



IMPLATS' RISK FACTORS

SEPTEMBER 2009

CONTEXT

Knowledge and understanding of the risks which face our business are vital in enabling Implats' to meet its goals of delivering value and positive capital returns to shareholders. Implats is exposed to a variety of risks, some of which are internal and over which the group has some measure of control, while others are external, and less controllable. These risks may affect our financial performance and reputation and impact on our ability to achieve our objectives, whether economic (financial), social or environmental. Awareness of potential risks enables steps to mitigate such risks to be implemented.

While various guidelines on risk management in terms of best practice, have been around for some years now, the International Standards Organisation is to introduce a new risk management standard, ISO 31000, in 2009 which will require a change in emphasis. This standard, which will not be certifiable, will consider risk management in terms of the achievement of goals (objectives) and will stress the importance of communication regarding risk management.

In this regard, the statements below indicate the risk factors for Implats, related to the Key Strategic Performance Areas for the Group – Implats' key objectives.

As an overall mitigation of these risk factors, Implats' long, medium and short term planning is discussed briefly below:

LONG, MEDIUM AND SHORT TERM PLANNING

Inherent Risk Statement

Long-, medium- and short-term planning that is integrated and continuously updated is a basic prerequisite of successful mining which is a long-term investment with typical planning horizons of 30 years and sometimes even longer.

Failure in the strategic planning of the business could have a negative impact on the Implats Group in the medium and long term.

Risk Mitigation

To this end, Implats will ensure that:

- Corporate strategy and planning, as required, shall be understood and accepted by all who need to have such information. Any identified misalignment or issue regarding the implementation of the strategy or plan shall immediately be communicated up the line of management. (The planning horizon here is the long term).
- Corporate strategy and plans shall ensure the realisation of corporate goals and policy. It shall direct and continuously guide business unit and functional strategy and planning, co-ordinate group-wide activities, business improvement and conformance initiatives. (The planning horizon is the medium to long term).
- Business unit & Functional strategy planning shall ensure the realisation of Corporate Strategy, goals and policy. It shall direct and continuously guide all levels of management within the business unit and ensure the successful implementation, in the business unit, of group-wide initiatives and functional strategies. (The planning horizon is the short to medium term).
- Issue Specific Strategy planning shall ensure the realisation of Business unit & Functional goals and policy. It shall continuously guide all core functions and business units across the group and ensure the successful implementation of group-wide initiatives and functional strategies. (The planning horizon ranges from the short to the long term).

KEY STRATEGIC PERFORMANCE AREA ONE – SAFETY, HEALTH OF OUR PEOPLE AND CARE FOR OUR NATURAL ENVIRONMENT

1.1 SAFETY, HEALTH AND ENVIRONMENTAL HAZARDS

Inherent Risk Statement

Mining, processing and refining, by their very nature, pose a safety, health and environmental risk. Such risks in turn pose a threat to production and the profitability of operations:

In particular, hazards associated with underground mining include:

- Rock bursts, seismic events
- Underground fires
- Cave-ins or falls of ground
- Discharges of gases and toxic chemicals
- Release of radioactive hazards
- Flooding
- Accidents and injuries, and
- Other conditions resulting from drilling, blasting, removal and processing of material associated with hard-rock underground mining.

Hazards associated with opencast mining (a small proportion of the total mining activity) include:

- Flooding of the pit
- Collapse of the pit walls
- Accidents associated with the operation of large mining and rock transportation equipment, and
- Accidents associated with the preparation and ignition of large-scale blasting operations.

Hazards associated with operating waste/tailings dams include:

- General accidents associated with operating a waste dump and associated transportation

- Production disruptions due to weather
- Safety risks and production disruptions due to failure (slumping) of a section of the tailings dam wall.

Hazards associated with processing and refining include:

- Chemical reactions that occur at high temperatures and in high-pressure environments which have the potential to cause fires or explosions
- Chemical spillage, and
- Managing waste disposal.

Implats is at risk of experiencing any of the above hazards. Whilst the probabilities are considered low, an occurrence of such a hazard could result in injuries or fatalities, halt or delay production, increase production costs and result in financial or legal liability.

Risk Mitigation

Mining practices in the past created the belief that the mining sector is an unsafe and irresponsible industry. This belief is in complete contrast to the reality of modern mining practices today.

While acknowledging that mining is a hazardous occupation, Implats applies and continuously develops the best-known operating and safe work standards and practices at its mining and processing operations, to the extent that Implats rates amongst the safest operations in the sector. The Vision of the Group is to operate in a “zero harm” manner with respect to safety, health and environmental issues.

1.2 CHANGING ENVIRONMENT – GLOBAL WARMING AND CLIMATE CHANGE

Inherent Risk Statement

It is generally accepted that there is a link between global warming and greenhouse gas emissions resulting from human activity. In a report produced in 2007 by the Intergovernmental Panel on Climate Change (IPCC), there is a call for a reduction in annual emissions from just under 50 billion tons of greenhouse gases today to 5 to 10 billion tons or less by 2050. This report and others from the scientific community around the world have spurred political leaders to action and targets are being set for reductions in greenhouse gas emissions in many countries.

Implats recognises the need to assist by reducing its carbon footprint in line with international trends, and specifically by adhering to targets agreed for energy efficiency by the South African Authorities.

