

## 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 2005 are described below:

Company	Short name	Effective Interest %	Activity
Impala Platinum Limited	Impala	100	PGM mining, processing and refining and sale of resultant PGM metals
Impala Refining Services Limited	IRS	100	Purchase of concentrate, and/or smelter matte. Processing of concentrate and matte smelting and refining, and sale of resultant metals and toll-refining.
Marula Platinum Limited	Marula	100*	PGM mining
Zimplats Holdings Limited	Zimplats	86.9	PGM mining
Mimosa Investments Limited	Mimosa	50	PGM mining
Two Rivers Platinum (Pty) Limited	Two Rivers	45	PGM mining
Aquarius Platinum (South Africa) (Pty) Limited	AQP(SA)	20	PGM mining
Aquarius Platinum Limited	Aquarius Platinum	8.6	PGM mining

\* subject to 20% participation by empowerment partners

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### 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 224,018 new ordinary shares were issued in terms of the Implats share option scheme. Following these allotments, the issued capital of the company was 66,845,195 ordinary shares of 20 cents each (2004: 66,621,177).

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 and the Listing Requirements of the JSE Limited (JSE).

The resolution proposed at the last general meeting to authorise the directors to issue up to 15% of the company's share capital for cash was withdrawn from the meeting, due to proxy votes indicating a resistance to approve this authority.

The general authority to acquire up to 10% of the shares issued by the company expires at the forthcoming annual general meeting. Shareholders will be asked to consider a resolution renewing this general authority. The proposed resolution is set out in the notice convening the annual general meeting.

#### Treasury shares

The group acquired 1,230,622 (1,84%) of its own shares in terms of an approved share buy-back scheme, through purchases on the JSE for an amount of R613 million (2004:nil). The shares are held as "treasury shares" by a subsidiary.

## 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 13 of the financial statements.

In line with recent remuneration developments, the group will no longer offer employees any further options under the existing Share Incentive Scheme, but will pay relevant employees a fully taxable bonus based on the increase in the share price. Employees' interests will still be aligned with those of shareholders but without any dilutionary effect.

The rules governing the quantum and timing of benefits to be delivered to employees under the new bonus scheme will be no different from those under the existing Share Incentive Scheme.

The trustees of the share option scheme are Ms NDB Orleyn and Messrs JM McMahon and JV Roberts.

## Shareholding in the company

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

	Number of shares (000s)	%
<b>Public</b>	64,472	96.5
<b>Non-public</b>	2,373	3.5
Directors	65	0.1
Trustees of share scheme	77	0.1
Right to appoint a director	1,000	1.5
Treasury shares	1,231	1.8
<b>Total</b>	66,845	100.0

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The following shareholders beneficially hold more than 5% of the issued share capital:

	Number of shares (000s)	%
Public Investment Corporation	4,032	6.0
Old Mutual Group	3,899	5.8
Tegniese Mynbeleggings Beperk (Remgro Limited)	3,336	5.0

## INVESTMENTS

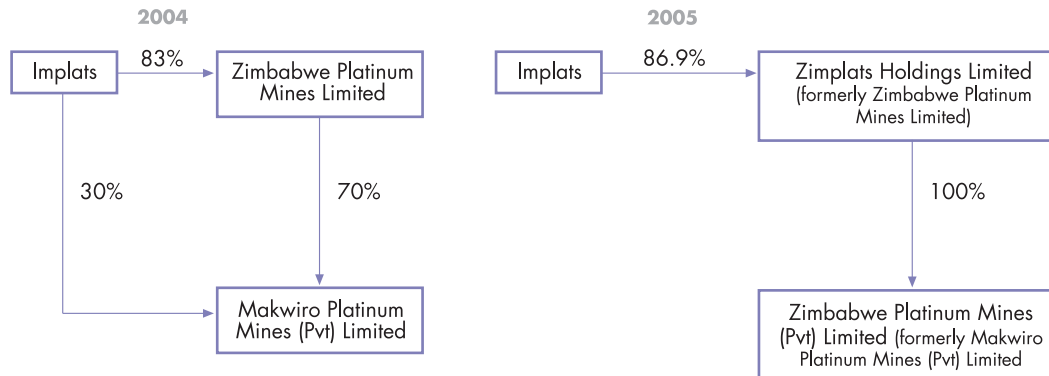
### Zimplats Holdings Limited

The company owns 86.9% of Zimplats Holdings Limited (Zimplats). During the year, Implats swapped its 30% direct holding in Zimbabwe Platinum Mines (Pvt) Limited (Zimbabwe Mines) for an additional 14,873,160 shares in Zimplats (2.8%) resulting in Zimbabwe Mines becoming a fully owned subsidiary of Zimplats.

