

Directors' report

Profile

Business of the company

Impala Platinum Holdings Limited (Implats/company/group) is principally in the business of producing and supplying platinum group metals (PGMs) to industrial economies. The company's holdings in various mining and exploration activities as at 30 June 2004 are described below:

Company	Short name	Effective Interest %	Activity
Impala Platinum Limited	Impala	100	PGM mining, processing and refining
Impala Refining Services Limited	IRS	100	Purchase of concentrate, smelting, refining and sale of resultant PGMs and base metals, and toll refining
Marula Platinum Limited	Marula	100*	PGM mining
Makwiro Platinum Mines (Pvt) Limited	Makwiro	88	PGM mining
Zimbabwe Platinum Mines Limited	Zimplats	83	PGM mining
Mimosa Investments Limited	Mimosa	50	PGM mining
Two Rivers Platinum (Pty) Limited	Two Rivers	45	PGM mine development
Eastern Platinum Limited	EPL	27**	PGM mining and processing
Western Platinum Limited	WPL	27**	PGM mining, processing and refining
Aquarius Platinum (SA) (Pty) Limited	AQP (SA)	25***	PGM mining
Aquarius Platinum Limited	Aquarius Platinum	9	PGM mining

* subject to 20% participation by empowerment partners

** agreement entered into for the sale of this shareholding

*** will reduce to 20% on completion of BEE transaction

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 27 188 new ordinary shares were issued in terms of the Implats share option scheme. Following allotments, the issued capital of the company was 66 621 177 ordinary shares of 20 cents each (2003: 66 593 989).

In terms of a resolution passed at the last annual general meeting, 10% of the unissued share capital is under the control of the directors until the forthcoming annual general meeting. Shareholders granted a general authority for the company or any of its subsidiaries to acquire up to 10% of the shares issued by the company in terms of the Companies Act No 61 of 1973 and the Listing Requirements of the JSE Securities Exchange South Africa (JSE).

In addition, shareholders authorised the directors to issue for cash up to 15% of the company's issued share capital in any one year.

These general authorities expire at the forthcoming annual general meeting. Shareholders will be asked to consider resolutions renewing these general authorities. The proposed resolutions are set out in the notice convening the annual general meeting.

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. The rules of the share option scheme were amended at the last annual general meeting. Details of participation in the share option scheme are set out in Note 13 of the financial statements.

The trustees of the scheme are Messrs PG Joubert, JV Roberts and JM McMahon.

Shareholding in the company

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

	Number of shares (000s)	%
Public	65 553	98.4
Non-public	1 068	1.6
Directors	60	0.1
Trustees of share scheme	8	–
Right to appoint a director	1 000	1.5
Total	66 621	100.0

The following shareholders beneficially hold more than five per cent of the issued share capital:

Shareholders	Number of shares (000s)	%
Old Mutual Group	4 846	7.3
Public Investment Commissioners	4 474	6.7
Tegniese Mynbeleggings Limited	3 336	5.0

Zimbabwe Operations

Zimbabwe Platinum Mines Limited (Zimplats)

The company holds an 83% (2003:51%) equity interest in Australian-listed Zimplats. During the year the company acquired an additional 32% stake in Zimplats at A\$4.11 per share (R631.9 million).

Makwiro Platinum Mine (Pvt) Limited (Makwiro)

The company holds a 30% direct interest in Makwiro which comprises the Ngezi open cast mine and the Selous Metallurgical Complex. Ngezi is situated 77 kilometres from the Selous Metallurgical Complex and a feasibility study has indicated a 90 000 platinum ounce per annum project over a 20-year life.

The direct (30%) and indirect interest (through Zimplats) in Makwiro is therefore 88%.

Risk amelioration

The following factors militate against the sovereign risk exposure of the Zimbabwean operations, namely:

- The use of off-shore bank accounts for both operations
- Dividends from both operations have been received in the year under review
- The practical security offered by the contracts with IRS

Two Rivers Platinum

The company owns a 45% interest in the Two Rivers project with the balance held by Anglovaal Mining Limited (AVMIN). AVMIN has, following corporate activity between itself, African Rainbow Minerals and Harmony, become African Rainbow Minerals Resources.

