

marula platinum

key features for the year

- 29,800 ounces of platinum in concentrate produced
- Cost per platinum ounce of R9,829 increased by 38%
- New mining plan developed and being implemented
- Mining method adapted to suit geological conditions
- Capital expenditure of R118 million
- Impairment of R850 million

Platinum. The original plan to mine the UG2 Reef using the mechanised bord-and-pillar mining method failed to achieve the anticipated result. This was largely due to the reef dipping more steeply and undulating more than expected in the shallow areas, which hampered mechanised mining efficiencies and aggravated the extent of waste dilution.

As mentioned, another major change implemented from January 2005 was the switch from contractor mining to owner mining. All stoping, on-reef sinking and off-reef development are now being undertaken by Marula employees. The recruitment, training and re-classification of competent employees affected production as expected.

The change to owner mining, together with the change in the mining plan, mining method and labour recruitment, had a significant effect on production with just 766,000 tonnes being milled and 29,800 ounces of platinum in concentrate produced. Although significantly up on the 13,300 ounces recorded in FY2004, this was below budget. Production of 61,900 ounces is planned for FY2006.

As part of the transition to conventional mining, winches and in-stope roof bolting are currently being installed and drill jigs are being used. A key aspect of the revised mining plan is the mining height of 1.2 metres, which will reduce dilution and improve the run-of-mine grade.

SAFETY

LTIFR and FIFR of 3.44 and 0.49 respectively were recorded for FY2005. While this was an improvement of 11% in the LTIFR on the previous financial year, the FIFR deteriorated. There were unfortunately two fatalities at Marula Platinum during the year. At the beginning of January 2005, the mining contract was terminated and Marula changed to owner mining. Newly recruited labour received extensive training to ensure the continuity of operations in line with group principles on safety.

MINING

A new hybrid mining method, incorporating both conventional stoping techniques and mechanised strike development and aimed at overcoming the shortcomings of the original mining plan, has been developed and is being implemented at Marula



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Marula Platinum key statistics

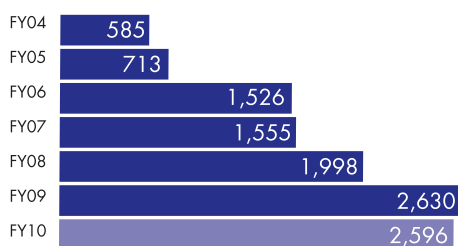
		FY2005	FY2004
Sales	(Rm)	237.0	94.4
Platinum		140.6	59.7
Palladium		31.6	16.6
Rhodium		54.9	13.4
Nickel		5.1	2.5
Other		4.8	2.2
Cost of sales		(360.4)	(111.3)
Mining operations		(214.4)	(66.4)
Concentrating operations		(78.5)	(28.3)
Treatment charges		(1.2)	-
Amortisation of mining assets		(66.3)	(16.6)
Gross profit		(123.4)	(16.9)
Gross margin	%	(52.1)	(17.9)
Sales volumes in concentrate			
Platinum	(000 oz)	29.8	13.3
Palladium	(000 oz)	29.6	13.2
Rhodium	(000 oz)	6.1	2.7
Nickel	(t)	77.4	37.7
Prices achieved in concentrate			
Platinum	(\$/oz)	750	687
Palladium	(\$/oz)	170	192
Rhodium	(\$/oz)	1,427	753
Nickel	(\$/t)	10,439	10,282
Exchange rate achieved	(R/\$)	6.20	6.54
Production			
Tonnes milled ex-mine	(000 t)	766	574
Platinum in concentrate	(000 oz)	29.8	13.3
Palladium in concentrate	(000 oz)	29.6	13.2
Rhodium in concentrate	(000 oz)	6.1	2.7
Nickel in concentrate	(t)	77.4	37.7
PGM in concentrate	(000 oz)	77.0	36.6
Total cost		292.9	94.7
per tonne milled*	(R/t)	382	165
	(\$/t)	62	24
per PGM ounce in concentrate*	(R/oz)	3,804	2,587
	(\$/oz)	615	377
per platinum ounce in concentrate*	(R/oz)	9,829	7,120
	(\$/oz)	1,588	1,037
Capital expenditure	(Rm)	118	505
	(\$m)	19	74

* FY2004 unit costs reflect only stopping operations as development expenditure for the year was capitalised.

