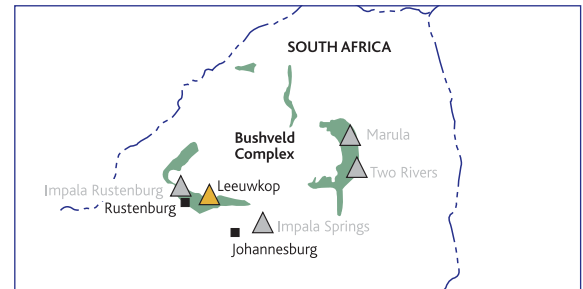


2007 ANNUAL REPORT

Review of operations and investments

Leeuwkop project



Introduction

The main asset of Afplats is the Leeuwkop project which is located near the town of Brits on the western limb of the Bushveld Complex in North West Province.

A cash offer for the entire issued share capital of Afplats was announced in February 2007 in terms of which Implats would acquire 100% of Afplats and, by implication, an effective 74% stake in the Leeuwkop project. The Bakwena Ba-Mogopa traditional community holds the balance of the interest in the Leeuwkop project (26%) and retains a previously agreed free carry for the first R1 billion of capital expenditure. The project has a life-of-mine concentrate offtake agreement with IRS.

Project development

The development of the Leeuwkop project represents the first phase in the turning to account of the Afplats acquisition. Minor preparatory work is already under way and a number of long lead time components have been secured with development expected to begin in early FY2008. The start of development depends, however, on the necessary mining permit being received from the DME.

The project involves the development of a 1,350m twin-shaft system to access the orebody. Mining operations will initially begin at around 1,100m below surface and extend to a depth of about 1,500m. Other major infrastructural developments to be undertaken include the construction of a concentrator facility with a capacity of 250,000 tonnes per month and a tailings dam. Both of these will be constructed to allow for possible increases in capacity should future expansions to the mining operation become viable.

While the mine design and production profile is still to be finalised, the most likely mining method will be mechanised bord-and-pillar mining. Ore will be accessed via a four-barrel on-reef decline system which will enable a rapid and cost-effective ramp up to production from development.

The UG2 orebody is well-developed, relatively wide and, in comparison to other areas, relatively undisturbed by major faulting.

A key advantage for Implats is the project's location on the well developed western limb of the Bushveld Complex, with its proximity to the extensive management, services, technical and processing infrastructure at Impala Rustenburg, just some 55km away. Also, the sourcing of scarce mining skills is expected to be less challenging than on the eastern limb of the Bushveld Complex as this is a long-standing mining region with an available, skilled human capital base.

The Leeuwkop mine is expected to employ around 800 people at full production, although many more jobs will be created during the construction phase.

Highlights

- R4.2 billion acquisition of Afplats
- Effective 74% stake in Leeuwkop project, located on the western limb of the Bushveld Complex
- Project to begin in FY2008
- Envisaged to become a 160,000oz per annum platinum producer within five years



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Leeuwkop project

Name	Leeuwkop project
Location	Western Bushveld
Description	The project will mine the UG2 Reef in the Leeuwkop area. A bankable feasibility study on the first phase of mining was completed in January 2006. Initial project work will involve the establishment of infrastructure and the provision of services to start shaft sinking on the main and ventilation shafts in early 2008.
Key information:	
Start date	FY2008 (subject to the issue of a mining permit)
Completion date	FY2013
Annual capacity	At full production: <ul style="list-style-type: none"> • 3Mt (250,000 tonnes per month) • 140,000 to 160,000oz of platinum
Average grade	3.75g/t (3PGE + Au)
Capital expenditure	Estimated R3.0 billion over first five years
Life of mine	22 years
Key project milestones achieved in FY2007	An interim capital vote application for an amount of R370 million to February 2008 was approved by the board.
Key project milestones planned for FY2008	Final presentation to the board (February 2008) and start of sinking/construction operations.

Production is expected to begin in FY2010, building up to annual steady-state levels in FY2013. The current life of mine is around 22 years. Anticipated on-mine costs are expected to be in line with current Implats' unit costs per platinum ounce and are not expected to raise the group's cost profile.

Capital expenditure

Total capital expenditure over the next five years is expected to be approximately R3.0 billion. This is in addition to the acquisition cost of R4.2 billion.

Outlook

The development of the mine at Leeuwkop is the first phase of this project, accessing only the south-western mineral resource within the project area. Exploration drilling and seismic surveys of the remaining areas are planned over the next five years to determine the viability of future expansions on the property and extensions to the planned life of mine. In particular, discussions are being held with the company's BEE partners on consolidating the two remaining areas of the property – Imbasa (in which it holds a 60% interest) and Inkosi (in which it holds a 49% interest), with a view to initiating a bankable feasibility study as the second phase of the project.

Strategically, this acquisition represents a significant step for Implats as it supplements the company's resource base in South Africa and will become a key component of the company's development and operational pipeline.