Barplats Investments Limited

The company sold its entire 83.2% shareholding in Barplats for a cash consideration of R2.10 per share (R389 million) to a consortium comprising Brier Global Limited, Flower Valley Investment Inc, Photon Global Limited, Rivercity Holdings Corp and the Kleo Trust (the Salene Platinum Consortium).

DIRECTORS' REPORT (CONTINUED)

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 92 to 143.

Dividends

An interim dividend (No 72) of 500 cents per share was declared on 12 February 2004, and a final dividend (No 73) of 1 600 cents per share was declared on 27 August 2004, payable on 27 September 2004, for a total dividend for the 2004 financial year of 2 100 cents per share (2003: 2 650 cents per share). These dividends amount to R1 399 million for the year (2003:R1 765 million).

Capital expenditure

Capital expenditure for the year amounted to R1 822 million (2003: R1 787 million).

The estimated R2 178 million capital expenditure by Implats envisaged for the 2005 financial year will be funded from internal resources and, if appropriate, borrowings.

Post-balance sheet events

Lonplats

The company has entered into non-binding agreements with Historically Disadvantaged South Africans (HDSAs) and Lonmin plc in terms of which the company will sell its 27.1% shareholding in Eastern Platinum Limited and Western Platinum Limited (collectively Lonplats) for \$800 million.

The terms and conditions of the transaction are as follows:

- The sale by Implats to Lonmin plc of 18.1% of Lonplats for \$554.4 million
- The sale by Implats to a consortia of HDSAs of 9% of Lonplats for \$240.1 million and vendor finance of \$95 million on favourable terms repayable over five to seven years
- Lonmin will indemnify Implats for the capital repayment of the vendor financing – \$68 million repaid after five years and \$27 million after seven years
- The HDSA consortia will onsell their shareholding to a newly formed company, Incwala Resources (Pty) Limited, in exchange for \$240.1 million in cash and shares
- Lonplats will sell 9% of the 18.1% shareholding acquired from Implats to Incwala for a consideration of \$240.1 million in cash and shares

The transaction is still subject to concluding legally binding agreements with all the parties, and obtaining approvals from Lonmin shareholders and the relevant regulatory authorities. The transaction is expected to be concluded in the first half of financial year 2005.

Aquarius Platinum Limited

The company holds an 8.6% interest in Aquarius Platinum Limited (Aquarius), an Australian and London Stock Exchange-listed company.

Aquarius Platinum (SA) (Pty) Limited

Implats holds 25% of AQP (SA) whose operations comprise Kroondal Platinum, the Marikana mine, Everest South and North project, and the Chieftain's Plain project.

In the previous financial year, Aquarius owned 75% of Aquarius Platinum SA (Pty) Limited (AQP(SA)) and the 25% balance was held by Implats. During the year, Aquarius announced a transaction to sell 29.5% of AQP (SA) to a BEE partnership. Should this transaction take place, Aquarius's shareholding will decline to 50.5%. Implats has structured a deal with Aquarius to ensure that its shareholding remains at 20%.

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.

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 company's associated companies are given in Note 6 and regarding subsidiaries in Annexure A, both to the financial statements.

Property

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

Directorate

Composition of the board

During the year, the following appointments were made to the board:

Directors	Date of appointment
RSN Dabengwa	1 January 2004
LC van Vught	1 January 2004
NDB Orleyn	1 April 2004
FJP Roux	11 May 2004
K Mokhele	1 June 2004

Shareholders will be asked to confirm these appointments at the forthcoming annual general meeting.

The directors who retire at the next general meeting are Ms CE Markus, Messrs PG Joubert, JV Roberts and JM McMahon. Mr Joubert, having attained the retirement age for non-executive directors, has decided not to stand for re-election. Ms CE Markus, and Messrs JV Roberts and JM McMahon, being eligible, offer themselves for re-election.

Interest of directors

The interests of directors and senior management in the shares of the company were as follows and did not individually exceed 1% of the issued share capital or voting control of the company.

Number of shares	Direct		Indirect	
	2004	2003	2004	2003
Beneficial	63 345	66 651	14 240	14 240
Directors				
DH Brown	10 000	9 306		
PG Joubert			14 000	14 000
CE Markus	18 011	18 011		
MV Mennell	7 726	7 726		
LJ Paton	9 000	12 000	100	100
MF Fleming	600	600		
LC van Vught			140	140
Senior management	18 008	19 008		
Non-beneficial	–	–	–	–

The board consists of 11 independent directors, one non-executive director and four executive directors.