In addition, Implats is aware that the potential impacts of global warming are many and varied, including potential water shortages and increased incidence of diseases such as malaria, in areas in which Implats operates.

Risk Mitigation

Climate Change and Global Warming are issues which have been considered by various bodies within Implats, specifically the SHEQ Audit Committee, the SHEQ Executive Committee, the Board Audit Committee and the Board.

Implats have contributed to the Carbon Disclosure Project in 2008 and again this year, and are a co-signatory to the DME's National Energy Efficiency Strategy which sets a target for energy efficiency improvement for the mining sector of 15% by 2015 (for South African operations).

1.3 HIV/AIDS AND HEALTHCARE

Inherent Risk Statement

The HIV/AIDS pandemic remains a significant challenge to companies operating in southern Africa. Allied to the HIV/AIDS epidemic is the increasing occurrence of tuberculosis amongst the workforce.

Healthcare, and particularly occupational health care, has been provided for by company owned facilities or medical schemes for all employees. The cost of providing such services could increase significantly in the future, depending on changes in the nature of underlying legislation and the health profile of employees.

It is noted that data on the prevalence of HIV/AIDS is somewhat limited, for both Implats and the Country in general. External medical schemes do not report on HIV data, and testing can produce an unintended bias, either positively or negatively, in the results.

Risk Mitigation

Implats has engaged in education and prevention programmes over the past 15 years and has also made treatment available, including anti-retroviral therapy (ART), to HIV infected employees through Company facilities. Implats has also embarked on a number of interventions focussed on improving the quality of life of its employees, such as improved housing, transport, clinics and a comprehensive wellness programme.

The current estimated HIV/AIDS prevalence level of employees at Implats is lower than the national and relevant provincial level for the same demographic break-down, but the trend is increasing currently which is a concern.

KEY STRATEGIC PERFORMANCE AREA TWO – EMPLOYING EXCEPTIONAL SKILLS AND TALENT

2.1 SKILLS SHORTAGE

Inherent Risk Statement

As a result of the historical legacy and continued education challenges in South Africa, we still struggle as a country to produce the required mix of skilled and semi-skilled employees to service our economy. This is further exacerbated by the fact that the labour market is opening up globally as skills become more mobile. Within this context, Implats needs to compete with other employers in attracting, developing and retaining talented people.

In some of the remote jurisdictions in which we operate it is particularly difficult to find the necessary services and/or expertise locally to conduct our business. Equally, some specialised skills within the mining industry may from time to time not be readily available to our operations. All of the above necessitate that these skills be developed in-house or imported at great cost.

Risk Mitigation

At Implats we greatly value people and place our employees at the centre of our corporate strategy, building this relationship by means of a partnering approach and appropriate human resources strategies aiming to promote transparency, accountability, fairness and loyalty. This we believe cultivates the dynamic culture in which teamwork thrives around a common set of shared performance focussed values; allowing us to be “One Team, One Vision with PRIDE”. This creates the unique environment where every employee is valued and incentivised to reach their true potential, assisting us to attract, develop and retain talent even when skills are in short supply.

In support of the above, we specifically prioritise skills development and support educational opportunities in an integrated programme for all priority skills. This covers the full teaching cycle from supporting local schools up to offering company sponsored tuition at a variety of teaching institutions. Through this process, our aim is to develop from our own resources as much as possible, affording our own employees the opportunity to advance their careers through a range of development initiatives including company administered vocational training programmes.

We also offer an attractive range of competitive remuneration benefits, overseen by the Remuneration Committee of the Board, specifically targeting the acquisition and retention of critical skills and talented employees.

2.2 LABOUR DISRUPTIONS

Inherent Risk Statement

Our South African workforce is highly unionised: 68 per cent of the workforce is represented by recognised unions, with the National Union of Mineworkers (the “NUM”) being the dominant union. We recognise and uphold the fundamental human right of our employees to freedom of association and collective bargaining. Whilst we strongly believe this aids employee relations and provides a balanced platform to regulate employee relations, the residual risk remains that unresolved labour disputes may escalate to industrial action with resultant production impairments. More specifically that significant labour disruptions may have a material and adverse effect on our operations and financial position.

Risk Mitigation

We are committed to running our exploration, mining, processing and refining operations in a responsible manner and to uphold the fundamental human rights of our employees and communities in line with collective agreements, legislation and global compacts. To this end, we have adopted a formal human rights policy and in consultation with our employee representative unions implemented structures and dispute resolution mechanisms to effectively regulate employee relations.

We recognise the right of our employees to fair treatment and to be remunerated fairly. To this end, we negotiate wages and conditions of service annually with representative unions, and, where possible, institute multi-year agreements to provide labour assurance and long term clarity on wage costs.

KEY STRATEGIC RISK THREE – PRODUCTION

3.1 EFFICIENT PRODUCTION

Inherent Risk Statement

Efficient production is a cornerstone of Implats' strategy to be the cost leader in the Platinum Industry. Failure to maintain this position could have a serious negative impact on the Implats business.

Risk Mitigation

Implats aims to maximise productivity and the efficient exploitation of its assets, taking into account the safety of its employees, the time-value of money and the effects of its operations on the natural environment and local communities.

