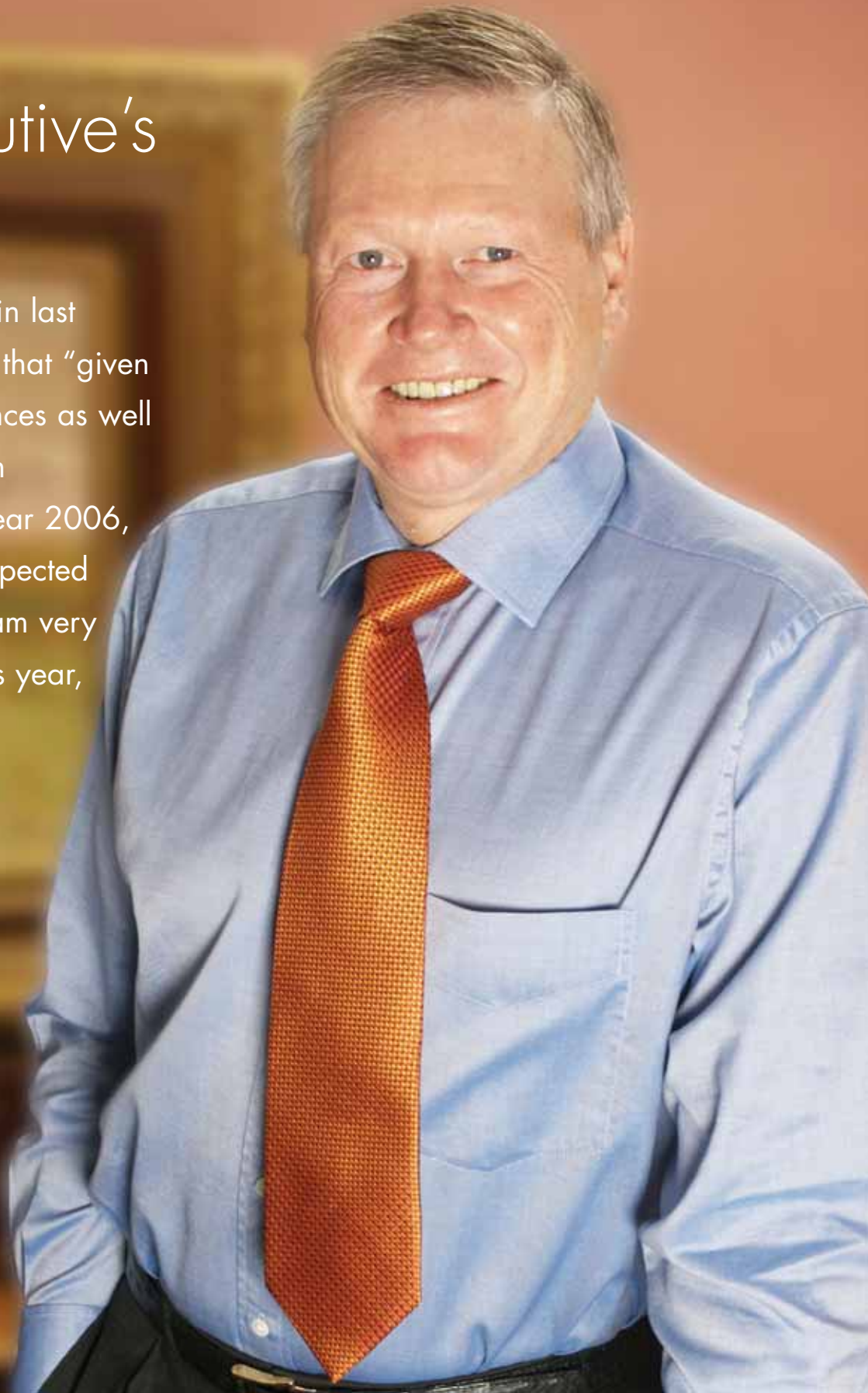


Chief executive's review

At the end of my review in last year's report, I indicated that "given current market circumstances as well as a marginal increase in production in financial year 2006, headline earnings are expected to increase modestly". I am very pleased to report that this year, Implats has once again exceeded the projections made.



