

mimosa

key features for the year

- Ore milled up by 7% to 1.4 million tonnes
- Platinum-in-concentrate production increased by 9% to 66,700 ounces
- Total costs rise by 42%
- Cost per platinum ounce of R5,472 up by 30%
- Margins of 30%
- Capital expenditure of R88 million

SAFETY

The safety performance at Mimosa was distinguished by the achievement of more than 1 million fatality free shifts during FY2005. There was also a sharp decline in the lost-time injury frequency rate (LTIFR) to 1.40 from 2.61 in FY2004, an improvement of 46%

This improvement was the result of the commitment of both management and employees to the total elimination of injuries in the workplace. Mimosa has a policy of zero tolerance to sub-standard working conditions and unsafe actions. Every injury is thoroughly investigated to establish the cause and to set in place steps to prevent the recurrence of such an incident.

MINING

Mimosa continued to deliver an outstanding performance in FY2005, exceeding all its targets. Platinum production in concentrate rose substantially to 66,700 platinum ounces for the year. This was almost 9% up on the previous 12 months. The total quantity of PGMs produced was up by 9%. Tonnes milled increased by 7% to 1.4 million tonnes.

Total costs climbed by 42% to R365 million. The cost per platinum ounce was R5,472, 30% higher than in FY2004. The rise in costs was largely due to the pegged exchange rate, despite the devaluation by 45% of the local dollar against the US dollar at the end of May, and an environment of hyperinflation, particularly in relation to the rates of inflation in South Africa and the USA. The increase in the dollar price of oil is having an adverse effect on diesel costs.

The receipt of a consignment of new underground load-haul dump (LHD) equipment contributed to a marked improvement in underground mining efficiencies, as did the improvement in underground infrastructure, and this consequently led to a substantial improvement in mining output in the latter part of the year. The introduction of drill rigs in certain production sections has also led to improved efficiencies.

Despite the difficult operating conditions being experienced, including cost pressures and excessive levels of inflation, Mimosa retains its status as an exceptionally low-cost PGM producer.

The joint owners of Mimosa, Implats and Aquarius Platinum, have approved a minor expansion to 80,000 ounces of platinum. However, this expansion is subject to the approval and sourcing of external funding as well as approval of project status. An application for project status will be submitted to the government and the Reserve Bank of Zimbabwe. Project status confers attractive duty exemptions on capital goods.



Mimosa continues to deliver an outstanding performance

Mimosa – platinum production (000 oz)

Fiscal Year	Production (000 oz)
FY03	36.0
FY04	61.4
FY05	66.7

Mimosa – cost (R/platinum ounce)

Fiscal Year	Cost (R/platinum ounce)
FY03	4,672
FY04	4,199
FY05	5,472

Mimosa – capital expenditure (R million)

