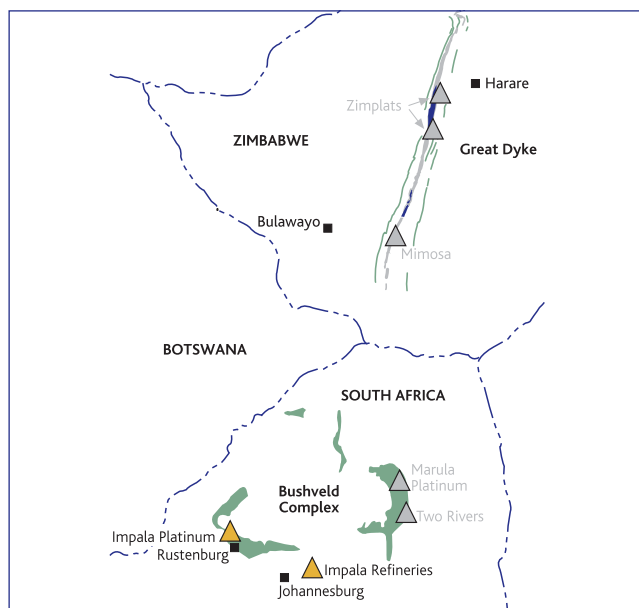


Impala Platinum

- ▶ Tonnes milled and platinum production at record levels
- ▶ Capital expenditure of R1.6 billion
- ▶ Capacity at Mineral Processes and Refineries being increased to 2.3 million ounces annually
- ▶ Development of new shafts progressing well



Location

Impala Platinum, Implats' primary operation, comprises the mining and mineral processing operations situated on the western limb of the Bushveld Complex, north of Rustenburg in North West Province, as well as the refining operation located in Springs, east of Johannesburg, in Gauteng. The refineries incorporate a base and a precious metals refinery.

Impala Platinum's mining operation includes 13 operating shafts, five decline shafts (two of which are in development) and two new vertical shafts, on which development recently began. A plan has been developed to maintain production at between 1.1 and 1.2 million platinum ounces annually for 30 years.

In FY2006, Impala Platinum produced 1.125 million ounces of platinum, a contribution of 61% to group production. As at 30 June 2006, employees totalled 27,000.

Safety

In FY2006, the lost-time injury frequency rate (LTIFR) of 3.94 at Impala Platinum was slightly better than the 4.01 recorded in FY2005. The fatal injury frequency rate (FIFR) was 0.079 compared to 0.048 the previous year. There were regrettably seven fatalities during the course of the year, three of which were caused by fall-of-ground accidents.

Both the LTIFR and FIFR have recorded marked improvements over the past five years – 54% and 46% respectively. The need for ever-increasing vigilance regarding safety has become paramount as mining operations at Impala deepen with the move to third generation shafts where more difficult ground conditions are being encountered. This, together with the recent levelling off in these rates and the higher number of fatalities, resulted in an increased emphasis on behaviour-based safety training and the setting of more stringent targets. Following a group-wide safety

Impala Platinum – platinum production (000 oz)

FY02	1,025
FY03	1,040
FY04	1,090
FY05	1,115
FY06	1,125

Impala Platinum – operating costs (R/platinum ounce)

FY02	3,459
FY03	3,843
FY04	4,036
FY05	4,251
FY06	4,745

Impala Platinum – capital expenditure (R million)

FY02	1,009
FY03	1,079
FY04	1,197
FY05	1,693
FY06	1,601

leadership summit, at which there was group-wide commitment to a policy of 'zero harm', a new safety target was set of an LTIFR of zero at Impala within five years. In addition, the Tsiboga safety training programme has been expanded into the Team Tsiboga programme with a shift in focus from the supervisory level to the individual members of the teams themselves.

Other safety initiatives to be implemented during the coming year include a new R90 million blast initiation system based on 'shock-tube technology', which is aimed at eliminating accidents involving misfired and uncontrolled blasts.