In addition, Implats acquired an additional 1% shareholding in Zimplats for R17.1 million (AU\$3.7 million), increasing the group's holding to 86.9%.

In June 2005, the name of Zimbabwe Platinum Mines Limited was changed to Zimplats Holdings Limited and Makwiro Platinum Mines (Pvt) Limited changed its name to Zimbabwe Platinum Mines (Pvt) Limited.

A schematic of the above changes is set out below.



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### Mimosa Holdings (Pvt) Limited (Mimosa)

The company holds a 50% shareholding in Mimosa with the balance held by Aquarius Platinum Limited.

### Two Rivers Platinum

The company owns a 45% interest in Two Rivers Platinum (Pty) Limited with the balance held by African Rainbow Minerals Resources (ARM) Limited. During the year, following the completion of a successful trial mining phase, it was decided to proceed with a 220,000 PGM ounce per year project. Capital expenditure was estimated at R1.2 billion to commissioning. R600 million finance has been secured through ABSA and Nedbank with the balance being contributed by the two equity partners in the shareholding ratio. Implats will contribute R270 million and ARM R330 million towards the project capital.

### Aquarius Platinum Limited

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

### Aquarius Platinum (South Africa) (Pty) Limited

As a result of an Aquarius Platinum BEE transaction, Implats' shareholding would have reduced from 25% to less than 20%. To prevent this, Implats invested an amount of R71.5 million in equity and a shareholder loan to maintain the effective holding at a 20% level post the BEE transaction.

## Lonplats

The company entered into an agreement with Lonmin plc in terms of which the company sold its 27.1% shareholding in Eastern Platinum Limited and Western Platinum Limited (collectively known as Lonplats), to Lonmin plc (18.1%) and a number of HDSAs, being Andisa Capital, Dema Group and Vantage Capital (9%), for a total of \$794.5 million, thereby facilitating the formation of a newly established BEE company, Incwala Resources (Pty) Limited (Incwala).

The terms and conditions of the transaction were 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.
- Vendor finance of \$95 million on favourable terms repayable over five to seven years was provided to the consortia of HDSAs
- Lonmin indemnified Implats for the capital repayment of the vendor financing – \$68 million repaid after five years and \$27 million after seven years
- The HDSA consortia sold their shareholding to a newly-formed company, Incwala Resources, in exchange for \$240.1 million in cash and shares
- Lonplats sold half of the 18.1% shareholding in Lonplats (ie 9%) acquired from Implats to Incwala for a consideration of \$240.1 million in cash and shares.

The dollar proceeds of the sale realised R4.9 billion and the loans to various BEE companies amounted to R617.5 million.

The loans are structured into interest-bearing and interest-free portions. The interest-bearing loans bear interest in years 3 and 4 at the Johannesburg Interbank Acceptance Rate (JIBAR) plus 1%; in year 5 at JIBAR plus 2%; and thereafter at JIBAR plus 3%.

The profit on disposal of Lonplats, of R3.2 billion, is included in profit for the year.

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## Marula Platinum

The original mining plan to mine the UG2 reef using a mechanised bord-and-pillar mining method proved to be unsuccessful due to the undulating and steep dip of the UG2 reef in the area. A new mining method as conventionally used at Impala Platinum's operations is accordingly being employed.

The financial and operating assumptions on which the previous estimates were based have deviated materially to the extent that an impairment charge of R1.0 billion is necessary. Exchange rate appreciation coupled with changes in dollar metal prices and higher capital requirements contributed to the impairment charge.

An impairment charge of R1.0 billion is included in profit for the year (R850 million net of taxation).

## Ambatovy

The company has undertaken to contribute up to \$60 million towards the Ambatovy feasibility study on the 60,000 tonne nickel and 5,600 tonne cobalt per annum project in Madagascar and Springs, South Africa. Implats and Dynatec Corporation of Canada each hold a 37.5% stake and Sumitomo Corporation of Japan a 25% stake in the project. Completion of the feasibility study is expected by February 2006.

## 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 101 to 171.

### Accounting policies

During the year the accounting policies were amended to incorporate IFRS2 which recognises share options granted and dispenses the cost thereof through the income statement. Refer to note 1.2 in the financial statements for further details on changes to accounting policies.

## Dividends

An interim dividend (No 74) of 500 cents per share was declared on 17 February 2005, and a final dividend (No 75) of 1,800 cents per share was declared on 26 August 2005, payable on 26 September 2005, giving a total of 2,300 cents per share (2004: 2,100 cents per share). These dividends amounted to R1,535 million for the year (2004:R1,395 million).

## Capital expenditure

Capital expenditure for the year amounted to R1,992 million (2004: R1,822 million).

The estimated R2,637 million capital expenditure by Implats envisaged for FY2006 will be funded from internal resources and, if appropriate, borrowings.

