

Review of operations – Impala Refining Services



Key features

- Refined production of 862 700oz of platinum and 1.8Moz of PGMs

Production: Total refined platinum production through IRS declined by 11.1% to 862 700oz in FY2008 compared to 970 900oz in FY2007. However, this followed a surge in the volumes refined in FY2007 when concentrate refined on behalf of Lonmin made a significant contribution. The corresponding production of refined PGMs in FY2008 was 1.8Moz, a decline of 9.2% on the 2.0Moz refined in FY2007.

Growth in output from Two Rivers and Marula, and an increased supply of autocatalysts for

recycling were insufficient to compensate for reduced volumes from other sources. The lower volumes were due to the expiry of the offtake agreement with Aquarius Platinum South Africa's Kroondal mine and the absence of Lonmin concentrate for processing. The increase in supplies of autocatalysts was a result of improved market efficiencies in the collection of spent autocatalysts for recycling, which were driven in turn by the higher prices of PGMs on world markets.

Growth: Volumes of concentrate through IRS are expected to increase, particularly from Blue Ridge and Smokey Hills which are scheduled to begin production in FY2009, and from Zimplats, Marula, Eastern Platinum's Crocodile River and Aquarius Platinum's Everest mine, as well as from autocatalyst recycling.

Review of operations – IRS (continued)

IRS key statistics

		FY2008	FY2007	% change
Sales	Rm	15 704	13 649	15.1
Platinum		7 522	5 863	28.3
Palladium		1 194	1 051	13.6
Rhodium		4 862	3 531	37.7
Nickel		1 160	2 057	(43.6)
Other		966	1 147	(15.8)
Cost of sales		(13 821)	(11 862)	(16.5)
Metals purchased		(14 911)	(12 683)	(17.6)
Smelting and refining costs		(310)	(323)	4.0
Increase in inventories		1 400	1 144	22.4
Gross profit		1 883	1 787	5.4
Gross margin	%	12.0	13.1	(8.4)
Other operating costs	Rm	(26)	(34)	23.5
Sales	Rm	15 704	13 649	15.1
Direct sales to customers		631	1 050	(39.9)
Sales to Impala		14 846	12 226	21.4
Toll income		227	373	(39.1)
Total sales volume				
Platinum	000oz	648.3	686.9	(5.6)
Palladium	000oz	419.2	439.2	(4.6)
Rhodium	000oz	95.1	94.6	0.5
Nickel	000t	5.1	8.3	(38.6)
Prices achieved				
Platinum	\$/oz	1 577	1 189	32.6
Palladium	\$/oz	389	333	16.8
Rhodium	\$/oz	6 986	5 201	34.3
Nickel	\$/t	31 489	34 642	(9.1)
Exchange rate achieved	R/\$	7.33	7.18	2.1
Refined production				
Platinum	000oz	862.7	970.9	(11.1)
Palladium	000oz	607.4	641.6	(5.3)
Rhodium	000oz	135.7	144.4	(6.0)
Nickel	000t	7.9	9.2	(14.1)
Total PGM	000oz	1 802.9	1 985.9	(9.2)
Metal returned				
Platinum	000oz	207.9	261.9	(20.6)
Palladium	000oz	199.3	190.5	4.6
Rhodium	000oz	42.3	46.5	(9.0)
Nickel	000t	2.1	0.9	133.3