Falls of ground remain a challenge, and even more so at the deeper shafts such as 10 shaft. Central to the fall of ground campaign has been the implementation of drill jigs and the accompanying in-stope roof bolting. In-stope bolting, which has been the primary objective of the roll-out of the drill jig technology, has progressed with 35%



Impala Platinum key statistics

		FY2006	FY2005	% change
Mining sales	(Rm)	11,054.4	8,396.8	31.7
Platinum		6,628.6	5,745.0	15.4
Palladium		846.4	661.9	27.9
Rhodium		2,307.0	927.6	148.7
Nickel		767.1	722.0	6.2
Other		505.3	340.3	48.5
Mining cost of sales	(Rm)	(5,202.0)	(4,875.7)	(6.7)
On-mine operations		(3,815.4)	(3,346.3)	(14.0)
Concentrating and smelting operations		(834.0)	(764.0)	(9.2)
Refining operations		(408.6)	(376.8)	(8.4)
Amortisation of mining assets		(507.6)	(491.8)	(3.2)
Increase in metal inventories		363.6	103.2	252.3
Mining gross profit		5,852.4	3,521.1	66.2
(Loss)/profit from metal purchase transactions	(Rm)	86.2	11.7	636.8
Sales of metals purchased		5,810.5	3,643.8	59.5
- IRS		5,743.7	3,640.4	57.8
- Other		66.8	3.4	1,864.7
Cost of metals purchased	(Rm)	(5,724.3)	(3,632.1)	(57.6)
- IRS		(5,662.5)	(3,630.7)	(56.0)
- Other		(61.8)	(1.4)	(4,314.3)
Gross profit		5,938.6	3,532.8	68.1
Gross margin ex-mine	%	52.9	41.9	26.3
Other operating costs	(Rm)	(282.0)	(251.5)	(12.1)
Royalty expense		(811.3)	(388.8)	(108.7)
Sales volumes ex-mine				
Platinum	(000 oz)	1,050.5	1,103.1	(4.8)
Palladium	(000 oz)	530.2	512.2	3.5
Rhodium	(000 oz)	121.2	126.9	(4.5)
Nickel	(000 t)	7.8	7.9	(1.3)
Sales volumes metals purchased - IRS				
Platinum	(000 oz)	517.5	434.0	19.3
Palladium	(000 oz)	325.6	304.7	6.9
Rhodium	(000 oz)	66.7	57.5	16.0
Nickel	(000 t)	3.5	4.1	(14.6)
Prices achieved ex-mine				
Platinum	(\$/oz)	987	841	17.4
Palladium	(\$/oz)	253	208	21.6
Rhodium	(\$/oz)	3,001	1,168	156.9
Nickel	(\$/t)	15,648	14,598	7.2
Exchange rate achieved ex-mine	(R/\$)	6.37	6.21	2.6
Production ex-mine				
Tonnes milled ex-mine	(000 t)	16,441	15,778	4.2
Platinum refined	(000 oz)	1,125.3	1,114.6	1.0
Palladium refined	(000 oz)	491.6	515.2	(4.6)
Rhodium refined	(000 oz)	128.5	130.3	(1.4)
Nickel refined	(000 t)	7.9	7.9	-
PGM refined production	(000 oz)	2,002.9	2,061.9	(2.9)
Total cost*		5,340.0	4,738.6	(12.7)
per tonne milled	(R/t)	325	300	(8.3)
	(\$/t)	51	49	(4.1)
per PGM ounce refined	(R/oz)	2,666	2,298	(16.0)
	(\$/oz)	417	371	(12.4)
per platinum ounce refined	(R/oz)	4,745	4,251	(11.6)
	(\$/oz)	743	687	(8.2)
net of revenue received for other metals	(R/oz)	812	1,872	56.6
	(\$/oz)	127	302	57.9
Capital expenditure	(Rm)	1,601	1,693	5.5
	(\$m)	250	274	8.8
* includes share-based payment	(Rm)	159.4	27.2	(486.0)

implementation at all Merensky panels. This roll-out will be completed during the 2007 financial year. Enhanced safety is one of the primary reasons for the implementation of drill jigs and roof bolting. As mine operations go ever deeper, seismicity has also become more of an issue and steps to counter this are being included in the mine's safety protocols and programmes, of which ground control districts are a vital aspect.

Safety improved significantly at Mineral Processes during the year with an LTIFR of 0.68 per million manhours worked, down from 2.42 the previous year. Emphasis was placed on the management and safety training of external contractors.

The safety performance at Refineries was excellent. The zero fatality rate has now been held for over ten years. Two lost-time injuries were recorded during the year, a 65% improvement on the previous financial year. The behaviour-based safety programme underpins this improved performance. Refineries

retained their ISO 9001:2000 (Quality) and ISO 14001:2004 (Environmental) listings during the year and have re-signed their pledge of commitment to responsible care through the Chemical and Allied Industries Association, rated in the top four operations in the country post-external verification.