Implats – Lost-time injury frequency rate (LTIFR)

(per million man hours)

FY02	7.90
FY03	5.65
FY04	4.80
FY05	3.57
FY06	3.41

Implats – Fatal injury frequency rate (FIFR)

(per million man hours)

FY02	0.134
FY03	0.139
FY04	0.104
FY05	0.069
FY06	0.063

Performance

During my five-year tenure at Implats, safety has been very high on my agenda and it is with regret that I report that during the past financial year, seven people died during the course of work at Impala Platinum's mining operations. That both the group lost-time injury frequency rate (LTIFR) at 3.41 per million manhours and the fatal injury frequency rate (FIFR) at 0.063 per million manhours are at all time lows indicates that progress has been and continues to be made.

Over the past five years, both the LTIFR and FIFR have improved by approximately 60%. In the past financial year, LTIFR improved at all Implats' operations with the exception of Zimplats, which nevertheless is still the best performer in the group regarding safety.

Of the seven fatalities that occurred at Impala Platinum, three were caused by falls of ground. Behaviour-based safety initiatives and a continued focus on reducing injuries caused by falls of ground, through an improved understanding of rock engineering and support systems, remain the cornerstone of safety initiatives. This is now more important than ever, particularly at Impala where mining operations are becoming deeper. I am confident that the plateau that we have reached in terms of constant improvements will be breached and that our renewed efforts will continue to drive us towards our long-term goal of zero injuries.

The strength of the market for PGMs continued unabated, particularly for platinum and rhodium. The price of platinum reached an all-time high of \$1,335 per ounce in May 2006, while rhodium exceeded \$6,000 per ounce, also in May 2006. Dollar revenues per platinum ounce sold rose by 35%, while rand revenues were 38% higher owing to the depreciation of the rand. Further details on this can be found in our review of the market on page 32.

Key operating and financial performance indicators pertaining to the business for the period under review are:

- ▶ Gross platinum production was virtually unchanged at 1.846 million ounces, with 1.125 million ounces (61%) coming from the Impala lease area.
- ▶ Sales revenue reached a record R17.5 billion (\$2.7 billion), up by 40% on the previous financial year as a result of strong metal prices.
- ▶ The average rand:dollar exchange rate was R6.37/\$ for the year, with the closing rand:dollar exchange rate at R7.16/\$.
- ▶ Cost of sales rose by 22% owing to higher costs of metals purchased.
- ▶ Group unit cost per platinum ounce refined was up by 8.7% (excluding share based payments IFRS2), in part as a result of a 6.5% wage and benefits increase granted at Impala Platinum during the period. Unit costs were further aggravated by the lower grade mined.



Gross platinum production

(000 oz)

Fiscal Year	Gross platinum production (000 oz)
FY02	1,387
FY03	1,673
FY04	1,961
FY05	1,848
FY06	1,846

Revenue per platinum ounce sold

(R/oz Pt)

Fiscal Year	Revenue per platinum ounce sold (R/oz Pt)
FY02	9,489
FY03	8,471
FY04	7,678
FY05	7,930
FY06	10,963

Revenue per platinum ounce sold

(\$/oz Pt)

Fiscal Year	Revenue per platinum ounce sold (\$/oz Pt)
FY02	934
FY03	935
FY04	1,116
FY05	1,279
FY06	1,721

- ▶ Profit decreased year-on-year by 17% to R4.4 billion (\$693 million) due to the impact of the once-off profit from the Lonplats sale in the previous year.
- ▶ Headline earnings per share rose by 39% to 6,006 cents per share (949 US cents per share, which is an increase of 37% in dollar terms).

Delivering on our promises

The pages that follow this review provide detailed information on the company's financial and operating performance over the past year. I would like to deal with some of the highlights of the year and also those areas where we did not quite meet those objectives we had set for ourselves.

Improved margins

The group has once again been characterised by high levels of profitability with the net result that, overall, group margins rose from 34% in the 2005 financial year to 42% in the 2006 financial year with Impala achieving a margin of 53%. Margins were admittedly assisted by higher prices received but they bear testimony to the group's determination that cost controls continue to be in place irrespective of metals prices. Unit costs decreased year-on-year at Marula and Mimosa, and rose by only 3% at Zimplats. Both Mimosa and Zimplats' costs were favourably affected by the devaluation of the local Zimbabwean exchange rate.

