

Directors' report

Profile

Business of the company

Impala Platinum Holdings Limited (Implats/the company) is principally in the business of producing and supplying platinum group metals (pgms) to industrial economies. Impala Platinum Limited (Impala), the main operating company of the group, is wholly owned by Implats. Impala Refining Services Limited (IRS), a wholly owned subsidiary of Implats, provides toll smelting and refining facilities for various base and precious metals producers. Implats also holds a 27.1 per cent investment in Lonmin plc's platinum producing operations (Lonplats), Western Platinum Limited (WPL) and Eastern Platinum Limited (EPL), 83.2 per cent in Barplats Investments Limited (Barplats), and 14.8 per cent in Aquarius Platinum Limited (Aquarius) and 5.8 per cent in Kroondal Platinum Limited (Kroondal). Implats is in the process of acquiring 100 per cent of Platexco Inc ("Platexco") a Canadian exploration company. The profile of the group is depicted diagrammatically on page 12.

Capital

Authorised capital

The company's authorised share capital of 100 000 000 ordinary shares of 20 cents each remained unchanged during the year.

Issued capital

During the year 353 675 new ordinary shares were issued in terms of the Implats share incentive scheme. Following these allotments the issued share capital of the company was 66 066 140 ordinary shares of 20 cents each (1999: 65 712 465).

Unissued share capital

In terms of a resolution passed at the last annual general meeting, the unissued share capital is under the control of the directors until the forthcoming annual general meeting. Shareholders will be asked to consider a resolution renewing this authority. The proposed

resolution is set out in the notice convening the annual general meeting.

Share incentive scheme

At 30 June 2000 the Implats Share Purchase Trust held 38 700 unallocated shares. No shares were allocated or released during the year.

Share option scheme

The directors are authorised to issue, allot or grant options to acquire up to a maximum of 2 177 000 ordinary shares in the unissued share capital of the company in terms of employee share options schemes.

Details of participation in the share option scheme are set out in Note 24 of the financial statements.

Shareholding in the company

The issued capital of the company is held by public and non-public entities as follows:

	('000)	%
Public	34 314	51.9
Non-public	31 752	48.1
Directors	1	-
Trustees of share scheme	145	0.3
Right to nominate a director	1 000	1.5
Holding over 10%	30 606	46.3
Total	66 066	100.0

Gencor Limited holds 30.6 million shares in the company (46.3 per cent). No other shareholder holds more than five per cent of the issued share capital.

Investments

Acquisition of an interest in Aquarius

Aquarius

The company holds a 14.8 per cent (1999: 12.8 per cent) interest in Aquarius Limited (Aquarius) purchased for a cash consideration of approximately R29.1 million (1999 : R7.7 million). Aquarius holds 45 per cent of Kroondal Platinum Mines Limited ("Kroondal"). During the year, the company also acquired a 5.8 per cent direct interest in Kroondal for a cash consideration of approximately R28.9 million. Aquarius announced in July 2000 its intention to merge with Kroondal by means of a scheme of arrangement whereby Kroondal shareholders will be offered 100 Aquarius shares in exchange for 100 Kroondal shares. The Aquarius shares will be listed on the Johannesburg Stock Exchange and the Kroondal shares delisted from the Johannesburg Stock Exchange.

Aquarius S A

Implats has during July 2000 acquired a 25.5 per cent interest in Aquarius Platinum (SA) Limited (Aquarius SA) in exchange for the mineral rights in respect of the Everest South, portion of Everest North and Chieftain's Plain projects. Aquarius SA is currently developing the Marikana platinum project which is expected to come into production in July 2001, producing 150 000 ounces of pges per annum. Impala has undertaken to refine platinum concentrates from the projects.

Philippines Nickel project

Implats has entered into an agreement with Philnico Development Limited to conduct a feasibility study on the Nonoc Island, Surigo del Norte in the Philippines. The project has a resource of 144 million tons with a average grade of 1.1 per cent nickel and 0.11 per cent cobalt. Annual production is estimated at 41 000 tons of nickel and 4 000 tons of high purity cobalt.

Implats has contributed US\$ 3.8 million (R25 million) to the feasibility study to date and is committed to contribute up to a maximum of US\$6 million. Should Implats decide to participate in the project, Implats will contribute up to US\$75 million in cash and contribute

its base metal refinery to the project in exchange for 25 per cent of the equity in the new nickel company.

Acquisition of an interest in Brandrill

Implats has subsequently to the year end acquired a 7.5 per cent interest in Brandrill Limited ("Brandrill") through a placement issue of six million shares at an issue price of A\$1.15 per share (A\$6.9 million). Brandrill is involved in the development of penetrating cone fracture (PCF) technology which is an effective means of rockbreaking and is suited to a continuous mining system due to the minimal toxic fumes, flyrock and collateral damage to surrounding mine infrastructure. Impala has entered into a co-operation agreement with Brandrill governing the use of PCF technology.

Acquisition of Platexco

The company announced on 8 June 2000 that it had entered into an arrangement agreement to acquire the entire shareholding of Platexco Inc (Platexco) for a cash consideration of C\$9.50 per share. The offer valued Platexco's fully diluted share capital at C\$191 million (R898 million) and was a 23 per cent premium over the closing price of Platexco's shares on the Toronto Stock Exchange on 7 June 2000. The consideration will be paid in cash from the company's internal cash resources. Platexco is a mineral exploration and development company and its main asset is the Winaarshoek platinum project on the Eastern limb of the Bushveld complex.

An integral part of the transaction is the acquisition of the rights to mine the adjacent properties including portions of Driekop, Clapham and Forest Hill ("the tripartite agreement"). These properties contain mineral resources which are expected to improve the economics of the project.