Implats will thus:

- Plan to produce the requisite volumes, safely and cost-effectively.
- Implement appropriate controls to ensure this plan is not interrupted.
- Develop, train and motivate our employees to deliver according to the above plan and controls.

3.2 COMPETITIVE TECHNOLOGY

Inherent Risk Statement

Maintaining a competitive level of technology with respect to known best practice is a cornerstone of Implats' strategy to be the cost leader in the Platinum Industry. Failure to maintain this position could have a serious negative impact on the Implats business.

Risk Mitigation

Implats acknowledges that technology is continually changing and this may affect its cost competitiveness.

Implats has developed the ability and capacity to identify, adopt and adapt appropriate methods and technology to ensure ongoing improvement in the drive towards excellence in safety, people, production and finance.

It is an explicit aspect of this risk mitigation approach that Implats as a rule does not necessarily aspire to be the first to implement new technology, rather utilising only technology which has already been proven by practical implementation (a fast adopter and adapter of proven best practice).

3.3 RELIABILITY OF ASSETS

Inherent Risk Statement

Maintaining assets in a manner that they are efficient and reliable in the long term is a cornerstone of Implats' strategy to be the cost leader in the Platinum Industry. Failure to maintain this position could have a serious negative impact on the Implats business.

Risk Mitigation

Mining is a capital-intensive industry and is dependent on efficient, reliable long-life assets.

To this end, Implats maintains:

- An up-to-date, documented knowledge base of all assets and their associated value and requisite maintenance requirements in order to sustain safe design production capacity at the least cost.
- A maintenance planning and scheduling system that incorporates best practice in terms of resource use, production capacity, up-time, asset reliability and life extension.
- Capacity, in terms of ability and readiness, to execute safely the requisite routine and non-routine work.

3.4 INFRASTRUCTURE FAILURE

Inherent Risk Statement

Failure of basic infrastructure could impact negatively on Implats achieving its production and growth targets.

Infrastructure is currently under great strain, including utilities such as electricity, water supply and logistics.

Risk Mitigation

There are dedicated high level Implats task teams working with infrastructural officials to ensure there are plans in place to manage capacity and quality of infrastructure.

Implats is committed to utilising scarce resources efficiently and has ongoing plans in place to reduce the use of water and electricity specifically, where possible.

KEY STRATEGIC PERFORMANCE AREA FOUR – GROWING OUR BUSINESS

4.1 INVESTMENT SELECTION

Inherent Risk Statement

Implats acknowledges that risk to its investors resides in the nature of its existing and future portfolios and form of asset. Diversity of the asset base refers to the type of asset (a shallow resource as opposed to a deep-level resource) as well as to the geographic location of assets both globally and within southern Africa, the nature of the resource (Merensky versus UG2) and the mining method (conventional versus mechanical).

Failure to select and implement the correct investments could have a serious negative impact on the Implats business.

Risk Mitigation

Implats reviews its portfolio and form of assets on an on-going and continual basis and in relation to supply and demand, and its preferred position with respect to low cost, long life assets and known areas of competence. Changes in the market and the industry could result in mergers, acquisitions or the purchase/sale of property.

In order to do so Implats will ensure that:

- The “potential investments and project pipeline” is co-ordinated and aligned with Implats’ overall business strategy and life-of-mine plan.
- All potential investments are identified and adequately evaluated according to a formal and consistent approval framework and process based on solid information.
- All key project information from concept to handover will be captured in a secure and auditable information system and all ideas correctly evaluated for their viability and not overlooked.

4.2 DECLINE IN DEMAND FOR PLATINUM GROUP METALS AND/OR SUBSTITUTION

Inherent Risk Statement

The profitability of PGM operations and the cash flows generated by those operations may be materially and adversely affected by changes in the market price for platinum and the other metals produced by the Implats Group. The market prices of such metals are dependent on market demand, primarily in the autocatalyst and jewellery sectors. Factors which may have a material impact on the level of market demand for such metals include:

- Industrial and jewellery demand for PGMs.

- PGM substitution in the production of auto catalysts or the use of other 'white' metals in jewellery manufacturing.
- Economic circumstances in the major PGM (and nickel) consuming nations.
- Speculative activities including actual or expected purchases and sales of metals by large consumers or dealers, and forward sales by producers.
- Availability of these metals from major producing nations, such as South Africa, Russia, the US and Canada, and Zimbabwe.

A prolonged reduction in the market demand for PGMs would have a material adverse effect on the Implats Group's business, results of operations, financial condition and prospects.

Risk Mitigation

Implats' goal is to be the "supplier of choice" for platinum group metals.

To this end we will:

- Wherever possible, secure and maintain long-term relationships and contracts with our customers.
- Maintain geographic and industry/customer diversification.
- Maintain an up-to-date and thorough understanding of the short- and long-term strengths, weaknesses, opportunities and threats in the PGM market (e.g. demand, supply, prices, substitution etc).

4.3 INACCURATE RESOURCE AND RESERVES ESTIMATES

Inherent Risk Statement

The methodology for estimating mineral reserves and resources may be updated over time and is reliant on certain assumptions being made. Declared mineral reserves and resources are best estimates that may change as new information becomes available. Consequently, the Implats Group's reserve and resource estimates may be revised, up or down, which may in turn have an impact on life-of-mine plans.