Costs per platinum ounce by operation (R)

	FY2006	FY2005	% Change
Impala Platinum (refined)	4,745	4,251	(11.6)
Zimplats (matte)	6,458	6,249	(3.3)
Marula Platinum (concentrate)	9,443	9,829	3.9
Mimosa (concentrate)	5,133	5,472	6.2
Implats group (refined)	5,032	4,548	(10.6)

Black economic empowerment

The negotiation of our black economic empowerment (BEE) transactions during the year must rank as both significant and company-transforming corporate actions. This will enable us to exceed the five-year BEE equity ownership targets set by South African minerals legislation which requires a 26% BEE stake at an operational level by 2014. Shareholders will be aware that these targets relate to the South African operations, Impala Platinum and Marula Platinum only.

At the Impala Platinum level, the company has entered into three separate transactions to enable it to achieve BEE equity ownership of an estimated 26%. These are:

- ▶ The sale of our stake in Lonplats' Eastern and Western Platinum mines in September 2004 which led directly to the creation of Incwala Resources, a BEE-resources company.
- ▶ The transaction with Royal Bafokeng Resources (RBR), our long-term partner, was announced in December 2005. In terms of this transaction, the RBR will hold a stake of approximately 9% in Implats. A great deal of effort has gone into

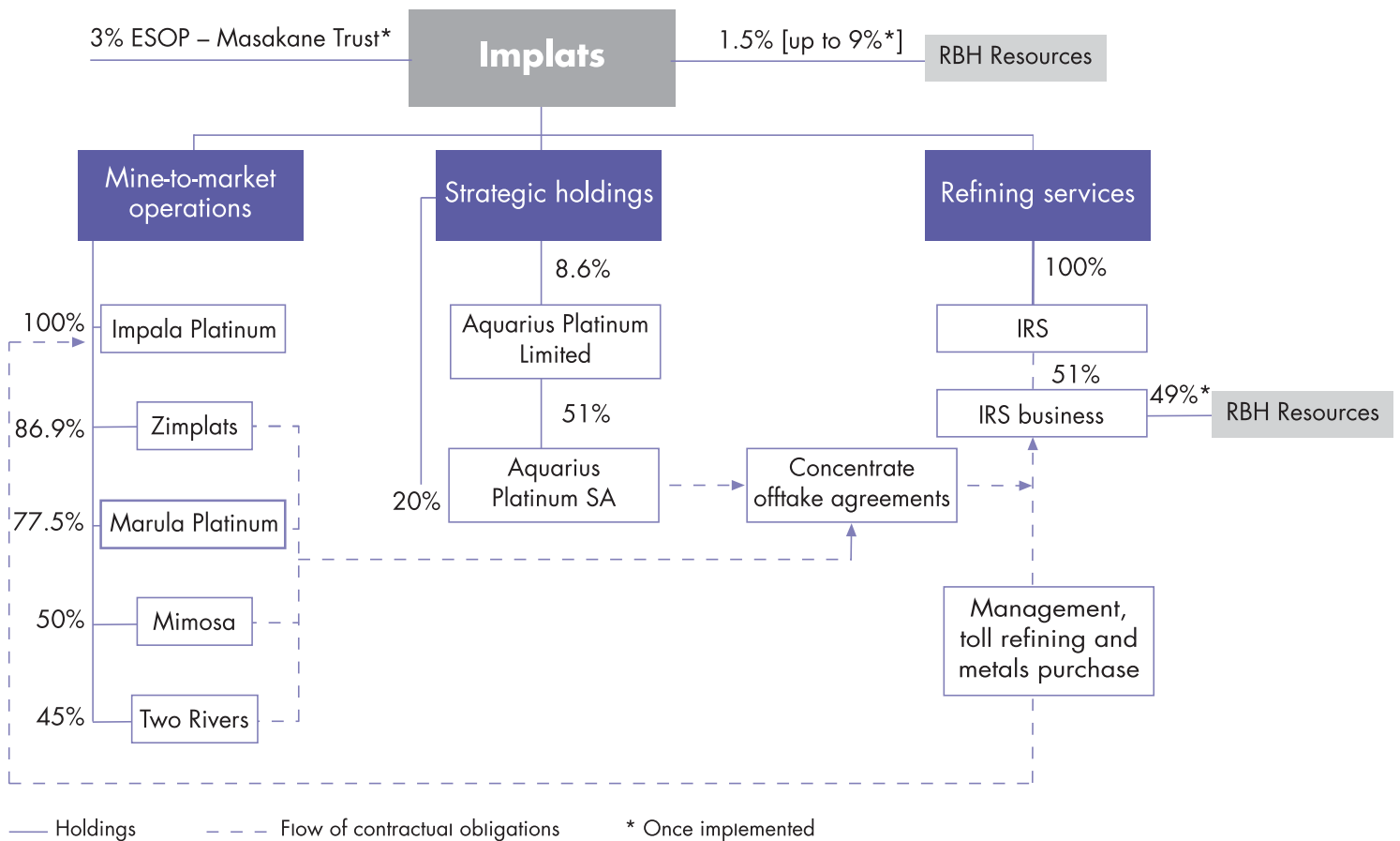
making this transaction stand out from other BEE deals, making it sustainable, providing the RBR with access to cash flows from the outset and ensuring that it is broad-based.