Mining

Production

Impala Platinum produced 1.125 million ounces of platinum in FY2006, another record and an increase of 1% on FY2005. Total PGM production was 2.0 million ounces for the year, a decrease of 3%. Tonnes milled increased by 663,000 tonnes, one of the largest increases ever, to 16.4 million tonnes. Despite this significant increase in total tonnes milled, there was a lower-than-expected increase in platinum production. This was a result of the increased tonnage from mechanised mining and dilution of the UG2 ore which resulted in a decline in the overall grade

Impala Platinum – five-year operating statistics

		FY2006	FY2005	FY2004	FY2003	FY2002
Tonnes milled ex-mine	(000 t)	16,441	15,778	15,639	15,042	14,850
UG2 milled	(%)	47.5	45.5	46.1	45.7	53.6
Headgrade	(g/t 5PGE+Au)	4.63	4.82	4.91	5.06	5.05
Platinum refined production	(000 oz)	1,125	1,115	1,090	1,040	1,025
PGM refined production	(000 oz)	2,003	2,062	1,976	1,924	1,895
Total cost/tonne milled	(R/t)	325	300	281	266	239
	(\$/t)	50.9	48.5	40.9	29.5	23.6
Cost/PGM ounce refined	(R/oz)	2,666	2,298	2,227	2,078	1,872
	(\$/oz)	417	371	324	230	185
Cost/platinum ounce refined	(R/oz)	4,745	4,251	4,036	3,843	3,459
	(\$/oz)	743	687	588	426	341
Net of revenue received for other metals	(R/Pt oz)	812	1,872	2,195	909	(708)
	(\$/Pt oz)	127	302	320	101	(70)
Capital expenditure	(Rm)	1,601	1,693	1,197	1,079	1,009
	(\$m)	250	274	174	120	100
Labour complement*	(000)	26.9	26.9	27.5	28.4	27.9
Productivity	(m ² /panel man)	38.0	40.1	39.2	40.7	40.2
	(Pt oz/employee)	42	41	40	37	37

* Average in service for the year (excluding capital projects).

Production by source (000 t)

	FY2006	FY2005	% change
Conventional mining	13,676	13,889	(1.5)
Merensky	6,058	6,711	(9.7)
UG2	7,618	7,178	6.1
Mechanised mining (Merensky)	2,146	1,362	57.6
Opencast mining	619	527	17.5
Merensky	426	527	(19.2)
UG2	193	–	–
Total tonnes milled	16,441	15,778	4.2

mined to 4.63 g/t from 4.82 g/t in FY2005. In FY2006, the ratio of Merensky to UG2 ore mined was 52:48 as compared to 55:45 in FY2005.

Dilution control was a challenge during the year, especially at 11 and 14 shafts, where production was hampered by ground control problems related to the more complicated geological conditions being encountered here.

The change in the mining mix was a result of several factors. There was an increase in the volume of relatively lower grade underground UG2 tonnes mined to 7.6 million tonnes from 7.2 million the previous year and a relative decrease in the volume of higher grade underground conventional Merensky tonnes mined, from 6.7 million tonnes in FY2005 to 6.1 million tonnes in FY2006.

The Merensky ore sourced by mechanised mining methods is of a lower grade than that mined conventionally, given the somewhat greater dilution. The overall contribution from mechanised mining rose to 2.15 million tonnes or 13% of total tonnes milled – up from 8.6% in the last financial year. The two major sources of mechanised volumes are 12 and 14 shafts. The increase in volumes sourced using mechanised mining also had an effect on grades. Mining of white areas (previously abandoned areas) continued, increasing to 22% of total conventional production.

The decrease in Merensky opencast ore was replaced by underground UG2 ore. A start was made during the year on opencast UG2 production with around 193,000 tonnes being mined during the year. This is expected to increase to 500,000 tonnes in the coming financial year.

