

impala refining services

key features for the year

- Refined platinum production of 733,000 ounces
- Refined PGM production of 1.49 million ounces
- Net profit was R538 million, including foreign exchange transaction gains and a once-off payment (equivalent to R72 million after tax) from Lonmin
- Contribution to group profits of 10%
- Gross margins of 15%

Impala Refining Services (IRS), which is engaged in the processing of third party material from toll-refining activities, as well as the purchase of concentrates from independent, non-controlled subsidiaries or controlled companies, continued to make a significant contribution to the group, especially in the second half of the year. IRS uses existing infrastructure and capacity within the group thus improving the unit costs of the mine-to-market operations.

OPERATING PERFORMANCE

Excluding the once-off processing of 232,000 ounces of platinum from Lonplats in the previous year, platinum production by IRS rose by 10%. Total platinum production for FY2005 was 733,000 ounces. Increasing contributions were realised from the Aquarius Platinum

operations, Marula Platinum and from IRS's long-standing relationship with A-1 Specialized Services and Supplies Inc.

FINANCIAL PERFORMANCE

Year-on-year financial comparisons were influenced by a number of factors most notably:

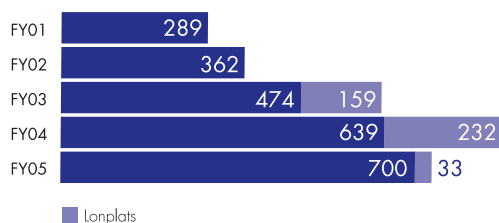
- the refining of 232,000 platinum ounces and associated PGMs by IRS during the refurbishment of the Lonplats' smelter in FY2004 which significantly contributed to the year-on-year reduction in FY2005 toll income.
- the strengthening of the local currency against the dollar
- higher sales volumes, in line with Implats' stated goal of increasing its saleable metal profile.
- the improvement in dollar metal prices

Gross margins although healthy were lower than in FY2004 due to reduced tolling volumes. The softening of the local currency in May/June 2005 meant that translation gains were realised against advance provisions to IRS's customers.

Net profit from operations increased to R538 million compared to R394 million the previous year. This includes a once-off payment from Lonmin on the purchase of Messina to buy-out the refinery contract with IRS. (The settlement requires that Lonmin will continue to deliver Messina concentrate for a further 12 months.) Sales and cost of sales rose by 6% and 10% respectively owing to reduced tolling volumes.



IRS – platinum production (000 oz)



IRS key statistics

		FY2005	FY2004	% change
Sales	(Rm)	4,072.3	3,851.5	5.7
Platinum		2,285.5	2,099.4	8.9
Palladium		426.0	409.7	4.0
Rhodium		468.1	189.6	146.9
Nickel		536.5	638.6	(16.0)
Other		356.2	514.2	(30.7)
Cost of sales		(3,460.5)	(3,135.5)	(10.4)
Metals purchased		(3,635.6)	(3,122.4)	(16.4)
Smelting and refining costs		(188.8)	(201.7)	6.4
Increase in metal inventories		363.9	188.6	92.9
Gross profit		611.8	716.0	(14.6)
Gross margin	(%)	15.0	18.6	(19.4)
Other operating costs	(Rm)	(29.2)	(1.8)	(1,522.2)
Sales		4,072.3	3,851.5	5.7
Direct sales to customers		261.5	303.2	(13.8)
Sales to Impala		3,630.7	3,176.8	14.3
Toll income		180.1	371.5	(51.5)
Total sales volume				
Platinum	(000 oz)	445.2	398.8	11.6
Palladium	(000 oz)	313.3	260.9	20.1
Rhodium	(000 oz)	61.0	52.0	17.3
Nickel	(000 t)	5.9	7.7	(23.4)
Prices achieved				
Platinum	(\$/oz)	828	772	7.3
Palladium	(\$/oz)	219	230	(4.8)
Rhodium	(\$/oz)	1,240	535	131.8
Nickel	(\$/t)	14,540	12,089	20.3
Exchange rate achieved	(R/\$)	6.20	6.82	(9.1)
Refined production				
Platinum	(000 oz)	733.3	871.1	(15.8)
Palladium	(000 oz)	513.9	544.6	(5.6)
Rhodium	(000 oz)	103.8	135.4	(23.3)
Nickel	(000 t)	8.1	9.5	(14.7)
Total PGM	(000 oz)	1,486.8	1,749.3	(15.0)
Metal returned				
Platinum	(000 oz)	246.2	501.1	(50.9)
Palladium	(000 oz)	159.5	314.0	(49.2)
Rhodium	(000 oz)	53.8	96.7	(44.4)
Nickel	(000 t)	1.9	1.5	26.7





The contribution by IRS to the group continued to escalate as follows:

IRS – profit and contribution to group		
	Profit (Rm)	% contribution to group
2001	300	6.5
2002	416	9.0
2003	151	4.4
2004	394	13.4
2005	538	10.3

Refined platinum production (000 oz)			
	FY2005	FY2004	% change
Marula	30.9	5.4	472.2
Zimplats	82.4	84.3	(2.3)
Mimosa	60.8	52.8	15.2
Aquarius Platinum SA	215.5	187.7	14.8
Lonplats	32.5	232.2	(86.0)
Barplats	1.1	21.6	(94.9)
Other	310.1	287.1	8.0
Total	733.3	871.1	(15.8)

OUTLOOK

Increased metal receipts are likely from the recycling of autocatalysts and from increased production at Marula as well as from the Aquarius Platinum operations, Kroondal and Marikana. The Barplats' operation, Crocodile River mine, recently resumed production and deliveries should flow through from FY2006. In all, both platinum and PGM production through IRS are expected to continue to rise in the year ahead.