- ▶ The creation of an Employee Share Ownership Programme (ESOP) which ensures that approximately 28,000 lowest level employees will have a direct interest in the equity of Implats.

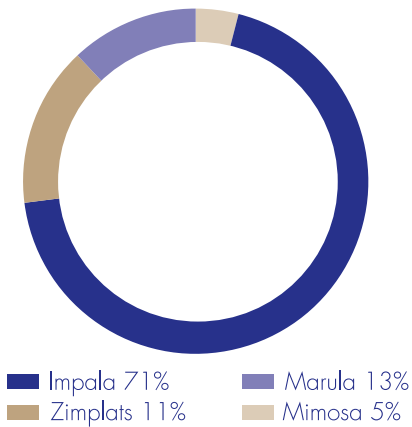
At Marula Platinum, agreements have been signed with three BEE-representative entities, namely Tubatse Platinum, the Marula Community Trust and Mmakau Mining, to acquire a combined 22.5% stake in the operation. This falls just short of the target of 26% BEE ownership by 2014. Once again, every effort has been made to ensure that this transaction is affordable, sustainable and broad-based.



Implats group structure as at 30 June 2006



Capital expenditure
by operation



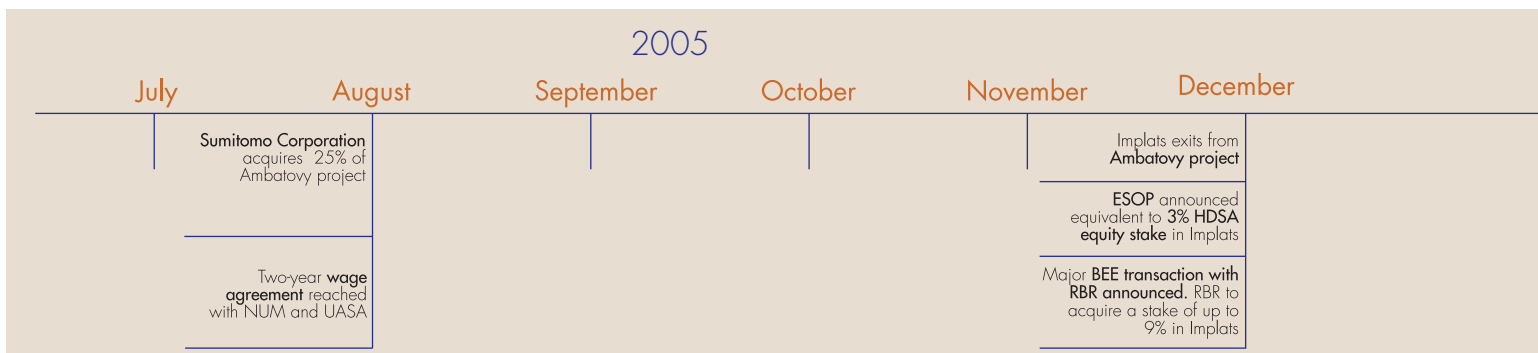
Stable performance, low-cost life extension at Impala Platinum

The Review of Operations and Investments (page 36) details the production performance of the business. While Impala Platinum reported record production – 1.125 million platinum ounces – output was around 30,000 platinum ounces less than expected owing to lower grades, slower-than-expected improvements in mining efficiencies and the loss of three shifts in the second half of the year due to union confederation Cosatu’s national stayaway. For illustrative purposes, a lost shift at Impala results in a deficit of 4,000 ounces of platinum, which is very difficult to make up when an operation is finely tuned and running at capacity.