The arrangement was approved by special resolution at a general meeting of Platexco shareholders on 31 July 2000 and a Final Order of the Superior Court of

Justice (Ontario) was granted on 2 August 2000. The transaction is still subject to the execution of the tripartite agreement.

On completion of the transaction Platexco will be delisted from the Toronto Stock Exchange and the Canadian corporate structure collapsed.

Sale of shareholding of Messina

The company disposed of its 54 per cent shareholding in Messina Limited to SouthernEra Resources Limited for a cash consideration of R65.2 million.

Financial affairs

Results for the year

The results for the year are fully dealt with in the financial statements forming part of the annual report. Refer to pages 64 to 98.

Accounting policies

During the year certain changes were made to the group's accounting policies, to comply with International Accounting Standards ("IAS"). Details of the new accounting policy and effect of the change is set out on pages 71 and 72.

Dividends

An interim dividend (No 64) of 340 cents per share was declared on 9 February 2000 and a final dividend (No 65) of 1 420 cents per share was declared on 21 August 2000, payable on 5 October 2000 a total of 1 760 cents per share (1999: 880 cents per share). These dividends amounted to R1 163.4 million for the year (1999: R578.2 million).

Capital expenditure

Capital expenditure for the year amounted to R783 million (1999: R431 million). The estimated R1 billion capital expenditure by the group envisaged for the 2001 financial year will be funded from internal resources and, if appropriate, borrowings.

Post balance sheet events

Other than the acquisition of interests in Aquarius SA Limited and Brandrill Limited mentioned hereafter, no other material events have occurred since the date of these financial statements and the date of approval thereof, the knowledge of which would affect the ability of the users of these statements to make proper evaluations and decisions. The acquisition of Platexco which is subject to fulfilment of conditions precedent is dealt with on page 60.

Going concern

The financial statements have been prepared using the appropriate accounting policies, supported by reasonable and prudent judgements and estimates. The directors have a reasonable expectation that the group has adequate resources to continue as a going concern in the foreseeable future.

Associated and Subsidiary Companies

Information regarding the subsidiaries and associated companies are given in note 13 and Annexure A respectively to the financial statements.

Property

Details of the freehold and leasehold and buildings of the various companies are contained in registers, which are available for inspection at the registered offices of those companies.

Litigation

Karee claim

In 1995, Western Platinum Limited ("WPL") indicated to Implats that it intended to institute a claim against Implats and certain of its wholly owned subsidiaries for approximately R356 million in respect of an alleged breach of warranty under the 1990 Karee/WPL agreement. No such action was ever launched. In 1996 the board of WPL was unable to agree on the existence or otherwise of such a claim. Pursuant to the provisions of the shareholders agreement and the Articles of

Association of WPL, the deadlock was referred to a committee comprising the chief executives at the time of Gencor Limited and Lonrho plc, who resolved that the action should not proceed. On application by WPL, the High Court ruled, inter-alia, that the decision of the deadlock committee was binding on the parties. WPL appealed against the High Court decision and on 27 March 2000 the Supreme Court of Appeals upheld the ruling of the High Court. Accordingly, WPL cannot institute the claim against the company.

Directorate

Composition of the Board

During the year Kgosi LMB Molotlegi passed away and Mr L Molotlegi was appointed to the Board. Members will be asked to confirm this appointment at the forthcoming annual general meeting.

The directors who retire at the next general meeting are Mr S V Kearney, Mr J M McMahon, Ms C E Markus and Ms M V Mennell; being eligible they offer themselves for re-election.

Interest of directors

The interests of directors in the shares of the company were as follows and did not individually exceed one per cent of the issued share capital or voting control of the company.

30 June	2000	1999
Beneficial	12 500	12 000
Non beneficial	1 000	700

The board contains seven non-executive directors, two of whom are also directors of the major shareholder, and four executive directors.

There were no contracts of significance during or at the end of the financial year in which the directors of the company were materially interested. No material change in the foregoing interest has taken place between 30 June and the date of this report.

Directors' remuneration

The directors' remuneration for the year under review was in aggregate as follows:

30 June (R million)	Non-Executive		Executive	
	2000	1999	2000	1999
Fees	0.6	0.4	-	-
Salaries			3.9	2.3
Other benefits			1.0	0.6
Performance bonuses			0.9	0.8
Share option gains			8.0	1.4
Total	0.6	0.4	13.8	5.1

At the year-end 195 075 share options had been granted to executive directors at an average option price of R94.82. No options were granted to non-executive directors.

Directors' fees

In terms of the Articles of Association the fees for services as directors are determined by the company in general meeting. Director's fees for services as a director are currently R80 000 per director with an additional amount of R40 000 for the Chairman. These fees have been waived by the executive directors.

Administration

Articles of Association

Shareholders will be asked at the forthcoming annual general meeting to pass special resolutions amending the Articles of Association, to take cognisance of the electronic settlement of share transfers and to allow the company to acquire its own shares. Details of the proposed resolutions are set out in the notice of meeting on page 99.

Financial, administrative and technical advisers

In terms of service agreements, Impala Platinum Limited acts as financial, administrative and technical advisors to the Implats group during the year on a fee basis. Messrs S V Kearney, D H Brown, P G Joubert, J M McMahon, J G Smithies and Ms C E Markus have an interest in this contract to the extent that they are directors of Impala and of the company, but they do not beneficially own any shares in Impala

Secretaries

Mr. A M Snashall acted as Secretary to Implats and Impala, and Impala acted as Secretaries to other subsidiaries in the Implats group. The business and postal addresses of the Secretaries are set out on page 102.

London Secretaries

The business and postal addresses of the London Secretaries are set out on page 102.

Public Officer

Mr J van Deventer acted as public officer for the group for the year under review.