

Strategic holdings are continually reviewed and rationalized when appropriate

Strategic holdings

Key features of the year

- Proposed sale of Lonplats' stake will initially generate net funds of \$668 million
- AQPSA grows, as does its contribution to IRS
- Two Rivers feasibility study progresses

An important part of Implats' growth strategy in the past has been the development of relationships with other industry players so as to provide access to strong cash flows, additional resources and new and ongoing business for IRS. Its strategic holdings are continually reviewed and rationalized when appropriate. Implats intends to sell its holding of 27.1% in Lonplats. This has had the added benefit of securing empowerment credits in line with the proposed Mining Charter at minimal cost to shareholders.

Lonplats

In September 2003, Implats announced that it had signed a memorandum of understanding with Lonmin regarding the sale of Implats' 27.1% stake in Eastern Platinum Limited and Western Platinum Limited, collectively known as Lonplats, to Lonmin and a grouping of black empowerment consortia for \$800 million. Two preconditions to the sale were the completion of satisfactory funding for the transaction and a reasonable guarantee of credits in terms of the Mining Charter's scorecard. Extensive negotiations have since taken place, refining the terms of the transaction.

A holding of 9% in Lonplats will be sold to a group of consortia representing historically disadvantaged South Africans (HDSAs) for around \$240.1 million. This sale will be

factored into the calculation of ownership equity when Implats' primary operating subsidiary, Impala Platinum, applies for the conversion of its mining rights. Impala anticipates this to equal credits of around 9% in its hands.

The remaining holding of 18.1% in Lonplats will be sold to Lonmin for \$554.4 million. The entire transaction will provide Implats with a net total of \$794.5 million. Simultaneously, both Lonmin and the HDSA consortia will each on-sell holdings of 9% in Lonplats to Incwala Resources (Pty) Ltd, a newly formed HDSA-controlled resources company.

To facilitate the transaction and the establishment of Incwala Resources, Implats will provide vendor-financing of \$95 million to the HDSA investors, for which Lonmin will indemnify it, thus ensuring that there is limited capital risk to Implats. Once this transaction has been completed in its entirety, the HDSA consortia will own more than 50% of Incwala.

The Department of Minerals and Energy has confirmed that the structure of this transaction is in line with the aims of the Mining Charter. Implats has made every effort to ensure that this deal provides appropriate rewards and safeguards for its shareholders.

Sale of Lonplats – anticipated cash flow (\$m)

Sale price	800.0
FV adjustments	(5.5)
	794.5
Vendor finance	(95.0)
	699.5
Dividend received	(31.7)
Net cash flow	667.8

Attributable contribution of Implats' interest in Lonplats

Year to March	2004	2003	% change
Financial (Rm)			
Sales	1 725	1 744	(1)
Profit before tax	460	935	(51)
Profit	290	654	(56)
Dividends received	285	176	62
Refined production (000 oz)			
Platinum	269	206	31
Palladium	119	95	25
Rhodium	37	32	16
PGMs	505	399	27

This transaction will achieve an initial net cash inflow for Implats of \$667.8 million, net of the dividend of \$31.7 million already received for Lonmin's financial year to September 2003, and the amount of vendor finance to be provided.

The HDSA consortia have raised funding and the South African Competition Tribunal has approved the transaction. Subject to further regulatory approvals, including that of the South African Reserve Bank, Lonmin shareholder support and the conclusion of various legal agreements, the transaction is expected to be concluded in the first half of FY2005.

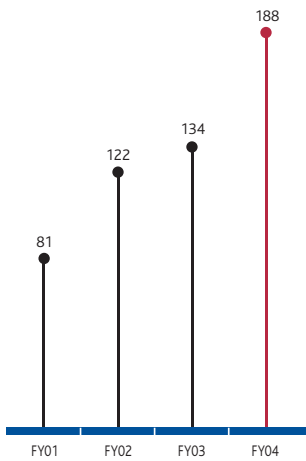
Aquarius Platinum

Implats holds stakes in both Aquarius Platinum Limited, which is listed on the LSE and the ASX, and unlisted subsidiary, Aquarius Platinum South Africa (Pty) Limited (AQP(SA)). Implats and Aquarius