Primary factors responsible for the performance at Impala being characterised as “below expectations” were mill grades and efficiencies. Mill grades deteriorated by 4% from the previous year, due largely to increased tonnages from mechanised mining and dilution of UG2 ore. Furthermore, the expected benefits from in-stope drill jigs have not yet fully materialised as the learning curve related to their implementation appears now to be longer than had been planned. Nonetheless, it is our view that drill jigs remain key to a quantum improvement in both the rates of face advance and safety, and their full implementation will be a priority in the coming year.

An inevitable feature of production at Impala Platinum is the deepening of its mining operations. As a consequence there will be cost implications, not least of which are the higher costs of refrigeration – the deeper a mine, the higher the virgin rock temperature – decline conveyor systems and the safety support systems required for mining at depth. The first of the fourth generation shafts, 16 shaft (currently in development) and the proposed 17 shaft, will each extend to depths of more than 1,500 metres.

Good progress is being made with the 16 and 20 shaft projects in support of Impala Platinum’s 30-year plan to produce between 1.1 and 1.2 million platinum ounces per annum. The last of the third generation shafts, 20 shaft, will reach full production of 185,000 tonnes per month in 2011 (166,000 ounces of platinum annually). At the same time, 16 shaft will produce 225,000 tonnes per month (192,000 ounces of



Refined platinum production by operation (000 oz)

	FY2006	FY2005	FY2004	FY2003	FY2002
Impala Platinum	1,125.3	1,114.6	1,090.3	1,040.1	1,025.3
Zimplats	89.0	82.4	84.3	60.0	–
Marula Platinum	37.0	30.9	5.4	–	–
Mimosa (50%)	33.2	30.4	26.4	11.8	–
Barplats*	–	–	21.6	25.4	36.3
Mine-to-market	1,284.5	1,258.3	1,228.0	1,137.3	1,061.6
Other IRS	561.8	589.6	733.3	535.9	325.7
Gross production	1,846.3	1,847.9	1,961.3	1,673.2	1,387.3

* This applied to Barplats' production when the company was a subsidiary of Implats until its sale in June 2004.

platinum annually) at full production in 2015. Implats' total capital investment in these two shafts amounts to R6.6 billion.

A feasibility study for the new 17 shaft project will begin towards the end of calendar year 2006, following the pre-feasibility study completed during this financial year. Should this development be approved by the board, the shaft will extend into the deepest portion of the orebody to 1,800 metres below surface, and as mentioned, bring with it new challenges in terms of refrigeration and rock engineering.

A feasibility study into a long-term expansion programme is currently under way at Impala Platinum's Mineral Processing and Refining operations that will ultimately increase capacity to 2.8 million ounces of platinum per annum. In March 2006, the company announced it would embark on a R150 million capital upgrade of the No 4 furnace, bringing total nameplate capacity of 2.3 million platinum ounces per annum, and allowing for both planned and unplanned furnace maintenance periods. At the same time, the company began a feasibility study to expand the other facilities at Mineral Processes to 2.8 million platinum ounces per annum at an estimated cost of R750 million.

Impala Platinum's Refineries continued to deliver an excellent performance, not only for Impala, but also for Impala Refining Services (IRS), which markets and sells the excess capacity not used by Impala. Expansion of the Precious Metals Refinery from 2.0 to 2.3 million platinum ounce nameplate capacity at a cost of R50 million is currently under way, as is a feasibility study to increase the Base Metals Refinery's capacity from 2.0 to 2.3 million ounces of platinum per annum. Conceptual studies to increase capacity at both of these refineries, initially to 2.5 million ounces of platinum and subsequently to 2.8 million ounces of platinum, have been initiated.

