

Mimosa

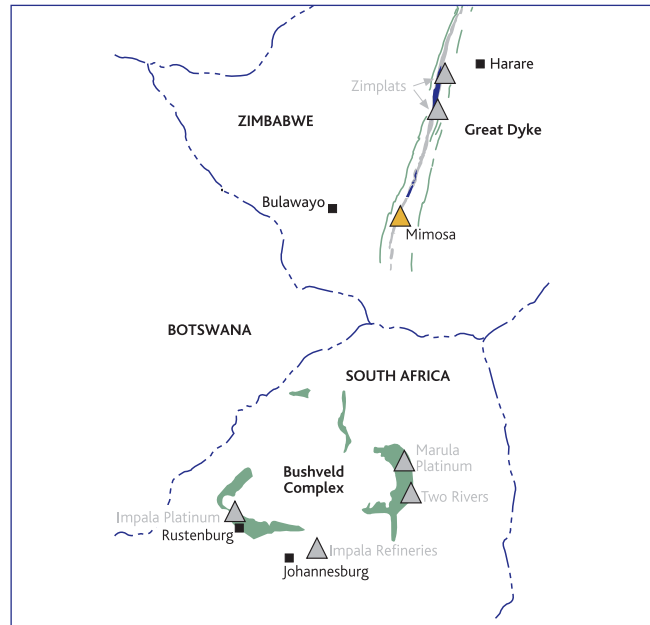
- ▶ Production continues to exceed expectations
- ▶ Platinum-in-concentrate production up by 8% to 72,200 ounces
- ▶ Expansion project completed on time and on budget

Introduction

Mimosa, a 50:50 joint venture with Aquarius Platinum Limited, is located on the Wedza Geological Complex, in the southern portion of the Great Dyke, east of Bulawayo, in Zimbabwe. Mimosa, currently one of the most efficient PGM producers in the world, has just completed a project increasing production to 85,000 ounces of platinum-in-concentrate annually. In FY2006, Mimosa produced 72,200 ounces of platinum-in-concentrate, a contribution of 4% to total group output. This operation comprises a shallow underground mine, accessed by a decline shaft, and a concentrator. There is a life-of-mine off-take agreement with IRS. In total, 1,630 people were employed at Mimosa as at the end of the financial year.

Safety

Safety at Mimosa continued to improve and 1,972,201 fatality-free shifts were recorded in FY2006. Lost-time injuries were the same as last year with the LTIFR remaining constant at 1.4 in FY2006. Mimosa was awarded a NOSA Five-Star Platinum rating in October 2005. Both management and employees are committed to eliminating injuries and accidents in the workplace, and there is a policy of zero tolerance.



A very successful awareness programme concerning falls of ground was launched. Mimosa also embarked on certification projects for ISO 14001 and OHSAS 18001 to elevate the operations safety, health and environment profiles to international standards. The certification audits are scheduled for October 2006.

Operational review

Mining

Operationally, Mimosa continued to excel. Production for the year, both mined and milled, exceeded expectations. Tonnes mined increased to 1.9 million tonnes in FY2006, an increase of 23% on FY2005. A substantial stockpile was built up during the first half of the year in anticipation of the commissioning of the new plant. Tonnes milled rose to 1.5 million tonnes, an increase of 8%. The head grade achieved for the year of 3.72 g/t (3E + Au) was an improvement of 0.7% on that of the previous year.

Mimosa – platinum-in-concentrate production
(000 oz)

Fiscal Year	Production (000 oz)
FY03	36
FY04	61
FY05	67
FY06	72

Mimosa – operating costs

Fiscal Year	Operating Costs (R/platinum ounce)
FY03	4,672
FY04	4,199
FY05	5,472
FY06	5,133

Mimosa – capital expenditure

Fiscal Year	Capital Expenditure (R million)
FY03	174
FY04	81
FY05	88
FY06	208

Production of platinum-in-concentrate rose by 8% to 72,200 ounces for the year with total PGM production rising by 9% to 150,500 ounces.

Following the successful approval and sourcing of external funding early in FY2006, the \$14 million expansion project (Wedza Phase 4 upgrade) to increase production to approximately 85,000 ounces of platinum-in-concentrate was completed on time and on budget.

Processing

Concentrator recoveries remained steady at 78%. The new plant was commissioned during the year following an optimisation programme to select appropriate and cost-effective grinding media and reagents with the aim of improving metal recovery rates. In addition, there was a five-day stoppage for the relining of the mill. As a result of these modifications, plant capacity has now been increased by 25% to 150,000 tonnes per month and it is currently operating in line with expectations and at planned recovery levels. A stockpile was built up over the year, ahead of the commissioning of the project, and all is in place for this operation to produce approximately 85,000 ounces of platinum-in-concentrate as planned in FY2007.