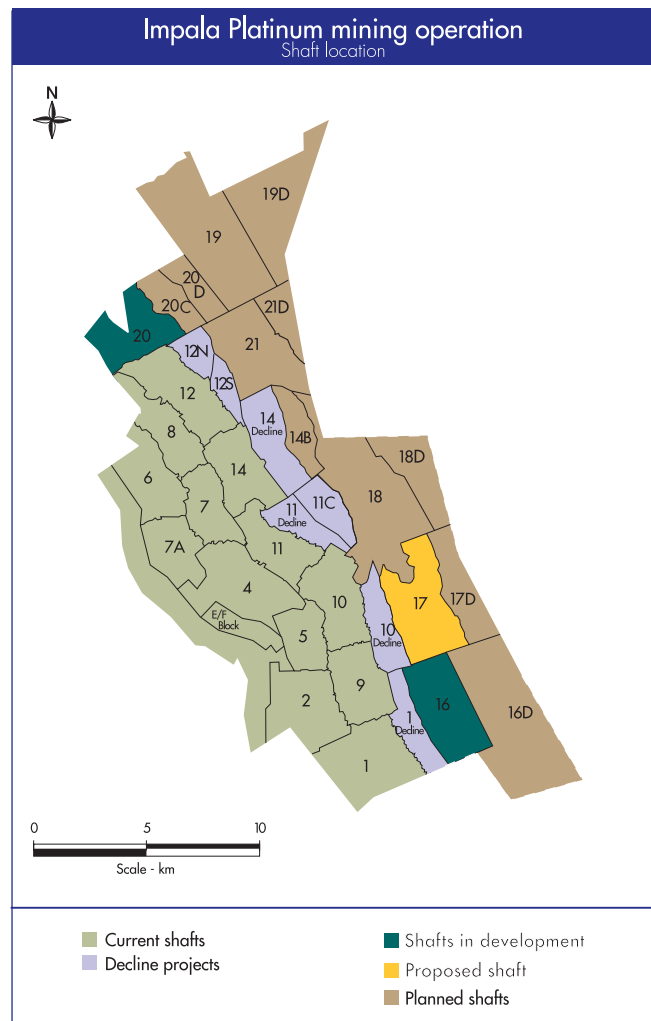


Conventional mining volumes have declined with the move to mechanised mining at 12 shaft, and the reduced production at 10 shaft (ground conditions), 6 shaft (white area mining), 2 shaft (white area mining and end of life), which had all previously operated at levels exceeding Impala's average levels of efficiency. This decline in conventional mining volumes contributed to the overall average decline in efficiencies to 38 centares per panel employee in FY2006 from 40 in FY2005. The situation was exacerbated by a slower-than-expected uptake of the drill-jig technology which was mainly due to a longer-than-expected learning curve, both technically and operationally. This learning curve has involved fine-tuning the technology and consolidating processes around the drills, particularly regarding repairs, maintenance, availability and training.

The operating cost per refined platinum ounce rose by 11.6% to R4,745, and the total cash cost per tonne milled was up by 8.3% to R325. Cash operating cost per refined platinum ounce excluding share-based payments increased by 9%. These increases compare with a national inflation rate (CPIX) of 4.8%. The entire South African mining industry is being affected by increases in the cost of inputs in excess of the rates of producer and consumer inflation. Cost management and operational efficiencies are a priority. The 6.5% increase in wages which came into effect on 1 July 2005 contributed largely to this increase in costs as did the cost of the in-stope roof bolting programme. In addition, higher infrastructure operating costs for the deeper decline projects were included in working costs. Increases in unit costs were aggravated by the decline in grade and efficiencies.

The new minerals resource management programme has made a significant contribution to the management of the operations resource base, especially regarding its contribution to much improved short-, medium- and long-term planning.

Good progress has been made regarding the various requirements for applications for the conversion to new order rights, including the completion of the company's social and labour plan. A comprehensive process of dialogue and interaction with the Department of Minerals and Energy (DME) continues with a view to finalising the requirements for conversion.



Capital projects

Impala's mining strategy over the past decade centred on extending the third generation shafts by a series of decline shafts below the existing vertical shafts to access deeper reserves, thus extending the lives of the shaft systems. The four decline systems which were previously approved were the 1 and 10 shaft declines, both of which are at full production, and the 11 shaft and 14 shaft declines. At 12 shaft, two room-and-pillar mechanised mining projects were implemented, one to the south and one to the north of the main shaft. The north project was completed in conjunction with a new vertical hoisting shaft facility, providing both upcast and downcast ventilation.

More recently, and in line with Impala's long-term production profile, the capital programme has been expanded to include the sinking of two new vertical shafts, 16 and 20 shafts, as well as the E&F block project, which will access a UG2 block from surface and has a life of about 15 years.