Labour relations and, in particular, collective bargaining in respect of wages, continues to be a challenge in South Africa. The two-year wage settlement achieved with the National Union of Mineworkers and the United Associations of South Africa in August 2005 was typical of those achieved in our industry. It was noteworthy that no days were lost owing to specific action relating to wage negotiations (and this at a time when the South African gold mining industry experienced its first wage-related strike in close on 20 years) and that Impala reached agreement with the union on the implementation of certain technology-related initiatives. That this agreement has not yet borne fruit is cause for

2006

January

R3.6 billion extra ordinary dividend. Together with the ordinary dividend payouts of R2.2 billion in February and August, the group returned **R5.8 billion to shareholders.**

February

R150 million expansion at Mineral Processes' smelting facility

March

JV signed with Jubilee Platinum on Ambodilafa project in Madagascar

April

May

Price of platinum reaches all-time high of \$1,335 per ounce.

June

Agreements with Tubatse Platinum, Marula Community Trust and Mmakau Mining to acquire 22.5% stake in Marula

July



concern, however, this is being actively pursued with the relevant union.

Steady progress at Marula

Steady progress is being made at Marula Platinum with production of platinum-in-concentrate up by 34% on last year although this was admittedly at a slower rate than had been anticipated. The implementation of the off-reef development plan is exceeding expectations and is four months ahead of schedule. Plans remain on schedule to achieve full production by the end of the 2009 financial year.

Two Rivers

The Two Rivers Platinum mine, which came into production on schedule this year and which will reach full production in 2008, will provide significant additional growth to Implats' portfolio over the next five years. Its rapid ramp up to full production has been a credit to our partners at African Rainbow Minerals Limited (ARM), and to the combined ARM/Implats team that has been involved in the project. This mine, which will produce about 120,000 ounces of platinum per annum, over a 20-year life-of-mine, has clearly vindicated managements' decision to undertake trial mining prior to start-up so as to better understand the orebody and to determine the most appropriate mining method.

Agreements reached and expansions planned for Zimplats

Implats' conservative and consistent approach to its operations in Zimbabwe was rewarded in May 2006 when, following extensive negotiations with the government of Zimbabwe, Implats' subsidiary Zimplats was able to reach agreement with the government on the release by Zimplats of a portion of its

mining claims (some 36% of the company's resource base on the Great Dyke, equivalent to 51 million ounces of platinum) in exchange for a combination of empowerment credits and cash or a share in a joint venture. In return, the company has received security of tenure in respect of Zimplats' long-term expansion programme regarding a special mining lease regime which will allow for operations of at least 1 million ounces per annum over a 50-year life-of-mine.

The signing of these agreements led to the announcement by the Zimplats and Implats boards of the immediate approval of Phase 1 of the long-term expansion plan, and the replacement of the remaining opencast operation with underground operations. This step will require the investment of \$258 million for the simultaneous development of two new underground mines at Ngezi, the further transition of existing opencast operations to underground mines and the construction of a 1.5 million-tonne per annum concentrator at Ngezi. Platinum production is set to rise from the current level of 90,000 ounces per annum to 160,000 ounces per annum by the 2010 financial year.

In addition, the mine will create 1,200 new direct jobs, plus an estimated 3,000 contractor jobs during the three-year construction phase.

Expansion at Mimosa

On a smaller scale than many of our interests, Mimosa Platinum is nonetheless a highly profitable operation and the decision by joint venture partners Implats and Aquarius to proceed with a \$14 million expansion to increase production to 85,000 platinum ounces per annum has already been vindicated. Incremental expansion at this operation continues to be considered.



Capital expenditure by operation (R million)

	FY2007*	FY2006	FY2005	FY2004	FY2003	FY2002
Impala	2,100	1,601	1,693	1,197	1,079	1,009
Zimplats	450	253	138	76	87	–
Marula	350	291	118	505	545	172
Mimosa (50%)	35	103	43	40	25	–
Barplats	–	–	–	4	51	69
Total	2,935	2,248	1,992	1,822	1,787	1,250

* estimate

Impala Refining Services

Although production at Impala Refining Services (IRS) declined marginally, financially its performance exceeded expectations, increasing by 53% and contributing 18% to group headline profit. IRS benefited from improved deliveries from Marula Platinum, and from Barplats' Crocodile River and Aquarius Platinum's Everest mines. The weaker rand for most of the year and higher prices achieved also boosted net profit for this entity. Notable features on the IRS front include the signing of off-take agreements with Aquarius' Everest mine and the Two Rivers mine.