DIRECTORS' REPORT (CONTINUED)

Directors' and senior management remuneration for the year under review was in aggregate as follows:

30 June 2004 (R000)	Fees	Package	Retirement Funds	Other benefits*	Bonus [†]	Gains on share options exercised	2004 Total	2003 Total
Executive								
KC Rumble		3 286	345	224	1 350	2 370	7 575	5 008
DH Brown		1 774	186	53	589	354	2 956	3 022
CE Markus		1 565	313	40	580	1 761	4 259	2 826
LJ Paton		1 293	206	64	432	162	2 157	–
Senior Management		7 073	1 022	283	2 499	2 510	13 387	11 230
Secretary								
R Mahadevey		944	99	40	69		1 152	–
Non-executive Directors								
PG Joubert	400						400	226
RSN Dabengwa	63						63	–
JM McMahon	225						225	144
MV Mennell	285						285	156
TV Mokgatlha	133						133	23
K Mokhele	10						10	–
DM O'Connor	226						226	140
NDB Orley	31						31	–
MF Fleming	275						275	160
FJP Roux	18						18	–
JV Roberts	285						285	160
LC van Vught	81						81	–
L Molotlegi	–						–	68
	2 032	15 935	2 171	704	5 519	7 157	33 518	23 163

Details of share options outstanding and exercised by executive directors and senior management are as follows:

Director's Name	Balance at 1 July 2003	Additions		Disposals		Balance at 30 June 2004	No. of shares	Allocation price	First Release date
		Allocated during the year	Date of Allocation	No. of shares sold	Date sold				
Executive Directors									
KC Rumble	64 417	5 993	27 Aug 03	1 000	15 Jul 03	59 410	33 000	281.00	17 Jul 03
				9 000	16 Jul 03		11 801	507.00	18 Feb 04
				1 000	5 Sep 03		2 974	484.10	16 Aug 04
							5 642	594.25	21 Jan 05
DH Brown	27 522	439	27 Aug 03	1 550	29 Aug 03	26 411	1 550	146.00	30 Jun 01
							2 350	200.00	14 Mar 02
							3 394	344.00	11 Jan 03
							1 982	507.00	18 Feb 01
							9 454	507.00	18 Feb 04
							1 198	556.00	6 Jun 04
							2 851	484.10	16 Aug 04
							1 555	594.25	21 Jan 05
		1 638	381.00	5 May 05					
							439	515.82	27 Aug 05

* Other benefits excludes:

- Any leave not taken during the year which the recipient could elect to have paid out in cash.
- A performance-based staff retention scheme using an endowment investment vehicle which only accrues to the individual after five years from the date of joining the scheme.

† Bonus is based on individual achievement, value-added criteria such as volumes and costs, and safety achievements. This isolates the effects of metal prices and exchange rates over which management has no control.

Details of share options outstanding and exercised by executive directors and senior management are as follows: (continued)

Director's Name	Balance at 1 July 2003	Allocated during the year	Date of Allocation	No. of shares	Date sold	Balance at 30 June 2004	No. of shares	Allocation price	First Release date
Executive Directors (continued)									
CE Markus	29 976	389	27 Aug 03	1 375	5 Sep 03		1 375	146.00	30 Jun 01
				1 800	5 Sep 03		3 600	200.00	14 Mar 02
				1 019	5 Sep 03		3 056	344.00	11 Jan 03
				1 214	5 Sep 03		694	507.00	18 Feb 02
							8 227	507.00	18 Feb 04
							1 477	556.00	6 Jun 04
							2 735	484.10	16 Aug 04
							41	589.99	25 Nov 04
							1 498	594.25	21 Jan 05
							1 865	381.00	5 May 05
						24 957	389	515.82	27 Aug 05
LJ Paton	16 734	142	27 Aug 03	470	23 Jul 03		500	146.00	30 Jun 01
		3 840	18 Sep 03				357	507.00	18 Feb 02
							2 625	200.00	14 Mar 00
							2 475	344.00	11 Jan 03
							5 422	507.00	18 Feb 04
							959	556.00	6 Jun 04
							1 878	484.10	16 Aug 04
							844	594.25	21 Jan 05
							1 204	381.00	5 May 05
							142	515.82	27 Aug 05
						20 246	3 840	539.40	18 Sep 05
Senior Management	104 380	6 386	27 Aug 03	13 889	Various		3 600	50-100	Jul 1999>
		2 133	16 Feb 04				17 025	101-200	Jun 2001>
		7 683	22 Apr 04				19 857	301-400	Jan 2003>
							17 759	401-500	Aug 2004>
						106 693	48 452	501-600	Feb 2004>
Secretary									
R Mahadevey	8 978					8 978	8 978	401.00	2 Apr 05