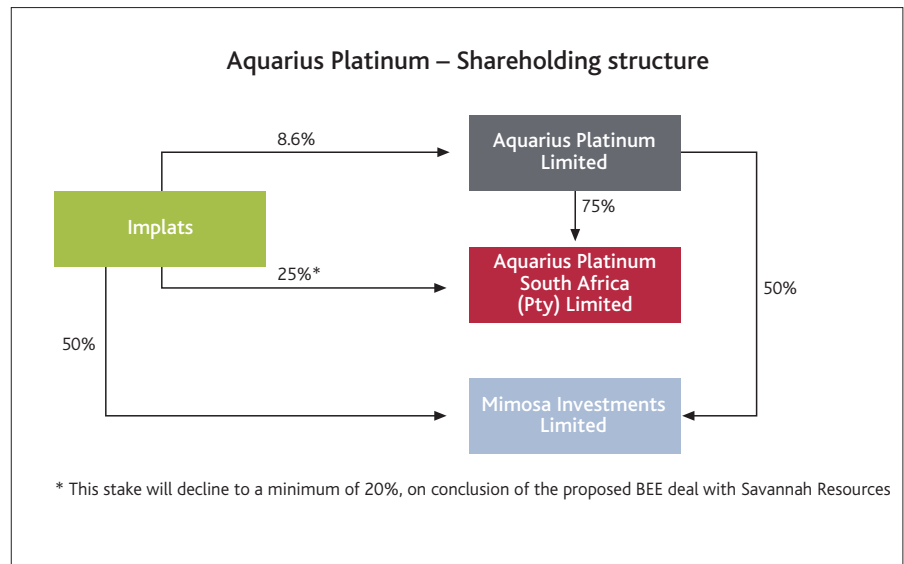
Platinum are the joint owners of Mimosa Investments which owns Mimosa Platinum Limited in Zimbabwe.

During the year, Aquarius Platinum implemented a private placement of shares which effectively reduced Implats' holding in the company to 8.6%. Implats also has a stake of 25% in AQPSA, which will be reduced once a transaction to sell a portion of AQPSA to a BEE consortium led by Savannah Resources has been finalised. Implats has structured a deal to ensure its shareholding remains at 20% and thus will continue to equity account the AQPSA results. This has been achieved by converting part of the interest-bearing shareholder's loan account.

Production problems at Kroondal, a result of severe potholing, have been overcome with platinum production of 134 000 oz for FY2004.



Aquarius Platinum – refined platinum production (000oz)



Attributable contribution of Implats' interest in AQP(SA)

	FY2004	FY2003	% change
Financial (Rm)			
Profit before tax	40	33	21.2
Change in unearned profit	8	19	(57.9)
Share of taxation	(9)	(19)	52.6
Profit	39	33	18.2
Refined production (000 oz)			
Platinum	188	134	40.3
PGMs	349	251	39.0

Although tonnage from the Marikana opencast operations has reached steady state levels, third quarter production was hampered by inclement weather and pit flooding. Oxidised ore and lower-than-anticipated recoveries resulted in reduced metal production.

Aquarius also owns the Everest South project, the start of which has been delayed pending the successful conclusion of the proposed BEE transaction which will provide the necessary funding for the project.

Two Rivers

Implats has a 45% stake in the Two Rivers Platinum project with African Rainbow Minerals (ARM) holding the balance of 55%. Recent corporate activity involving AVMIN, ARM and Harmony resulted in the transfer of AVMIN's share in Two Rivers Platinum to a new, empowered platinum entity, ARM Platinum, a division of ARM Resources.

Trial mining has been underway for six months and an underground access has been established via a box cut. By June 2004, 180 m of reef strike development and 70 m of reef dip development had been accumulated in a 50 000 t development ore stock-

pile. The trial mining follows the revision of the scope of the project in response to the strengthening Rand and to allow for increased underground production of 185 000 t/month (previously 175 000 t/month) and 40 000 t/month of opencast material, a resource that had been excluded previously. Planned annual production is 220 000 oz PGM and 120 000 oz platinum.

The Environmental Management Programme Report (EMPR), and mining and water use licences were approved during FY2003 and FY2004 and an addendum covering the opencast pit was submitted to the authorities in FY2004. The project is still to be submitted for approval to the relevant boards. Full project go-ahead is dependent on the results of the trial mining and the outlook for the Rand. Production is scheduled to begin around 18 months after project go-ahead.

Approved funding for the project to September 2004 totals R755 million – R551 million for the purchase and R204 million on the feasibility study, trial mining and capital works. Implats has expended R340 million (45%).

Key statistics

UG2 Mineral Resource (Measured and Indicated)	60.4 million tonnes
Estimated capital expenditure	R1.3 billion (in real terms)
Potential number of employees	1 000 (30% contractors)
Life-of-mine	20 years