## Post-balance sheet events

No 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 is given in Note 6 and regarding subsidiaries in Annexure A, both to the financial statements.

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## 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

The Board comprises seven independent directors, one non-executive director and four executive directors.

During the year, the following directors resigned or retired from the Board:

Directors	Date of retirement/resignation
RSN Dabengwa	1 November 2004
PG Joubert	29 October 2004
MF Fleming	31 December 2004
DM O'Connor	18 February 2005

No new appointments were made during the year.

The directors retiring at the next general meeting are Ms MV Mennell, and Messrs DH Brown, TV Mokgatla and IJ Paton, who being eligible 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 1% of the issued share capital or voting control of the company.

As at 30 June	Direct		Indirect	
	2005	2004	2005	2004
<b>Beneficial</b>	65,365	62,745	500	240
<b>Directors</b>				
DH Brown	10,000	10,000		
CE Markus	18,011	18,011		
MV Mennell	7,726	7,726		
IJ Paton	9,000	9,000	100	100
LC van Vught			400	140
<b>Senior management</b>	20,628	18,008		
<b>Non-beneficial</b>	–	–	–	–

The remuneration of the directors, secretary and senior management for the year under review was as follows:

## Fixed remuneration

30 June 2005 (R000s)	Fees	Package	Retirement Funds	Other Benefits	Total
<b>Executive directors</b>					
KC Rumble	–	3,576	375	228	4,179
DH Brown	–	2,064	217	53	2,334
CE Markus	–	1,688	338	17	2,043
IJ Paton	–	1,597	254	26	1,877
<b>Secretary</b>					
R Mahadevey	–	1,009	106	46	1,161
<b>Senior management</b>	–	8,340	1,203	346	9,889

30 June 2005 (R000s)	Directors' fees	Audit Committee	Remuneration Committee	HSE Committee	Nomination Committee	Total
<b>Non-executive directors</b>						
FJP Roux *	519					519
PG Joubert* †	230					230
RS Dabengwa†	50			13		63
JM McMahon	150		60	98		308
MV Mennell	150	75			135	360
TV Mokgatla	150	60				210
K Mokhele	150				53	203
DM O'Connor†	95			31		126
NDB Orleyn	150		53			203
MF Fleming†	75			68	30	173
JV Roberts	150	75	135			360
LC van Vught	150	180				330
	2,019	390	248	210	218	3,085

\* includes attendance at all Board Committee meetings.

† pro-rated as not on the Board for the full year.



Name	Balance at 1 July 2004	Allocated during the year	Date of allocation	Number of shares sold	Date sold	Balance at 30 June 2005	Number of shares	Allocation price	First release date
<b>CE Markus</b>	Share options								
	24,957			1,375	11 Nov 04		1,021	344.00	11 Jan 03
				1,800	11 Nov 04		694	507.00	18 Feb 02
				1,017	11 Nov 04		8,227	507.00	18 Feb 04
				1,800	27 May 05		1,477	556.00	6 Jun 04
				1,018	27 May 05		2,735	484.10	16 Aug 04
				466	27 May 05		41	589.99	25 Nov 04
							1,498	594.25	21 Jan 05
							1,399	381.00	5 May 05
							389	515.82	27 Aug 05
						17,481			
	Share appreciation scheme								
		5,922	15 Sep 04				5,922	507.12	15 Sep 06
		5,225	13 May 05				5,225	509.97	13 May 07
						11,147			
						28,628			
<b>IJ Paton</b>	Share options								
	20,246			500	5 Nov 04		825	344.00	11 Jan 03
				1,750	5 Nov 04		642	507.00	18 Feb 02
				825	5 Nov 04		5,137	507.00	18 Feb 04
				875	18 May 05		959	556.00	6 Jun 04
				825	18 May 05		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
							3,840	539.40	18 Sep 05
						15,471			
	Share appreciation scheme								
		6,592	15 Sep 04				6,592	461.68	15 Sep 06
		2,982	13 May 05				2,982	509.97	13 May 07
						9,574			
						25,045			
<b>Secretary</b>									
<b>R Mahadevey</b>	Share options								
	8,978			2,244	18 May 05	6,734	6,734	401.00	2 May 05
	Share appreciation scheme								
		619	15 Sep 04				619	507.12	15 Sep 06
		2,236	13 May 05				2,236	509.97	13 May 07
						2,855			
						9,589			