DIRECTORS' REPORT (CONTINUED)

The gains on share options exercised are as follows:

Director's name	Purchased	No. of		Allocation Price	Market price at time of sale	Gain on share options (R'000)
		shares sold	Total			
Executive Directors						
KC Rumble		11 000	11 000	281.00	496.46	2 370
DH Brown	694	856	1 550	146.00	560.00	* 354
CE Markus		1 375	1 375	146.00	608.05	635
		1 800	1 800	200.00	608.05	734
		1 019	1 019	344.00	608.05	269
		1 219	1 214	507.00	608.05	123
LJ Paton		500	500	146.00	470.00	152
Senior Management						
	1 750	4 625	6 375	146.00	461.07	*1 457
	500	900	1 400	200.00	560.69	*325
	1 781	2 837	4 618	344.00	568.19	*636
	32	1 464	1 496	507.00	569.59	*92

* Excludes any gains on shares purchased as these have not yet been realised.

No share options were granted to independent non-executive directors. Other benefits accruing to executive directors are set out below.

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 interests has taken place between 30 June and the date of this report.

Directors' fees

In terms of the Articles of Association, the fees for services as directors are determined by the company in general meeting. Directors' fees for services as a director are currently R125 000 per annum per director with an amount of R400 000 for the Chairman (which includes attendance at all board committee meetings). Directors serving on board committees are paid as set out below:

In view of the increased responsibilities being placed on directors in terms of the King II report and the revised JSE listings requirements as well as the need to attract suitable candidates for board appointment, it is proposed to increase directors fees as follows:

	1 July 2003		1 July 2004	
	Member	Chairman	Member	Chairman
Board member	125 000	400 000*	150 000	700 000*
Audit Committee	60 000	120 000	75 000	180 000
HSE Committee	50 000	100 000	60 000	135 000
Nomination Committee	50 000	100 000	60 000	135 000
Remuneration Committee	50 000	100 000	60 000	135 000

* includes attendance at all board committee meetings

These fees have been waived by the executive directors.

Directors' benefits

A group-owned residential property is made available to Mr KC Rumble on a rent-free basis. Mr Rumble has an option to purchase the property at market value at any time while in the employ of the company.

In the event of corporate action giving rise to a loss of office, demotion or the blighting of any career (in the opinion of the Remuneration Committee) of an executive director, that executive director is entitled to a severance package of 24 months salary.

Administration

Special resolutions

At the last annual general meeting, the following special resolutions were passed:

Acquisition of shares

Allowing the company and its subsidiaries to acquire up to 10% of the shares in the company subject to the Companies Act 1973 and the Listing Requirements of the JSE, provided that the authority expires at the next annual general meeting and may not extend beyond 15 months from the date of granting of the authority.

Articles of association

The articles of association were amended by special resolution to allow for the appointment of a maximum number of 16 directors on the board and to require only that directors' written resolutions be approved by the majority of the board.

Financial, administrative and technical advisers

In terms of a service agreement, Impala Platinum Limited acted as financial, administrative and technical advisors to the Implats group during the year on a fee basis. Messrs DH Brown, PG Joubert, LJ Paton, KC Rumble and Ms CE Markus had 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

During the year Mr R Mahadevey was appointed Group Secretary to Implats and Impala, assisted by Mr AM Snashall. Impala acted as Secretaries to other subsidiaries in the Implats group. The business and postal addresses of the Secretaries are set out on page 152.

London Secretaries

The business and postal addresses of the London Secretaries are set out on page 152.

Public Officer

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