Mimosa key statistics

		FY2006	FY2005	% change
Sales	(Rm)	872.0	609.8	43.0
Platinum		443.3	315.9	40.3
Palladium		83.2	56.0	48.6
Rhodium		86.8	33.6	158.3
Nickel		179.7	149.1	20.5
Other		79.0	55.2	43.1
Cost of sales		(413.8)	(427.4)	3.2
Mining operations		(268.6)	(277.9)	3.3
Concentrating operations		(62.8)	(67.2)	6.5
Treatment charges		(69.3)	(60.0)	(15.5)
Amortisation		(42.0)	(32.8)	(28.0)
Increase in inventories		28.9	10.5	175.2
Gross profit		458.2	182.4	151.2
50% Gross profit attributable to Implats		229.0	90.7	152.5
Inter-company adjustment*		(57.4)	0.2	-
Gross profit in Implats group		171.6	90.9	88.8
* The adjustment relates to sales from Mimosa to the Implats group which at year-end were still in the pipeline.				
Gross margin	(%)	52.5	29.9	104.1
Other operating costs	(Rm)	(39.2)	(19.9)	(97.0)
Royalty expense	(Rm)	(20.1)	(14.3)	(40.6)
Sales volumes in concentrate				
Platinum	(000 oz)	70.4	61.9	13.7
Palladium	(000 oz)	53.2	45.2	17.7
Rhodium	(000 oz)	5.4	5.0	8.0
Nickel	(t)	1,960	1,806	8.5
Prices achieved in concentrate				
Platinum	(\$/oz)	986	825	19.5
Palladium	(\$/oz)	245	200	22.3
Rhodium	(\$/oz)	2,536	1,095	131.6
Nickel	(\$/t)	14,353	13,343	7.6
Exchange rate achieved	(R/\$)	6.39	6.19	3.2
Production				
Tonnes milled ex-mine	(000 t)	1,532	1,424	7.6
Platinum in concentrate	(000 oz)	72.2	66.7	8.2
Palladium in concentrate	(000 oz)	54.7	49.3	11.0
Rhodium in concentrate	(000 oz)	5.6	5.2	7.7
Nickel in concentrate	(t)	1,958	1,808	8.3
PGM in concentrate	(000 oz)	150.5	137.8	9.2
Total cost		370.6	365.0	(1.5)
per tonne milled	(R/t)	242	256	5.5
	(\$/t)	38	41	7.3
per PGM ounce	(R/oz)	2,462	2,649	7.1
in concentrate	(\$/oz)	385	428	10.0
per platinum ounce	(R/oz)	5,133	5,472	6.2
in concentrate	(\$/oz)	803	884	9.2
Capital expenditure	(Rm)	208	88	136.7
	(\$m)	33	14	135.7





Costs

Costs were well controlled with total costs increasing by only 1.5% to R371 million. Higher levels of production helped to contain unit costs which declined to R5,133 per platinum ounce-in-concentrate, 6% less than in FY2005. Changes to the management of the national exchange rate system in Zimbabwe in December 2005, together with the devaluation of the currency, had a beneficial effect on costs. This helped to counter the increase in the dollar price of oil.

Some problems were experienced during the year with the poor performance of the LHD fleet, largely the result of inadequate supervision, fleet availability and adverse ground conditions arising from reef rolls. The availability and performance of the LHD fleet has been improved with the receipt of additional machines as part of the Phase IV upgrade. Management is to closely monitor the performance and efficiencies of the LHD-fleet.

Indigenisation

Discussions with the Zimbabwean government and a consortium of interested parties regarding a possible indigenisation stake continue.

Capital expenditure

Capital expenditure during the year amounted to R208 million, largely on the completion of the expansion project and the upgrading of plant capacity.

Outlook

Production of 85,000 ounces of platinum-in-concentrate is expected in FY2007 with a full year's production from the Wedza IV Expansion Project. Margins should be maintained with controlled increase in costs expected. The requisite geological work has been completed for further potential expansion (Phase V) at Mimosa and the results of the technical feasibility study are expected during the course of the coming financial year. Such an expansion has the potential to increase monthly production to 240,000 tonnes.

Planned capital expenditure for the coming financial year is R70 million, to be spent on the development of underground infrastructure and the replacement of assets and equipment.