Name	Balance at 1 July 2004	Allocated during the year	Date of allocation	Number of shares sold	Date sold	Balance at 30 June 2005	Number of shares	Allocation price	First release date
<b>Senior management</b>	Share options								
	130,426	1,442	22 Sep 04	35 127	Various		1,100	52.50	28 July 99
							2,500	57.50	05 Jan 00
							9,000	146.00	30 Jun 01
							3,000	200.00	14 Mar 02
							8,978	344.00	11 Jan 03
							5,279	507.00	18 Feb 02
							13,734	507.00	18 Feb 04
							2,743	556.00	06 June 04
							8,678	484.10	16 Aug 04
							5,941	579.00	25 Nov 04
							760	589.99	25 Nov 04
							4,812	594.25	21 Jan 05
							6,734	401.00	02 April 05
							7,138	381.00	05 May 05
							2,807	515.82	27 Aug 05
							3,664	587.00	16 Feb 06
							4,993	507.12	22 April 06
							1,442	536.37	22 Sept 06
							3,438	539.40	18 Sept 05
							96,741		
	Share appreciation scheme								
		39,242	13 May 05			39,242		509.97	13 May 07
						135,983			

The gains on share options exercised are as follows:

Name	Number of shares			Allocation price (R)	Market price at time of sale (R)	Gain on share options (R000s)
	Purchased	Sold	Total			
<b>Executive directors</b>						
KC Rumble		11,000	11,000	281.00	507.17	2,488
		11,000	11,000	281.00	577.41	3,261
DH Brown		1,550	1,550	146.00	512.26	568
		1,175	1,175	200.00	512.26	367
		1,175	1,175	200.00	542.15	402
		2,262	2,262	344.00	542.15	448
CE Markus		1,375	1,375	146.00	532.76	532
		1,800	1,800	200.00	532.76	599
		1,017	1,017	344.00	532.76	192
		1,800	1,800	200.00	577.07	679
		1,018	1,018	344.00	577.07	237
		466	466	381.00	577.07	91
LJ Paton		500	500	146.00	510.00	182
		1,750	1,750	200.00	510.00	543
		825	825	344.00	510.00	137
		875	875	200.00	543.55	301
		825	825	344.00	543.55	165
<b>Secretary</b>						
R Mahadevey		2,244	2,244	401.00	543.11	319
<b>Senior management</b>						
	370	2,505	2,875	146.00	566.94	1,054
	480	4,320	4,800	200.00	554.50	1,531
	1,220	3,985	5,205	344.00	563.99	877
		2,244	2,244	401.00	597.49	441
	350	2,119	2,469	484.10	577.21	197
	200	11,908	12,108	507.00	580.37	874
		4,027	4,027	507.12	575.43	275
		460	460	515.82	575.43	27
		939	939	556.00	575.43	18

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No share options were granted to 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 2005 and the date of this report.

## Directors' fees

In terms of the Articles of Association, the fees for services of directors are determined by the company in a general meeting. Fees for the services of a director are currently R150,000 per annum per director, and R700,000 for the Chairman, which includes attendance at all Board committee meetings. Directors' fees for serving on Board committees are set out below.

In order to ensure that directors' fees keep pace with inflation and in line with increases granted elsewhere in the organisation, it is proposed that directors' fees are increased by 5% in each instance:

	1 July 2004		1 July 2005	
	Member	Chairman	Member	Chairman
Board member	150,000	700,000*	157 500	735 000*
Audit Committee	75,000	180,000	78 750	189 000
SHE Committee	60,000	135,000	63 000	141 750
Nomination Committee	60,000	135,000	63 000	141 750
Remuneration Committee	60,000	135,000	63 000	141 750

\* includes attendance at all committee meetings.

These fees have been waived by the executive directors.

## Executive directors' benefits

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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 proposed

The following special resolution will be proposed to the Implats annual general meeting on 19 October 2005:

#### ACQUISITION OF COMPANY'S SHARES

A renewal of the authority to acquire up to 10% of the company's shares subject to JSE rules and the Companies Act.

#### AMENDMENTS TO THE ARTICLES OF ASSOCIATION

An amendment to the company's Article of Association regulating the appointment of an independent non-executive Chairman.

### Special resolutions passed

During the year the following special resolutions were passed by Implats and its subsidiaries:

#### IMPLATS

Allowing the company and its subsidiaries to acquire shares in the company, subject to the Companies Act 1973 and the listing requirements of the JSE, provided that the authority does not extend beyond 15 months from the date of granting of the authority.

#### ZIMPLATS

Changing the name of Zimbabwe Platinum Mines Limited to Zimplats Holdings Limited.

#### MAKWIRO

Changing the name of Makwiro Platinum Mines (Pvt) Limited to Zimbabwe Platinum Mines (Pvt) Limited.

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### Financial, administrative and technical advisers

In terms of service agreement, Impala Platinum Limited acts as financial, administrative and technical advisors to the Implats group during the year on a fee basis. Messrs D H Brown, L J Paton, K C Rumble and Ms C E 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

Mr R Mahadevey 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 176.

### London Secretaries

The business and postal addresses of the London Secretaries are set out on page 176.

### Public Officer

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