Impala Platinum – by shaft

Shaft number	Depth below surface (m)	Production Ore mined (ratio)	Tonnes milled (000)	Comment
1*	1,175	Merensky/UG2 (40:60)	2,322	Conventional mining methods.
2	638	Merensky/UG2 (100:0)	314	Conventional mining methods. Nearing end of shaft life.
4	572	Merensky/UG2 (21:79)	950	Conventional mining methods. Remaining shaft life of 9 years.
5	679	Merensky/UG2 (7:93)	194	Conventional mining methods. Nearing end of shaft life.
6	348	Merensky/UG2 (29:71)	1,083	Conventional mining methods Nearing end of shaft life.
7	601	Merensky/UG2 (2:98)	1,294	Conventional mining methods.
7A	272	Merensky/UG2 (0:100)	894	Conventional mining methods.
8	594	Merensky/UG2 (22:78)	958	Conventional mining methods.
9	1,044	Merensky/UG2 (21:79)	1,196	Conventional mining methods.
10*	1,292	Merensky/UG2 (92:8)	1,320	Conventional mining methods.
11*	1,131	Merensky/UG2 (77:23)	1,588	Conventional mining methods; complex geological structures a feature. Panel lengths reduced to improve safety (a result of tighter safety standards).
12*#	919	Merensky/UG2 (100:0)	2,143	Large mechanised section (75% of shaft output).
14*#	1,194	Merensky/UG2 (100:0)	1,567	Large mechanised section (33% of shaft output).
16^	Planned depth of 1,675m	Merensky initially, UG2 later		First fourth generation shaft – will use conventional mining methods; need for extensive refrigeration plant.
20^	Planned depth of 1,058m	Merensky initially, UG2 later		Last of the third generation shafts – conventional mining methods.

* These shafts have declines

Mechanised and conventional mining

^ In development



Progress on these projects is as follows:

- ▶ 11 shaft decline – the original decline is at full production and a three-level extension has been approved which is scheduled for completion in FY2009.
- ▶ 14 shaft decline – production is taking place at the first two levels of this five-level decline system. Completion is scheduled for FY2009.
- ▶ 12 shaft – both the north and south mechanised sections are at full production.
- ▶ E&F block – development of the E&F block, which is located between 2 and 4 shafts, is progressing ahead of schedule and nearing completion. The incline shaft has been equipped, the steel structure of the headgear refurbished and the winder installed. Preliminary production has begun and the first tonnes from here will come through in FY2007. This block currently has an estimated life of 15 years.
- ▶ 20 shaft – development of 20 shaft, the last of the third

generation shafts, is currently ahead of schedule and within budget. By the end of June 2006, the sinking of the ventilation shaft had reached a depth of 876 metres and the main shaft was at 816 metres. On completion, 20 shaft will be 1,058 metres deep. Initial production is scheduled for FY2009 with full production of 185,000 reef tonnes a month planned for FY2011. Production will initially be from the Merensky Reef horizon.

- ▶ 16 shaft – development of 16 shaft, the first of the fourth generation shafts, is two months ahead of schedule and within budget. At the end of June 2006, sinking of the ventilation shaft had reached a depth of 558 metres and the main shaft was at 267 metres. On completion, 16 shaft will be 1,675 metres deep. First production is scheduled for FY2012 with full production of 225,000 reef tonnes per months scheduled for FY2015. Production will start on the Merensky Reef.

Development at 20 shaft is ahead of schedule. This shaft will be more than 1,000 metres deep. Production here is scheduled to begin in FY2009 and will build up to a capacity of 185,000 tonnes a month by FY2011.

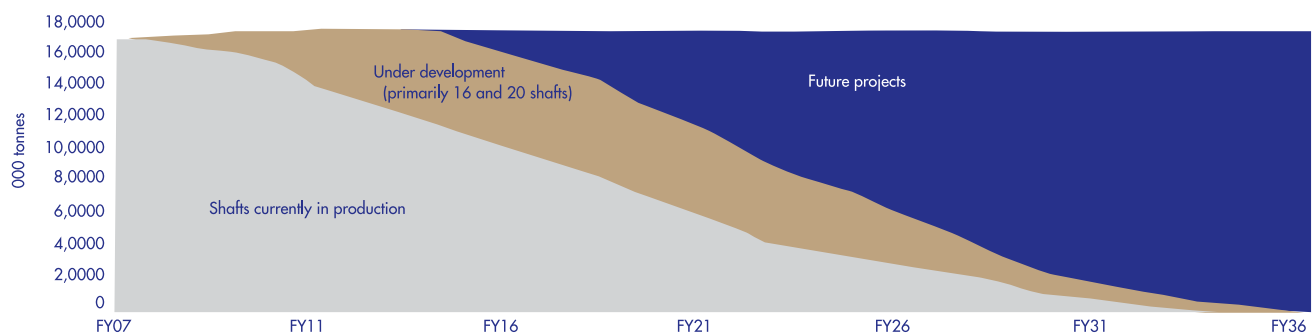


A pre-feasibility study for the second fourth generation shaft, 17 shaft, was completed during the year and management will apply to the board in August 2006 for approval and funds to proceed with a full feasibility study. A viable full feasibility report could result in the start of this project by the second quarter of FY2008.

