

Exchange rate losses/gains are a feature of IRS's financial results

Impala Refining Services

Key features of the year

- 38% increase in metal produced to 871 000 oz platinum
- 41% increase in PGMs to 1.749 Moz
- 43% increase in gross profit to R716 million

Impala Refining Services (IRS) leverages Impala Platinum's additional smelting and refining capacity as well as its technical and marketing expertise to generate additional revenue flows and to reduce costs associated with Impala's own production through a contribution for the use of Impala Platinum's fixed assets. An arm's length agreement exists between Impala and IRS in terms of which Impala guarantees recoveries and the length of the processing pipeline, and IRS pays Impala market-related processing costs.

IRS engages in metal purchase agreements, toll-refining agreements or a combination of both. With metal purchase agreements, IRS purchases metal after a pre-determined processing period, and with toll-refining, IRS charges clients a processing fee and returns the metal to the client after a pre-determined processing period.

Exchange rate losses/gains are a feature of IRS's financial results. IRS advances payment to purchase-agreement clients to take into consideration the processing pipeline. While these advances offer very considerable benefits to clients – particularly in respect of smaller working capital operators – they can also lead to exchange rate losses/gains for IRS.

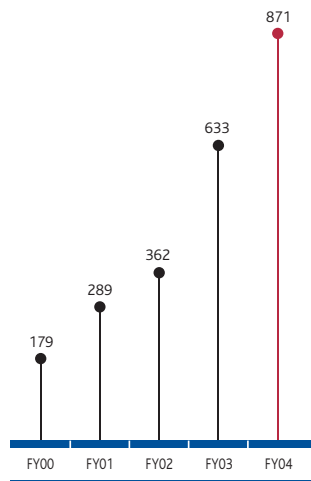
IRS sources a wide variety of material from around the world, including flotation

concentrate and smelter matte. IRS also has a long-standing relationship with A1 Specialized Services and Suppliers Inc regarding the supply of spent autocatalysts, making IRS one of the largest refiners of spent autocatalysts in the world.

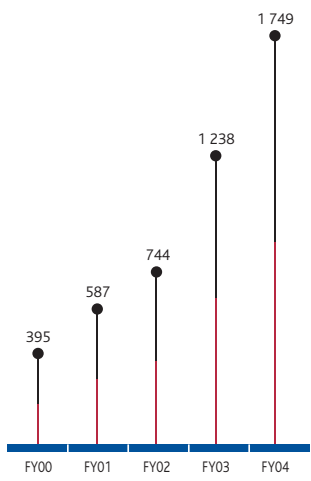
Operating performance

IRS produced unprecedented volumes of platinum and other PGMs during FY2004. This performance was boosted by concentrate processing on behalf of Lonplats following their furnace failure of December 2002. As a result, attributable platinum production grew by 38% year-on-year to 871 000 oz, which is equivalent to approximately 44% of throughput from the Implats' group. Palladium production for the year rose by 31% to 545 000 oz, while total PGM production rose 41% to 1.749 Moz. Notwithstanding the net increase in profit generated to R243 million, IRS's capacity to process these substantial volumes while consistently meeting their contractual obligations was clearly established, supporting the group's plans to produce 2 Moz by 2006 and, possibly, 2.3 Moz by 2008.

Excluding the Lonplats contribution, platinum production through IRS still increased by a most creditable 35% year-on-year with major input contributions from Aquarius' Kroondal operation plus ramp-up from its Marikana operation, an increase in delivery from both Zimplats and



IRS – Growth in platinum production (000oz)



IRS – production by metal

■ Platinum ■ Other PGMs

IRS – profit and contribution to the Implats Group

	Profit (Rm)	% contribution to group
2000	117	5.2
2001	300	6.5
2002	416	9.1
2003	151	4.4
2004	394	13.3

Mimosa, steady growth in spent autocatalyst recycling and ramp-up from Messina Platinum Mines Limited.

Outlook

Although the processing of Lonplats concentrate was a once-off, growth is expected from other projects and new ventures, including additional ramp-up

from Marikana, Messina and Mimosa, a considerable contribution from Marula Platinum and an ever-growing autocatalyst recycle profile.

The combination should provide for healthy throughput volumes once again, although it is unlikely that this year's unprecedented volumes will be repeated.

IRS key statistics

		FY004	FY2003	% change
Sales	(Rm)	3 851.5	2 913.8	32.2
Platinum		2 099.4	1 551.7	35.3
Palladium		409.7	468.2	(12.5)
Rhodium		189.6	211.2	(10.2)
Nickel		638.6	359.2	77.8
Other		514.2	323.5	58.9
Cost of sales		(3 135.5)	(2 413.3)	(29.9)
Metals purchased		(3 122.4)	(2 283.4)	(36.7)
Smelting and refining costs		(201.7)	(142.0)	(42.0)
Increase in metal inventories		188.6	12.1	1 458.7
Gross profit		716.0	500.5	43.1
Gross margin	(%)	18.6	17.2	
Other operating costs		(1.8)	(9.2)	80.4
Sales		3 851.5	2 913.8	32.2
Direct sales to customers		303.2	249.6	21.5
Sales to Impala		3 176.8	2 445.5	29.9
Toll income		371.5	218.7	69.9
Total sales volume				
Platinum	(000 oz)	398.8	292.4	36.4
Palladium	(000 oz)	260.9	189.8	37.5
Rhodium	(000 oz)	52.0	38.2	36.1
Nickel	(000 t)	7.7	5.6	37.5
Prices achieved				
Platinum	(\$/oz)	772	599	28.9
Palladium	(\$/oz)	230	271	(15.1)
Rhodium	(\$/oz)	535	609	(12.2)
Nickel	(\$/t)	12 089	7 222	67.4
Exchange rate achieved (R/\$)		6.82	8.92	(23.5)
Refined production				
Platinum	(000 oz)	871.1	633.1	37.6
Palladium	(000 oz)	544.6	415.4	31.1
Rhodium	(000 oz)	135.4	80.7	67.8
Nickel	(000 t)	9.5	6.7	41.8
PGM refined production	(000 oz)	1 749.3	1 238.0	41.3
Metal returned				
Platinum	(000 oz)	501.1	251.5	99.2
Palladium	(000 oz)	314.0	174.2	80.3
Rhodium	(000 oz)	96.7	17.5	452.6
Nickel	(000 t)	1.5	0.9	66.7