NEWS RELEASE

11 January 2013

Implats agrees indigenisation implementation plan for Zimplats

EMBARGO: For immediate release

Ticker symbols:
JSE: Imp
LSE: Ipla
ADR: Impuy

Queries:
Bob Gilmour
+27 11 731 9013/43
+27 82 453 7100

Impala Platinum Holdings Limited (“Implats”) is pleased to announce that its 87% held subsidiary, Zimplats Holdings Limited (Zimplats Holdings*), has concluded a non-binding term sheet in respect of proposed indigenisation implementation plans (“IIP”) with the Government of Zimbabwe (as represented by the Ministry of Youth Development, Indigenisation and Empowerment) (“the Government”).

The term sheet, which will be signed today, stipulates the key terms, subject to certain conditions precedent, for the sale by Zimplats Holdings of an aggregate 51% equity ownership (“the Indigenisation Shares”) of Zimbabwe Platinum Mines (Private) Limited (“Zimplats”) to select Indigenous Entities as set out below. Zimplats Holdings will retain the balance of 49% of Zimplats.

The purchase price for the Indigenisation Shares, after taking into account the payment for the release of ground obligation (in lieu of indigenisation credits), is US$971 million (R8.3 billion) (“the Transaction”).

[more]
Zimplats Holdings will facilitate the Transaction by providing vendor funding to the Indigenous Entities at an interest rate of 10% per annum. The vendor financing will be repayable from 85% of the dividends declared by Zimplats on the Indigenisation Shares. The proceeds, as and when received by Zimplats Holdings, will be declared as a dividend to Implats or used to fund Zimplats Holdings' share of funding requirements of Zimplats. Management of Zimplats will remain with Zimplats Holdings.

In terms of the IIP the following interests in Zimplats will be sold to the parties named below, together constituting the "Indigenous Entities" as referred to above:

- 10% to the Zimplats Mhondoro-Ngezi Chegutu Zvimba Community Share Ownership Trust ("Community Trust") for the benefit of communities surrounding the business operations.
- 10% to an employee share ownership trust for the benefit of all full time indigenous employees.
- 31% to the National Indigenisation and Economic Empowerment Fund ("NIEEF").

Zimplats has agreed to provide seed capital to the Community Trust of an aggregate amount of US$10.0 million. The first instalment of US$3.3 million was paid to the Community Trust in June 2012, with the subsequent two instalments being payable in financial years 2013 and 2014 respectively. This will be construed as Corporate Social Investment spending by Zimplats for the purposes of the applicable law.

Should future funding be raised by equity subscriptions, then all parties are required to contribute their respective pro rata share, failing which dilution is provided for.

The Transaction is subject to certain conditions precedent, including, amongst others:

- Implats, Zimplats Holdings, Zimplats and the Indigenous Entities concluding definitive transaction agreements;
- the amendment of the 24 May 2006 Release of Ground Agreement ("ROGA") to provide for a payment by the Indigenous Entities to Zimplats of US$153 million in settlement of the Government’s outstanding ROGA obligations;
that a certificate of compliance is issued confirming current and future compliance by Implats, Zimplats Holdings and Zimplats (“the Zimplats Group”) with applicable indigenisation laws and requirements following the implementation of the IIP;
- the parties obtain all necessary regulatory approvals, including Zimbabwe exchange control approval;
- the Zimplats Group entities obtain the requisite Board and shareholder approvals required to implement the IIP; and
- an exemption being obtained for Zimbabwean withholding tax on interest paid by the Indigenous Entities to Zimplats Holdings under the vendor financing arrangements.

It was further agreed that by 30 June 2013 the Government would use its best endeavours in good faith to, amongst other things:
- amend the 2012 Mining Regulations in such a manner so as to reduce all ground rentals payable by Zimplats to the same levels as were in force immediately prior to the promulgation and coming into force of the 2012 regulations; and
- amend the Mining Agreement and fiscal terms currently applicable to Zimplats such that Additional Profits Tax and royalty rates are no worse than those granted/provided to any other Platinum Group Metal mining entity operating in Zimbabwe.

The parties have committed to co-operate to fulfil the conditions precedent by 30 June 2013. The effective date of the Transaction will be the date on which the conditions precedent are fulfilled.

The negotiation and conclusion of the definitive transaction agreements will critically affect the accounting treatment of the Transaction. Shareholders will be advised once binding definitive transaction agreements have been entered into, which advice will include the detailed financial effects of the transaction.

Terence Goodlace, CEO of Implats said: “This agreement underlines our commitment to good corporate citizenship and lays the foundation for the creation of a sustainable Zimbabwean platinum mining company capable of attracting the investment needed to deliver future benefits to our shareholders, the people of Zimbabwe, our employees and the local community.”