New technology and mechanised mining

From FY2004 to FY2006, R135 million was invested on new technology, such as in-stope roof bolting, drill jigs and cutting machines, and mechanised mining at Impala Platinum. The strategy regarding new technology has three principal objectives, namely enhanced safety, improved productivity and reduced

Implats – 30-year production profile





costs. Mechanised production using low trackless mining vehicles accounted for 13% of total production at Impala in FY2006, with 76% and 24% of production from 12 and 14 shafts respectively being achieved.

Investigations and trials into ultra-low equipment, including the ultra-low profile drill rig and the ultra-low load haul dumper for use in stoping widths of less than 1.3 metres, continue. The drilling technology proved to be a success, however, ore removal remains a challenge and requires further development.

Roof bolting in all development tunnels has been completed and work has begun on the development of a new drill jig for UG2 panels to improve tunnel advance. The first prototype is currently being tested underground.

Following unsuccessful trials during the year, the Alpine reef miner project has been terminated.

Mineral Processes

The operating performance at Mineral Processes, which incorporates Impala's smelting and concentrating plants, continues to excel. Record throughput for the third successive year of 16.4 million tonnes was recorded for FY2006, an increase of 4% or 663,000 tonnes on the previous financial year. Record overall recoveries of 84.5% resulted from the implementation of high-energy flotation technology at the UG2

plant, as well as from the contribution made by the tailings scavenging plant. The MF2 plant is currently undergoing refurbishment to install high-energy flotation technology and completion is scheduled for December 2006. Operating costs were well contained at R51 per tonne milled.

Future capital projects for Mineral Processes are in support of the group's growth strategy, taking the smelting facility to a three-furnace operation and allowing for additional SO₂ gas abatement infrastructure.

Refineries

Total output at Impala Platinum's refineries, which comprises the Base Metal Refinery (BMR) and the Precious Metals Refinery (PMR), was in line with last year's performance at 1.85 million platinum ounces. Metal recovery efficiencies were maintained and increases in unit costs were controlled at levels below that of inflation. There was an increase in metal pipelines as a consequence of expanded plant capacity coming on line.

At the BMR, the expansion project to increase capacity equivalent to 2 million platinum ounces was completed within budget. At the PMR, the capital programme to increase capacity to 2 million ounces of platinum was completed for the processing areas. Components of environmental attenuation kit, addressing both liquid and gaseous effluent, will be commissioned early in the new financial year and final environmental performance testing is expected by March 2007.



In tandem with Implats' growth strategy and the proposed smelter expansion, refining capacity is to be expanded as well. The board has approved the R50 million expansion of the PMR from 2 million to 2.3 million platinum ounces annually by 2008. A feasibility study to increase capacity at the BMR to similar levels is under way and will be followed by capital applications to the board for expanded plant (particularly in the high-security area) starting in August 2006. Furthermore, conceptual investigations into increasing overall refining capacity to 2.5 million ounces and then to 2.8 million platinum ounces have begun.

Refineries continue to strive for enhanced efficiencies and reduced costs. Initiatives include enhancing the grade of the concentrate supplied by the BMR to the PMR. This will result in the PMR being able to increase the volumes processed at any one time which will increase labour productivity. Following successful trials, modifications to the filtration process in the palladium circuit are to be made which will make this circuit more robust and reduce any re-processing. As the pre-eminent user of ion exchange technology in the PGM refining field, research efforts are focussed on the ion exchange systems. An improved rhodium/iridium separation resin was tested at plant scale during the year and results were extremely encouraging. If successful, the use of this resin could result in a significant once-off release of these metals from the pipeline, while reducing operating costs for their production.

Capital expenditure

Capital expenditure at Impala Platinum totalled R1.6 billion in FY2006. Of this R1.2 billion was on mining operations, principally the two new shafts which are under development; R123 million at Mineral Processes, and R153 million at Refineries. Another R144 million was spent on services, and the implementation of a new IT system (SAP) in particular. Capital expenditure of R2.1 billion has been budgeted for FY2007, mostly on the continued development on 16 and 20 shafts, R300 million at Mineral Processes and R333 million at Refineries.

Outlook

In the short term, the primary focus will be on grade control and efficiencies in order to maintain Impala's long-term growth profile.