In respect of these estimates, no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realised or that mineral reserves can be mined or processed profitably. Actual reserves may not conform to geological, metallurgical or other expectations and the volume and grade of ore recovered may be below the estimated levels. In addition, there can be no assurance that mineral recoveries in small-scale laboratory tests will be

duplicated in larger-scale tests under on-site conditions or during production. Lower market prices, increased production costs, reduced recovery rates and other factors may render the Implats Group's reserves uneconomic to exploit and may result in revision of its reserve estimates from time to time. Reserve data is not indicative of future results of operations. If the Implats Group's actual mineral reserves and resources are less than current estimates, the Implats Group's business, results of operations and financial condition may be materially and adversely affected.

Risk Mitigation

Implats reports mineral resources and reserves at its South African operations in line with the South African Code for Reporting of Mineral Resources and Mineral Reserves (SAMREC). Resource and reserve estimates at its Zimbabwean operations are based on the Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC). Mineral reserve and resource estimates are subject to independent third party review.

Reserves and resources are restated on an annual basis and are reconciled with the previous periods.

4.4 EXPLORATION

Inherent Risk Statement

Exploration activities in which the group may be engaged independently or in conjunction with partners – which may or may not lead to the discovery of viable PGM prospects pose a risk.

Exploration activity is usually followed by more costly feasibility studies and bankable feasibility studies, and these in turn may indicate that a project is or is not viable. As the project moves from the exploration stage to the bankable feasibility stage, the costs involved become more significant.

Risk Mitigation

Implats exploration strategy remains two pronged: the primary focus being the brown field's exploration and evaluation at current operations and assets, and the second is green field's exploration in a continued attempt to locate new ore bodies.

To mitigate its risk with respect to green field's exploration, Implats conducts such exploration outside South Africa and Zimbabwe in conjunction with other parties.

This approach is preferred because it is cost effective, can be easily cut back if required and derives benefits due to partnering with companies which have local knowledge.

4.5 ZIMBABWE (A KEY AREA OF FUTURE GROWTH FOR THE GROUP)

Inherent Risk Statement

The operational risks relating to South Africa and set out already in this document will, in general, also apply to operations in Zimbabwe, both being the subject of platinum mining and processing operational risks.

Social and economic uncertainty in Zimbabwe

Zimbabwe's social and economic climate is currently one of significant uncertainty. There can be no assurance that the Government of Zimbabwe will be able to maintain a stable investment environment. Continued economic uncertainty in Zimbabwe may affect future foreign investment in the country and may lead to the imposition of further exchange controls, restrictions on the ownership of the Implats Group's assets and its ability to operate its business and export minerals and metals from Zimbabwe. Should such events occur, there may be a material and adverse effect on the Implats Group's business and operations in Zimbabwe and its financial condition.

The withdrawal of the Zimbabwe Dollar has led to the "Dollarisation" of the Zimbabwe economy. As a result, Business will be exposed to a larger degree to the Rand/Dollar exchange rate.

The Parliament of Zimbabwe passed the Indigenisation and Economic Empowerment Bill on 26 September 2007, which requires a 51 per cent shareholding by indigenous Zimbabweans in all foreign-owned companies. The Act of Parliament currently awaits regulations.

In order to comply with indigenisation targets, Zimplats entered into an agreement with the Government of Zimbabwe in May 2006 to exchange 36 per cent. of its resource base for a combination of empowerment credits of 19.5 per cent and US\$51 million in cash, or empowerment credits of around 29.3 per cent, if no cash is received. The principle of empowerment credits for infrastructure and social spending is well understood and agreed, however, the quantum of such credits has not been finalised. Empowerment credits are offset against the obligations to meet the shareholding threshold of 51 per cent set out in the Act. Apart from the empowerment credits, the only compensation payable by the Government of Zimbabwe would be payable to Zimplats and would be limited to the US\$51 million, if the Government exercises the cash option. The impact of the legislation on Zimplats' operations is the subject of ongoing discussions with the Government of Zimbabwe and is impossible to predict. Zimplats accepts the principle of indigenisation. At 30 June 2008, 7.8 per cent of the Implats Group's assets were located in Zimbabwe.

The Implats Group's operations may be materially and adversely affected by changes to mineral rights, royalties and health and safety legislation in Zimbabwe

In Zimbabwe a revision of the Mines and Minerals Act has been under discussion for some time and any changes to the Mines and Minerals Act may have a material and adverse impact on the operations and financial condition of the Implats Group.

In Zimbabwe, a royalty of 3 per cent. on precious metals and 2 per cent. on base metals is payable to the Government of Zimbabwe under the Mines and Minerals Act. This royalty, which was introduced in 2002, was off-set by the lowering of the corporate tax rate by 10 per cent. to 15 per cent.. There can be no assurance that the level of such royalties payable by the Implats Group to the Government of Zimbabwe will not increase in the future. Such increase might have a significant and adverse impact on the operations of the Implats Group and its financial condition.

Both Zimplats and Mimosa operate under similar health and safety legislation to that in South Africa.

Continued inflation in Zimbabwe may materially and adversely affect the Implats Group's prospects in Zimbabwe

Zimbabwe has experienced hyper-inflation from 2003 until the recent "dollarization" of the Economy. The level of inflation in Zimbabwe has consequently reduced, but remains higher than in South Africa. Inflation may therefore still affect the Implats Group's operations in Zimbabwe and the financial condition of the Implats Group.

