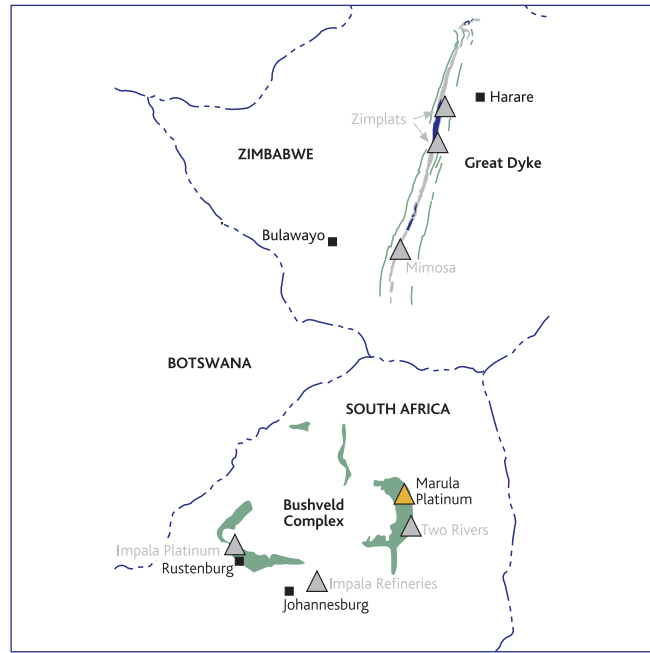


Marula Platinum

- ▶ Tonnes milled rose by 27% to 971,000 tonnes
- ▶ Platinum production up 34% to 40,000 ounces in concentrate
- ▶ Conversion to conventional mining progressing well
- ▶ Exceptional safety performance
- ▶ BEE ownership implemented



Introduction

Marula Platinum is situated on the eastern limb of the Bushveld Complex, near the town of Burgersfort in the province of Limpopo, South Africa. On-reef development of the UG2 horizon began in October 2002. The initial mining plan has been modified and the mining method is in the process of being converted from mechanised to conventional stoping. Interim production is by means of hybrid mining, a combination of both conventional stoping techniques and mechanised cleaning assisted by an ore conveyor belt system. Annual steady state production of 136,000 ounces of platinum in concentrate, based on conventional mining methods, is planned for FY2009. A 22.5% stake in this operation has been sold to black economic empowerment interests. In FY2006, Marula Platinum produced 40,000 ounces of platinum-in-concentrate, a contribution of 2% to total group output. As at 30 June 2006, employees totalled 1,800 compared to 1,106 the previous June.

Safety

Safety was much improved during FY2006 with an LTIFR of 2.01 being recorded for the year, an improvement of 42% on the previous financial year. There were no fatalities during the year compared to two the previous year. The change-over to owner mining was successfully completed and a key aspect of this process was training, particularly with regard to safety and the implementation of group safety principles which went hand-in-hand with this process. The emphasis was on behaviour-based safety and awareness training.

The training process took longer than initially planned as most of the new employees were novices. Operations were also interrupted by sporadic industrial action. Training of employees is ongoing.

Marula Platinum – planned production of platinum-in-concentrate

	(000 oz)
FY05	30
FY06	40
FY07	61
FY08	94
FY09	136
FY10	136

Marula Platinum – planned production ramp-up

	(000 t)
FY05	766
FY06	971
FY07	1,506
FY08	1,925
FY09	2,400
FY10	2,400

Marula Platinum – planned capital expenditure

	(R million)
FY05	118
FY06	291
FY07	339
FY08	192
FY09	86
FY10	68

Operational review

Mining

Production for the year increased with total volumes milled of 971,000 tonnes (an average of around 81,000 tonnes a month), which represents an increase of 27% on the previous year. Platinum-in-concentrate produced rose to approximately 40,000 ounces, up by 34% on the previous year. A mill feed grade of 3.92 g/t was achieved, 5% better than anticipated.

Production was lower than expected as the conversion of the operation to owner mining and the training of new employees took longer than planned.

The implementation of the new off-reef development plan is progressing well and is currently four months ahead of schedule and the cost of development is currently running at 70% of that originally estimated. The development rates in the main barrels averaged 80 metres a month. Development of the first level is in progress with completion expected by June 2007, by which time the first raise lines are scheduled to have been completed too.

