JSE) with a secondary listing on the London Stock Exchange (LSE).

Impala Platinum Holdings Limited (Implats) is one of the world largest producers of PGMs, producing about 2 million ounces of platinum per annum. The company has operations in South Africa and Zimbabwe and exploration projects in South Africa, Zimbabwe, North America and Madagascar. Implats employs close on 30,000 people. The company is listed on the JSE and the LSE and trades as a sponsored level 1 ADR in the United States.

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