Labour disputes in Zimplats may materially and adversely affect the business, operations and financial condition of Zimplats and the Implats Group

At Zimplats in Zimbabwe, the opencast operations have been discontinued and the majority of the workforce is now owner-managed. Although there have been no significant work stoppages in recent years, there can be no assurance that labour disputes will not arise from employees. Such disputes may lead to strikes, delays in production and other industrial action. Such events may have a material and adverse effect on the operation of the Implats Group and the financial condition of the Implats Group.

Failure of basic infrastructure in Zimbabwe could impact negatively on the Implats Group achieving its production targets

Infrastructure in Zimbabwe is under great strain, including utilities such as electricity and water supply. Production could be materially and adversely impacted in the event of a serious failure of basic infrastructure in the country.

Risk Mitigation

The operations and tenements associated with Zimplats represent significant “blue sky” opportunity for Implats. However, current economic circumstances in Zimbabwe have precluded Implats from embarking on its long-term plan for new investments or significant expansions.

The Zimplats Board has indicated that certain conditions must be met prior to increasing the level of investment in expanding capacity. These are:

- Security of tenure. In May 2006 Implats reached a landmark agreement with the Government of Zimbabwe which ensures that the ground required for a steady state 1 million ounce per annum platinum mine with a fifty year life is secured under two mining licence regimes. In terms of the agreement Zimplats released 36% of the company's resource base amounting to 51 million ounces of platinum in return for empowerment credits and/or cash.
- Indigenization legislation. The Zimbabwean local ownership bill was passed by parliament in late September 2007 and seeks indigenisation of 51% of foreign owned firms. Zimplats supports the aims of localisation and has agreements in place that will be taken into account when looking at overall compliance with these requirements. The agreement with the Government of Zimbabwe in May 2006 secured Zimplats 19.5% empowerment credits as well as a cash credit of US\$51 million or 9.75% empowerment credit if no cash is forthcoming. Further credits will be gained from infrastructural and social spend.

Implats and Zimplats are in ongoing discussions with the Zimbabwean government and remain confident of an outcome that will pave the way for expansion investments.

KEY STRATEGIC PERFORMANCE AREA FIVE – PROJECT DELIVERY

5.1 PROJECT DELIVERY

Inherent Risk Statement

Given that mineral reserves are a depleting resource, sustaining and growing mining activities requires ongoing and significant capital investments and therefore projects.

Failure to successfully implement major capital projects could have a serious negative impact on the Implats business.

Risk Mitigation

To ensure the successful implementation of projects, Implats will ensure that:

- All projects are implemented in accordance with the approved scope, budget and timeframe.
- Personnel deployed on projects are allowed to develop experience from beginning to end, and are not relocated in an *ad hoc* manner, and are not seconded from operation to project or *vice versa* in an uncoordinated manner.
- No projects are allowed to proceed with unresolved specified critical aspects e.g. environmental licences must be approved before proceeding to the next stage.
- All projects are closed out formally in terms of having met their original objectives and that “lessons learnt”, both positive and negative, are recorded so that knowledge is accumulated and shared.

5.2 DELAYS DURING MINE DEVELOPMENT, CONSTRUCTION AND RAMP UP

Inherent Risk Statement

The development of PGM prospects may be subject to unexpected problems or delays during development, construction and mine ramp-up as a result of local geological disturbances, sub optimal recovery rates, capital expenditure requirements, availability of funding, environmental and other regulations, infrastructural requirements and availability, and other issues outside of the Implats Group’s control. Such problems may result in delays in the commencement of mineral production. Accordingly, the Implats Group’s future development activities may not result in the expansion or replacement of current production with new production, and any new production sites or facilities may be less profitable than currently anticipated or may not be profitable at all.

Risk Mitigation

Specialised techniques and technology are used to anticipate the geological conditions and environment so that it can be planned for as much as possible. These techniques and technology are then used to monitor the geological conditions and environment during the development, construction and ramp-up phases in order to manage their impact.

As far as possible, techniques and technologies are applied to reduce the occurrence and/or impact of unexpected events, through upfront information and best practice designs and layouts. Generally there is very little that cannot be anticipated and managed.

KEY STRATEGIC PERFORMANCE AREA SIX – FINANCIAL HEALTH

6.1 COST CONSCIOUS CULTURE

Inherent Risk Statement

Maintaining a cost conscious culture is a cornerstone of Implats' strategy to be the cost leader in the Platinum Industry. In addition, the preservation of cash is an imperative, given the relatively cash constrained position of the Group over the next several years. Failure to maintain a cost conscious culture could have a serious negative impact on the Implats business.

Risk Mitigation

Implats has a strategic goal of being the lowest cost producer in our industry.

To this end we will maintain a cost-conscious and value-creating culture by:

- Accurate planning and efficient control over the consumption and cost of resources to enable the achievement of production targets using the minimum required resources.
- Implementing and ensuring effective contract processes.
- Encouraging employees to devise and submit initiatives to ensure continuous improvement.
- Ensuring the accuracy of information supplied as well as the availability of information at the appropriate times.
- Ensuring that the objectives as set in the business plan regarding costs are achieved so as to contain increases in the unit cost of operations.