Production using hybrid mining methods is ongoing at the interim mining areas at both shafts (Clapham and Driekop). The winches, in-stope roof-bolting and drill jigs necessary for the transition to conventional mining have been successfully installed. Around 70% of all stoping at Marula is being done using drill jigs. The reduced mining height of 1.2 metres, which will contain dilution and ultimately improve the run-of-mine grade, is a key aspect of the revised mining plan. First

Marula Platinum key statistics

		FY2006	FY2005	% change
Sales	(Rm)	511.1	237.0	115.2
Platinum		239.3	140.6	70.2
Palladium		64.0	31.6	102.5
Rhodium		187.4	54.9	241.3
Nickel		8.6	5.1	68.6
Other		11.8	4.8	145.8
Cost of sales		(416.2)	(360.4)	(15.5)
Mining operations		(307.9)	(214.4)	(43.6)
Concentrating operations		(69.8)	(78.5)	11.1
Treatment charges		(0.9)	(1.2)	25.0
Amortisation		(37.6)	(66.3)	43.3
Gross profit		94.9	(123.4)	176.9
Inter-company adjustment *		(90.9)	-	-
Gross profit in Implats group		4.0	(123.4)	103.2
* Adjustment note: The adjustment relates to sales by Marula to the Implats group which at year end was still in the pipeline.				
Gross margin %	(%)	18.6	(52.1)	135.7
Royalty expense	(Rm)	(10.7)	(6.0)	(78.3)
Sales volumes in concentrate				
Platinum	('000 oz)	40.0	29.8	34.2
Palladium	('000 oz)	40.2	29.6	35.8
Rhodium	('000 oz)	8.3	6.1	36.1
Nickel	(t)	107.8	77.4	39.3
Prices achieved in concentrate				
Platinum	(\$/oz)	934	750	24.5
Palladium	(\$/oz)	249	170	46.5
Rhodium	(\$/oz)	3,535	1,427	147.7
Nickel	(\$/t)	12,501	10,439	19.8
Exchange rate achieved	(R/US\$)	6.40	6.20	3.2
Production				
Tonnes milled ex-mine	('000 t)	971	766	26.8
Platinum in concentrate	('000 oz)	40.0	29.8	34.2
Palladium in concentrate	('000 oz)	40.2	29.6	35.8
Rhodium in concentrate	('000 oz)	8.3	6.1	36.1
Nickel in concentrate	(t)	107.8	77.4	39.3
Pgm in concentrate	('000 oz)	103.8	77.0	34.8
Total cost		377.7	292.9	(29.0)
per tonne milled	(R/t)	389	382	(1.8)
	(\$/t)	61	62	1.6
per pgm ounce				
in concentrate	(R/oz)	3,639	3,804	4.3
	(\$/oz)	570	615	7.3
per platinum ounce				
in concentrate	(R/oz)	9,443	9,829	3.9
	(\$/oz)	1,478	1,588	6.9
Capital expenditure	(Rm)	291	118	(146.8)
	(US\$m)	46	19	(142.1)



production from the conventional mining area is expected in FY2008. Until then, interim mining is being used as an opportunity to train crews for the change to conventional mining.

Revised conversion applications for new order mining and prospecting rights, including the final social and labour plan, were submitted to the DME.

Processing

Although the plant is not yet operating at full capacity, tonnes milled were 27% higher than those of the previous financial year. The dense media separation plant remains mothballed. Recoveries of 87% (PGE recoveries) are satisfactory and in line with planned targets.

Costs

Although costs at Marula declined by 4% to R9,443 per ounce of platinum-in-concentrate, at full production of 136,000 platinum ounces the unit cost will be substantially lower.

Black economic empowerment

It was recently announced that the Marula Community Trust, Tubatse Platinum and Mmakau Mining had each acquired a 7.5% stake valued at R158 million in Marula Platinum to give total black economic ownership in the operation of 22.5%, to meet the targets of the Mining Charter and its Scorecard.

The Marula Community Trust has been established as a means for people living in the immediate vicinity of the operation to benefit from the mine, both during its life and thereafter. Tubatse Platinum is a broad-based consortium of more than 20 business groups based in Limpopo and is dominated by women. In terms of the agreement signed by the parties concerned, Implats will provide guarantees in full for the debt of the Marula Community Trust and will guarantee the debt of Tubatse Platinum and Mmakau Mining until December 2014.



The staff complement at Marula increased to 1,800 in FY2006. Another 500 people are to be employed by FY2009, taking the total number to be employed at Marula to 2,300, in readiness for full production and the full conversion to conventional mining in FY2009. Approximately 70% of employees are sourced from the surrounding areas. Employees are now responsible for all stoping, on-reef sinking and off-reef development.

Capital expenditure

Of the R830 million capital expenditure approved by the Implats' board in February 2005, approximately R310 million has been spent to date. Most of this expenditure was on the development of footwall and the off-reef capital project.

Outlook

Planned capital expenditure for FY2007 is approximately R350 million, to be spent on the completion of the main infrastructure at the mine, the establishment of the first raise lines, and the start of conventional stoping as well as the continued

ramp-up at the existing mining area to between 120,000 tonnes and 130,000 tonnes per month. These volumes are expected to yield approximately 60,000 ounces of platinum in concentrate. The mine is still on schedule to achieve full production of 136,000 ounces of platinum-in-concentrate at the end of FY2009.

Funding of R15.8 million for an investigation into the feasibility of mining the Merensky Reef at Marula was approved by the board in June 2006 and this has now begun. Results from this investigation are expected by January 2008.