Fiscal Year	Capital Expenditure (R million)
FY03	174
FY04	81
FY05	88

Mimosa key statistics

		FY2005	FY2004	% change
Sales	(Rm)	609.8	555.4	9.8
Platinum		315.9	311.9	1.3
Palladium		56.0	61.0	(8.2)
Rhodium		33.6	15.8	112.7
Nickel		149.1	125.6	18.7
Other		55.2	41.1	34.3
Cost of sales		(427.4)	(302.5)	(41.3)
Mining operations		(277.9)	(208.5)	(33.3)
Concentrating operations		(67.2)	(41.5)	(61.9)
Treatment charges		(60.0)	(62.1)	3.4
Amortisation		(32.8)	(25.2)	(30.2)
Increase/(decrease) in inventories		10.5	34.8	(69.8)
Gross profit		182.4	252.9	(27.9)
Intercompany adjustment*		0.2	17.0	(98.2)
Gross profit in Implats group (50%)		90.9	143.5	(36.7)
* The adjustment relates to sales from Mimosa to the Implats group which at year-end were still in the pipeline.				
Gross margin	(%)	29.9	51.3	(41.7)
Other operating costs	(Rm)	(19.9)	(7.8)	155.1
Export incentive		78.9	32.7	141.3
Sales volumes in concentrate				
Platinum	(000 oz)	61.9	60.8	1.8
Palladium	(000 oz)	45.2	44.3	2.0
Rhodium	(000 oz)	5.0	5.0	0.0
Nickel	(t)	1,806	1,781	1.4
Prices achieved in concentrate				
Platinum	(\$/oz)	825	743	11.0
Palladium	(\$/oz)	200	199	0.5
Rhodium	(\$/oz)	1,095	455	140.7
Nickel	(\$/t)	13,343	10,219	30.6
Exchange rate achieved	(R/\$)	6.19	6.90	(10.3)
Production				
Tonnes milled ex-mine	(000 t)	1,424	1,334	6.7
Platinum in concentrate	(000 oz)	66.7	61.4	8.6
Palladium in concentrate	(000 oz)	49.3	44.7	10.3
Rhodium in concentrate	(000 oz)	5.2	5.0	4.0
Nickel in concentrate	(t)	1,808	1,708	5.9
PGM in concentrate	(000 oz)	137.8	126.1	9.3
Total cost		365.0	257.8	(41.6)
per tonne milled	(R/t)	256	193	(32.6)
	(\$/t)	41	28	(46.4)
per PGM ounce	(R/oz)	2,649	2,044	(29.6)
in concentrate	(\$/oz)	428	296	(44.6)
per platinum ounce	(R/oz)	5,472	4,199	(30.3)
in concentrate	(\$/oz)	884	609	(45.2)
Capital expenditure	(Rm)	88	81	8.6
	(\$m)	14	13.5	3.7

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Key statistics

Ore Reserves		32.3 million tonnes
Mineral Resources*		126.1 million tonnes
Current production – platinum-in-concentrate		66,700 ounces
Life-of-mine (Phase 1)		20 years
Capital expenditure	FY2005	R88 million
	FY2006	R134 million
Number of employees		1,620 including contractor employees

* Inclusive of Ore Reserves.



The export incentive received from the Reserve Bank of Zimbabwe was 141% up on the year at R79 million. (This incentive was recently withdrawn). Another positive factor was the announcement in the first half of the financial year of a decline in the tax rate to 15%, backdated to January 2004.

Also a feature of the year was the absence of any serious industrial relations incidents, despite the current challenging industrial relations climate in the country.

PROCESSING

During the year, steady progress was made on the plant optimisation programme. Problems with the crushing circuit were resolved and throughput is running at levels sufficient to enable steady state operation of flotation circuits. Recovery rates of base metals exceeded expectation. Overall, concentrator PGM recoveries were maintained at 77.1% for the year. The higher levels of production were as a result of the greater volumes being put through the concentrator. An added benefit of the increased run-of-mine volumes was a consistent supply of feed to the plant. The plant feed grade decrease by 1% to 3.69g/t (3PGE+Au).

Mimosa has a life-of-mine concentrate offtake agreement with IRS and in terms of this concentrate is transported from Mimosa to Impala Platinum's Mineral Processes.

INDIGENISATION

Implats remains committed to facilitating the acquisition of a stake by indigenous Zimbabweans in Mimosa. Both Implats and Aquarius Platinum, the joint venture partners in Mimosa, are willing to participate in discussions. Resolution is required on the percentage of the stake required by government. Discussions with the prospective consortium are at an advanced stage and are expected to be finalised by the end of the year.

OUTLOOK

In the longer term, growth will be planned incrementally. In the shorter term, the expansion of production to 80,000 ounces of platinum will proceed subject to debt financing. Planned capital expenditure of R154 million in the coming financial year will cover modifications to the concentrator to increase capacity by 25% by June 2006. Indications remain that current production at Mimosa could, given the right circumstances, double in three years.