6.2 COSTS ASSOCIATED WITH COMPLYING WITH LEGISLATION

Inherent Risk Statement

The costs of complying with applicable laws and governmental regulations may have a material and adverse impact on the Implats Group's business

The Implats Group's operations and exploration and development activities are subject to laws and regulations governing various matters. These include laws and regulations relating to environmental protection, including the management of natural resources, management and use of hazardous substances and explosives, exploration, development of mines, production and post-closure reclamation and rehabilitation, exports, price controls, repatriation of capital and exchange controls, taxation, mining royalties, labour standards and occupational health and safety, including mine safety, and historic and cultural preservation.

The costs associated with compliance with these laws and regulations are substantial and possible future laws and regulations, changes to existing laws and regulations (including the imposition of higher taxes and mining royalties) or more stringent enforcement or restrictive interpretation of current laws and regulations by governmental authorities could cause additional expense, capital expenditures, restrictions on or suspensions of the Implats Group's operations and delays in the development of its properties. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damages to property and injury to persons resulting from the environmental and health and safety impacts of the Implats Group's past and current operations, and could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions.

Environmental laws and regulations are continually changing and are generally becoming more restrictive. If the Implats Group's environmental compliance obligations were to change as a result of changes in the laws and regulations or in certain assumptions it makes to estimate liabilities, or if unanticipated conditions were to arise in its operations, the Implats Group's expenses and provisions would increase to reflect these changes. If material, these expenses and provisions could adversely affect its business, operating results and financial position.

Risk Mitigation

Increasingly stringent health and environmental legislation is being promulgated worldwide and the corresponding legislation in South Africa has been adapted and updated in line with this. Although ensuring the new legal standards are met presents a significant challenge to all mining companies, Implats aims to ensure strict compliance with legislation while running efficient and safe operations.

Impala has a strict health, safety and environmental policy that applies to all operations. The adoption of more stringent requirements, in respect of, for example, the management of hazardous waste, the disposal of waste water to limit the pollution of ground water, air pollution limits and the rehabilitation of closed/closing mines, may result in increased liability and additional costs regarding both compliance and possible fines, but mitigates the risk of closure of operations and reputational impacts due to non-compliance.

6.3 LOCAL INFLATION – LABOUR COSTS

Inherent Risk Statement

The Implats workforce is unionised and labour costs account for approximately 55% of operating costs. Any material increase in labour costs may, therefore, have a material and adverse impact on the Implats Group's business, operations, and financial condition.

Risk Mitigation

The South African workforce is highly unionised, mostly through the National Union of Mineworkers (NUM). Implats negotiates wages and conditions of service with these unions every year and where possible multi-year agreements are negotiated. Implats has a strong relationship with the unions and their members (its employees) and is committed to discussing labour and wage issues with the unions as soon as such issues arise. Implats is committed to resolving any disputes with the unions in such a way as to avoid industrial action.

Negotiations are underpinned by a commitment from Implats to ensure that any wage settlements are matched by associated revenue growth from increased volumes, gains in productivity and improved cost efficiencies.

6.4 INSURANCE FAILURE

Inherent Risk

Implats may in an extreme case become liable for unforeseen pollution or other hazards, against which it has not been adequately insured.

Risk Mitigation

Implats has third party liability cover for most potential liabilities, including environmental liabilities.

Implats believes that current insurance coverage is adequate, meets regulatory requirements and is consistent with industry best practice, however in some improbable, extreme cases all or some of the costs may still be for Implats' account.

The expected cost of closure and rehabilitation of mining operations is covered on an ongoing basis, using bank guarantees and through an Environmental Rehabilitation Trust Fund. The coverage thus provided is considered to be adequate to meet regulatory and actual expected closure and rehabilitation costs. The liability is audited annually, and is reviewed and verified by an external party once every three years

6.5 FOREIGN EXCHANGE FLUCTUATIONS

Inherent Risk Statement

The primary products of Implats are priced, primarily in dollar-based contracts. In addition, Implats undertakes smelting and refining on behalf of third parties. The purchases of metal from third parties, usually made prior to the refining of the metals, are paid for in dollars. Exploration projects too, and joint venture operations outside of South Africa, require capital expenditure in dollars. Thus, significant movement and volatility in exchange rates (primarily the rand versus the US dollar and the rand versus the euro) will have a significant impact on Implats, either positively or negatively.

The Company's non-South African shareholders face additional investment risk from currency exchange rate fluctuations since any dividends will be paid in Rand and pounds Sterling. Dividends or distributions with respect to the Shares have historically been declared in Rands and paid in Rands and pounds Sterling. The UK pound Sterling equivalent of any dividends or distributions with respect to the Shares would be adversely affected by potential future decreases in the value of the Rand against the pound Sterling.

Risk Mitigation

Implats does not hedge its exposure to fluctuations in foreign exchange rates and does not participate in any ongoing speculative activity in respect of currencies.

However, as Implats is a net exporter of the metals it produces, all traded in foreign currencies, there is a natural hedge in the business against fluctuations in foreign exchange rates.

