

## Fitch Affirms Impala's BBB+ on Northam and Mvela Deal

Fitch Ratings-London/Johannesburg-3 October 2008: Fitch Ratings has today affirmed the Long and Short-term Issuer Default ratings ("IDR") of South African platinum producer Impala Platinum Holdings Ltd ("Implats") at respectively 'BBB+' and 'F2', and its South African National ratings at Long-term 'AA(zaf)' and Short-term 'F1+(zaf)'. The Outlook on the Long-term IDR is Stable. The affirmation follows the company's announcement that it plans to acquire fellow platinum producers, Northam Platinum ("Northam") and Mvela Resources ("Mvela"), through a combination of cash (30%) and new shares (70%).

Implats has to date submitted letters of interest to the boards of Northam and Mvela which fall short of representing a firm takeover offer. The announcement of a firm offer is conditional upon various factors including approval of the respective boards and from the Department of Minerals and Energy (DME). Fitch notes that the Independent Board Committees of Northam and Mvela have already expressed their support for the transaction, as well as the two largest shareholders of Mvela. The agency also believes that support from the DME will also be forthcoming because of the strong black economic empowerment (BEE) element to the transaction. Assuming that the transaction is completed as currently envisaged, ownership of Implats by Historically Disadvantaged South Africans (HDSA's) is likely to increase from the current 17% to over 20% by way of the subscription of new shares by the Royal Bafokeng Nation (Implats' BEE partner).

Based on the announced financial parameters of the offer and combined financial results of the three entities, Fitch notes that the combined group should maintain a financial profile consistent with the existing 'BBB+' rating. Both Implats and Northam have significant cash balances and minimal debt, and it is expected that even with increased debt resulting from future development costs over the next two to three years, gearing should remain below 1.0x Net Debt/EBITDA.

The proposed transaction would provide the operational benefits of enhanced scale and operational diversification. In particular Fitch would note that a key driver of the transaction is access to the highly prospective Booyendal development which is expected to commence production in 2012 and ultimately produce in excess of 480,000 ounces of Platinum Group Metals (PGMs) once full production is achieved in 2020. Whilst not announcement has been made in this regard, Fitch believes that Implats is likely to dispose of Northam and Mvela's non-platinum assets.

Implats is a South Africa-based producer of platinum group metals (PGMs), nickel and small amounts of gold and other minerals. It is the world's second-largest producer of platinum with FYE08 gross production of 1.91 million ounces.

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**Note to Editors:** Fitch's National ratings provide a relative measure of creditworthiness for rated entities in countries with relatively low international sovereign ratings and where there is demand for such ratings. The best risk within a country is rated 'AAA' and other credits are rated only relative to this risk. National ratings are designed for use mainly by local investors in local markets and are signified by the addition of an identifier for the country concerned, such as 'AAA(zaf)' for National ratings in South Africa. Specific letter grades are not therefore internationally comparable.