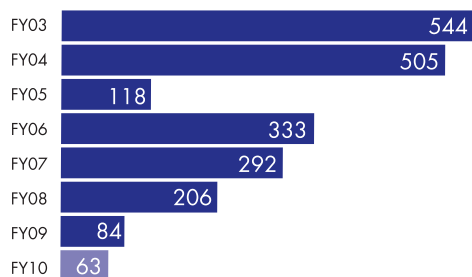
Marula Platinum – planned production of platinum in concentrate (000 oz)



Marula Platinum – planned ramp-up in tonnes mined (000 t)



Marula Platinum – planned capital expenditure (Rm)





The off-reef capital project has been successfully staffed using available resources and is progressing as scheduled. Preliminary work on the development of the footwall infrastructure has begun. The main declines will be developed in the footwall, and therefore will be at a constant dip. This is better suited to the geological conditions in the area and will overcome the problem of steeper dipping and undulating reef horizons.

The training of employees, 70% of whom are based within a radius of 50 kilometres of the operation, is continuing and the quality of training has been improved. A recognition and access agreement was concluded with the National Union of Mineworkers (NUM).

Marula Platinum has submitted its applications for the conversion of its mining rights from old order to new order mining rights. Ongoing discussions are taking place with the relevant authorities regarding these.

As there was a significant change in the financial and operating assumptions on which the previous estimates of projected revenue were based, an impairment charge of R1.0 billion before tax was declared in June 2005. The appreciation in the value of the rand combined with changes in dollar metal prices, resulted in a loss in projected income. Higher capital requirements to support a viable mining method as well as a slower build-up in production account for the balance of this impairment charge.

Measures to reduce direct cash operating costs have been implemented and substantial savings have been achieved. These measures offset the lower-than-expected production volumes in terms of unit costs. The main area of focus remains to improve productivity levels, to increase the volumes mined and thus to be profitable.

Key statistics

Mineral reserves	UG2	41.9 million tonnes
Mineral resources*	Merensky and UG2	104.6 million tonnes
Life-of-mine	Phase 1	17 years
Current production	Platinum in concentrate	29,800 ounces
Planned production (by 2009)	Platinum in concentrate	144,000 ounces
Capital expenditure	FY2005	R118 million
	FY2006	R333 million
Number of employees	At full production	2,750

* Inclusive of Mineral Reserves.

PROCESSING

The metallurgical plant was commissioned in February 2004 and is currently performing well with PGM recoveries of more than 87%, exceeding expectations and outperforming most UG2 plants. On average, the plant operated at 40% of capacity for the year, and this is expected to increase to 79% for FY2006. The dense media separation plant was decommissioned given the low volumes. Overall metallurgical PGM recovery rates are also expected to be in the region of 88% at full production.

CAPITAL EXPENDITURE

Capital expenditure during FY2005 totalled R118 million. In February 2005, the Implats' Board approved additional development expenditure of R830 million, of which R66 million was spent in FY2005.

BEE STAKE

Ownership of 20% of Marula Platinum has been set aside for a stake by BEE entities. The Marula Community Trust which has a stake of 5% has been established and received a R1 million donation from the Impala Community Development Trust. The remaining stake is to be held by Mmakau Mining, a black-owned mining company, (10%) and local HDSA business interests (5%). Mmakau Mining's stake will be finalised by December 2005 and that of the HDSA business interests during the course of FY2006.

OUTLOOK

The revised mine plan is based on a Probable Mineral Reserve of 17 years, to a depth of 770 metres below surface. Mining of the deeper extensions of the orebody still needs to be considered. In terms of the revised mining plan, long-term targets are still in place and Marula is scheduled to achieve production of around 75,200 ounces of platinum by FY2007, 102,600 ounces by FY2008 and full production of 144,200 ounces in FY2009.

The feasibility study on the Merensky Reef, which is likely to include trial mining, has been postponed to FY2007.