6.6 IMPLATS GROUP STRUCTURE AND SHARES

6.6.1 DIVIDEND RESTRICTIONS

Inherent Risk Statement

The Company's operating results and its financial condition are entirely dependent on the trading performance of members of the Implats Group. The Company's ability to pay dividends will depend on the level of distributions, if any, received from the Company's subsidiaries. The Company's subsidiaries may from time to time be subject to restrictions on their ability to make distributions to the Company as a result of factors such as restrictive covenants contained within loan agreements, foreign exchange limitations, and regulatory, fiscal or other restrictions. There can be no assurance that such restrictions will not have a material adverse effect on the Implats Group's business, operating results and financial condition.

Risk Mitigation

There are systems and procedures in place to monitor and manage, and avoid where possible, the potential restrictive factors. Considering Implats adherence to best practice, the likelihood of any negative impacts in this regard is deemed highly improbable.

6.6.2 SHARE PRICE FLUCTUATIONS

Inherent Risk Statement

Publicly traded securities from time to time experience significant price and volume fluctuations in the short term that may be unrelated to the operating performance of the companies that have issued them. In addition, the market price of the Shares may prove to be highly volatile. The market price of the Shares may fluctuate significantly in response to a number of factors, some of which are beyond

the Implats Group's control, including: variations in operating results in the Implats Group's reporting periods; changes in financial estimates by securities analysts; changes in market valuation of similar companies; announcements by the Implats Group of significant contracts, acquisitions, strategic alliances, joint ventures or capital commitments; additions or departures of key personnel; any shortfall in revenues or net income or any increase in losses from levels expected by securities analysts; future issues or sales of Shares; and stock market price and volume fluctuations. Any of these events could result in a material decline in the price of the Shares.

Risk Mitigation

The control is strategic and aligns all procedures and policy with positive growth in the long term.

6.6.3 SHARE LIQUIDITY

Inherent Risk Statement

The principal non-United States trading market for the Shares is the JSE. Historically, trading volumes and liquidity of shares listed on the JSE have been low in comparison with other companies listed both locally and internationally. The ability of a holder to sell a substantial number of the Shares on the JSE in a timely manner, especially with regard to a large block trade, may be restricted by the liquidity of shares listed on the JSE.

Risk Mitigation

The merits of listing internationally are reviewed from time to time by Implats.

6.6.4 SHARE DILUTION

Inherent Risk Statement

As at 30 June 2009, the Company had an authorised share capital of 844,008,000 shares and an issued share capital of 631,578,772 Shares. Of the shares issued, some 15 600 000 are options.

The Company has an employee share option scheme which was closed to future grants with effect from October 2004. As at 30 June 2008, options to purchase a total of 1 020 100 shares were outstanding. The weighted average exercise price of these options was ZAR66.0. As at 30 June 2009, options to purchase a total of 846 800 shares were outstanding.

As a result, shareholders' equity interests in the Company are subject to dilution to the extent of the future exercise and issue of the above options.

Risk Mitigation

There is a communication programme in place in order to minimise the impact. However, given the relatively small number compared to the total number of shares authorised for issue, this is not viewed as a significant risk.

6.6.5 CASH DIVIDENDS**Inherent Risk Statement**

It is the current policy of the Board of the Company to declare and pay cash dividends if profits and funds are available for that purpose. Whether or not funds are available depends on a variety of factors, including the amount of cash available and capital expenditures and other cash requirements existing at that time. No assurance can be given that cash dividends will be paid in future.

Risk Mitigation

Implats has a strategic goal of being the lowest cost producer in our industry, and in this regard maintains a very conservative approach to financial management.

6.6.6 MATERIAL CHANGES IN TAX REGIMES**Inherent Risk Statement**

A change in tax regimes will affect Implats profitability.

Risk Mitigation

Implats is in close communication with the Receiver of Revenue to understand and be involved in any changes.

6.6.7 MATERIAL CHANGES IN ROYALTY LEGISLATION**Inherent Risk Statement**

The Government of South Africa is proposing to introduce legislation which will impose a royalty payment obligation on mineral resources companies in South Africa.

The Mineral and Resources Royalty Act, No 28 of 2008 ("MRRA") was published in Government Gazette 31635 on 24 November 2008. The implementation of the MRRA has been deferred to 1 March 2010. In accordance with the first draft of the Mineral and Petroleum Resources Royalty Bill published in March 2003 and the second draft of the Mineral and Petroleum Resources Royalty Bill published in October 2006, the Third Draft Bill confirms gross sales value as the tax base for royalties payable to the Government. However, the Third Draft Bill takes into account the process of

beneficiation and shifts away from a dual rate system towards an allowance for deductions of beneficiation related expenses.

Risk Mitigation

Implats keeps in close contact with the Regulator on implementation, calculation and interpretation matters.

KEY STRATEGIC PERFORMANCE AREA SEVEN – RETAINING LICENCES TO OPERATE & SUSTAINABLE DEVELOPMENT

7.1 GOVERNANCE

Inherent Risk Statement

Implats acknowledges that our licence to operate is not an absolute right, but rather a conditional right bestowed on us by the countries in which we operate to conduct our business in compliance with all relevant legal requirements. This compliance acknowledges the company's broader responsibility to social justice and our duty to also ensure that our activities do not compromise future generations from attaining their potential.

We acknowledge that this licence to operate can be withdrawn at any time in the event of failure on our part to maintain compliance in this regard.