Transformation

A high-level committee (including several board members) has the job of ensuring that Implats is able to meet not only the objectives of South African minerals legislation, but that it also fundamentally transforms the nature of the company's human capital base to reflect the broader South African society. This Transformation Advisory Committee drives Implats' own transformation initiative, Project Phambili, which has started to deliver meaningful change at both a management and an operational level.

Strategic issues

Having been involved in the processing of nickel for the past 30 years, Implats advised the market in November 2005 that it would be withdrawing from the Ambatovy nickel project. The project initially promised to deliver favourable returns as well as leveraging competencies, expertise and infrastructure at the base metals refinery, thereby achieving significant economies of scale. Regrettably the project did not meet our hurdle rates.

Nickel remains a core competency and thus, in April 2006, we signed an option agreement with Jubilee Platinum regarding its prospective Ambodilafa project in Madagascar, which has the potential to host significant nickel-copper and platinum group elements mineralisation.

Implats' philosophy has always been to pay out to shareholders cash generated by the company in excess of its own internal needs. In line with this, and given the company's cash generative ability, the group returned to shareholders R2.2 billion in ordinary dividends and R3.6 billion in a special dividend declared in February 2006. This contributed to a total return to shareholders in the 2006 financial year



of 136%. Over the past five years, total shareholder returns have averaged 30% annually. This was in large measure possible given the average growth of 8% per annum in sales revenue.

Looking back over the past five years that I have been at Implats, it is gratifying to see how much the company has grown in that time and how its shape and structure have changed from a single asset-focussed company, to the multi-operation resource base that it is today. While Impala Platinum still makes up the bulk of operations and earnings, this is changing and will continue to do so over the next decade as our resource base and capital expenditure profile indicate.

Shareholders will be aware that in July 2006 the board announced that I had indicated that I would be leaving the company at the end of 2006 and that David Brown, currently the CFO of Implats, would be assuming the role of CEO from 1 September 2006. David and I will work together from this date until the end of the year to ensure an orderly transfer of responsibilities.

It is my firm belief that change is a good thing for a company, and that the leadership of a company needs to be refreshed on a regular basis to keep that company at the forefront of developments. While it is with some sadness that I hand over the reins, I am confident in advising shareholders that David Brown and the Implats management team represent among them the finest managers in our sector and that they will continue to receive the support and guidance of a knowledgeable and active board.

Thanks

To this management team, I extend my personal thanks. I also extend my thanks to our employees in South Africa and in Zimbabwe, and to our shareholders all over the world for their continued faith in our company.

It is also with great personal pleasure that I formally welcome Shadwick Bessit as a colleague to the Implats board with effect from 24 November 2005. With responsibility for Impala Platinum's Rustenburg operations he has a significant role to play in a major driver of our business. He brings to the board 17 years' experience in the mining industry.



Employees descending in a kibble during shaft-sinking operations at 20 shaft, Impala Platinum.

Prospects

In conclusion, management remains committed to delivering superior returns to shareholders in the year ahead.

Prospects for PGMs remain sound. Rising global vehicle sales combined with ever-stricter emissions legislation are likely to continue to underpin the platinum market in the foreseeable future. Nitrous oxide (NOx) regulations are also set to continue to underpin the rhodium market going forward. While palladium demand should continue to rise, Russian stockpiles will continue to suppress prices. Rising nickel production is likely to put a damper on price rises, which will be exacerbated to some extent by the possibility of a global economic slowdown driven by rising oil prices and inflation, and continued conflict in the Middle East.

Looking forward, we expect production to rise to around 2.1 million ounces of platinum in the 2007 financial year. Implats remains confident of its ability to increase production to its stated target of 2.3 million ounces of platinum per annum by 2010, and further still beyond that.

Capital expenditure is set to continue to rise to R2.9 billion in the 2007 financial year, mainly on the 16 and 20 shaft projects and smelter upgrade at Impala Platinum, and the Phase 1 expansion at Zimplats.

In conclusion, in line with market conditions and an increase in production, headline earnings are expected to be higher in the 2007 financial year.

Keith Rumble
Chief Executive Officer