Risk Mitigation

We undertake to fully comply with all the requisite legal prescripts necessary to prospect for, mine & process, grow capacity, and/or market the minerals and metals we produce, ensuring that all our operations and business ventures comply with applicable legislation and legal prescripts at all times. To this end, we deploy systems and processes that are designed to identify and report on all non-conformances and initiate corrective action with the respective stakeholders.

We are committed to compliance with King III recommendations and aim to report on this fully in the Corporate Governance Section of our Annual Report. We also operate in compliance with the Companies Act and the Listing Requirements of the JSE. To further augment this “best practice” approach to corporate governance, we are actively looking at incorporating aspects of the Combined Code on Corporate Governance annexed to the Listing Rules of the LSE and the Sarbanes- Oxley Act of 2002 in the United States.

7.2 STAKEHOLDER SUPPORT

Inherent Risk Statement

Implats acknowledges that the well being of the communities in which we operate directly affects the capacity, self-esteem, dignity and social fibre of the people we employ. To this end, we accept that failure to maintain effective stakeholder relations have a direct, detrimental impact on the viability of our business.

Risk Mitigation

We actively monitor and identify, on an ongoing basis, any changes in stakeholder composition, stakeholder expectations and inherent needs. Using this information, we design and implement requisite and appropriate responses through formal and informal stakeholder structures in a transparent and timely manner. Our primary focus is to maintain constructive and mutually beneficial relationships with all identified stakeholders (including shareholders, employees, local communities, government, suppliers, etc).

We recognise investors, both existing and potential, as important direct beneficiaries and endeavour to communicate honestly and regularly with them regarding the performance of our business.

In addition, we actively invest in sustainable local community development programmes that address the fundamental needs of communities and implement social transformation policies in line with relevant legislation in the interest of creating a diverse and balanced workforce.

To manage the above, we are committed to accurately measure, record, independently verify and report on all material issues on a regular and transparent basis.

7.3 CONVERSION OF MINING RIGHTS

Inherent Risk Statement

Conversion of old order mining rights to new order mining rights may take longer than anticipated within the Implats Group.

New order prospecting or new order mining rights may be suspended or cancelled where the South African Department of Minerals and Energy (the "DME"), having followed the requisite procedures under the MPRDA, determines that the holder is in breach of the provisions of the MPRDA or the terms under which such new order prospecting or mining rights were granted. Similarly, such rights could be suspended under related legislation in respect of health and safety and the environment, including where the mineral is not mined optimally in accordance with the relevant work programme. The MPRDA has also significantly increased the potential penalties and restrictive provisions relating to environmental management, environmental damage or pollution resulting from prospecting or mining activities.

A withdrawal or termination of any one or more of the Implats Group's prospecting and mining rights could have a material and adverse impact on the Implats Group's business, operating results and financial condition.

Risk Mitigation

The Implats Group has successfully converted all of its old order prospecting rights and old order mining rights into respectively prospecting rights and mining rights. Furthermore, the old order mining rights at its Marula Platinum Mine were converted to mining rights on 15 January 2008, and the old order mining rights at Impala Rustenburg Mine were converted to mining rights on 12 December 2008. The mining right application for its Leeuwkop Project (the main asset of Afplats (Pty) Ltd), was approved on 9th April 2008 but extension of date to commence mining has been applied for with the Minister of Minerals and Mining in terms of section 25 (2)(b) of the MPRDA as the current economic environment is not conducive to proceeding with the Project at this stage. The Government of South Africa is obliged to approve such applications if the Implats Group meets the relevant conversion requirements under the MPRDA. Under the MPRDA, the holder of a prospecting right has the exclusive right to apply for a mining right once prospecting activities are completed, and the holder has complied with all of the terms and conditions of its prospecting rights.

7.4 TRANSFORMATION

Inherent Risk Statement

In addition to the MPRDA, the DMR has published the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (the "Mining Charter") which has as its aims the promotion of equitable access to the nation's mineral resources by all the people of South Africa and the substantial and meaningful expansion of opportunities for historically disadvantaged South Africans ("HDSAs") to enter into the mining and minerals industry and to benefit from the exploitation of the nation's mineral resources.

The MPRDA, the Mining Charter and the recently promulgated Codes of Good Practise require companies to set and/or meet organisational transformation targets and to report progress on these to the Government of South Africa. The targets are in respect of Human Resource Development, Employment Equity, the Employment of Foreign Labour, Mine Community and Rural Development, Housing and Living Conditions, Procurement, Ownership and Joint Ventures, Beneficiation and Reporting. The process of transformation as envisaged by the MPRD is clearly a dynamic process and as such the compliance criteria are subject to change. **To this end, there is clearly some residual risk that the organisation may not always be able to meet all these requirements under the MPRDA, the Mining Charter and the related Codes of Good Practise. Such failure by the Group may result in the imposition of penalties and/or the withdrawal or termination of any one or more of the Implats Group's mining rights and could have a material and adverse impact on the Implats Group's business, operating results and financial condition.**

Risk Mitigation

We fully support the Mining Charter and the notion that transformation needs to be regulated across the South African Mining Industry. To this end, we have put into place clear strategies and processes to deliver the request transformation. This important key performance area is overseen by a special statutory committee of the Board (Board Transformation Committee) which has set stretched targets and actively monitors delivery towards meeting these transformation targets.