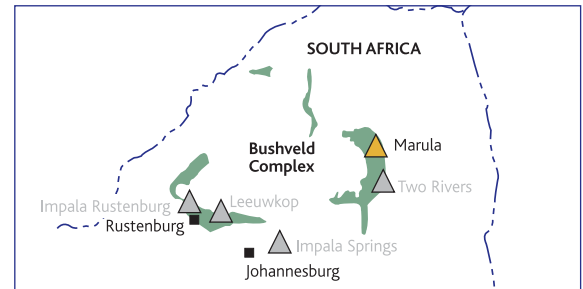


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Review of operations and investments

Marula



Introduction

Marula is located on the northern part of the eastern limb of the Bushveld Complex, near the town of Burgersfort, in Limpopo Province, South Africa. The operation comprises two on-reef decline shafts, Clapham and Driekop, an off-reef conventional decline and a concentrator.

Full production from UG2 mining of 130,000oz of platinum-in-concentrate is scheduled for FY2010. The mine's concentrate is sold to IRS in terms of a life-of-mine offtake agreement.

Marula is 77.5% owned by Implats and 22.5% owned by BEE interests: the Marula Community Trust, Tubatse Platinum and Mmakau Mining each have a stake of 7.5%. The Marula Community Trust was established to enable people living in the vicinity of the operation to benefit from the mine, both during its life and afterwards.

Safety

Despite a substantial increase in production and development levels during the period, Marula's LTIFR declined by 19% to 1.63 per million manhours. Driekop shaft achieved 15 months without a losttime injury from January 2006 to April 2007. In October 2006, the mine reported one million fatality-free shifts, an achievement that took 20 months to reach. Regrettably, there was one fatality during the course of the year, in January 2007. The FIFR for the year was 0.136 per million manhours. Further information on Marula's safety performance may be found in the Corporate Responsibility section of this report on pages 106 and 107 of this report.

Operational review

Production of platinum-in-concentrate for FY2007 of 65,000oz was 63% up on FY2006. Tonnes milled at 1.45Mt were 49% up on the previous year and in line with the plan to ramp up to full production. Improved management of grades and recoveries contributed to the greater increase in platinum output, with the turnaround at the operation reflecting the transition to conventional stoping.

The current UG2 plant is scheduled to achieve full capacity of 2.4Mt in FY2010. Recoveries increased to 88.5% from 87.2% in FY2006, in line with expectations and boosting overall production of PGMs.

Cost per tonne milled increased slightly to R395/t in FY2007 from R389/t the previous financial year. Costs per platinum ounce in concentrate (including share-based payments) fell by 7.0% to R8,781/oz. Once full production has been achieved, unit costs should be lower.

The conversion to conventional mining is on schedule. Production from the new conventional mining plan will begin towards the end of FY2008, with tonnages building up to a rate of 200,000 tonnes per month at full implementation, which is scheduled for FY2010. This will further improve efficiencies and grade.

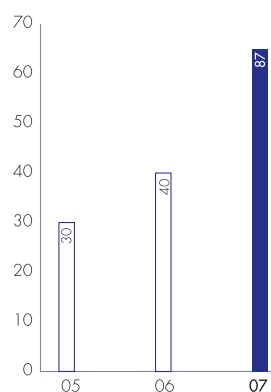
Highlights

- Production of 65,000oz of platinum-in-concentrate, exceeding expectations
- Conversion to conventional mining on track
- Steady improvement in recoveries, to 88.5%
- Unit costs declining as production builds up
- Feasibility study on Merensky Reef project under way

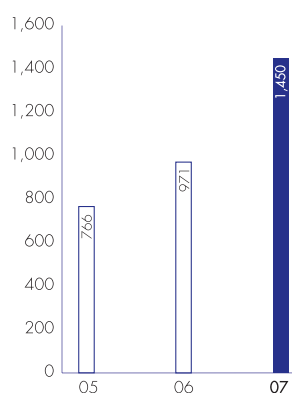
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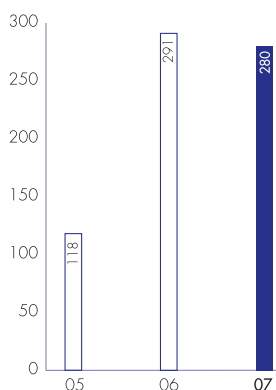
Marula – production of platinum-in-concentrate (000 oz)



Marula – production ramp-up (000 t)



Marula – capital expenditure (R million)



Marula key statistics

		FY2007	FY2006	% change
Sales	(Rm)	1,212.7	511.1	137.3
Platinum		489.1	239.3	104.4
Palladium		143.7	64.0	124.5
Rhodium		494.2	187.4	163.7
Nickel		39.7	8.6	361.6
Other		46.0	11.8	289.8
Cost of sales		(650.7)	(416.2)	(56.3)
On-mine operations		(472.3)	(307.9)	(53.4)
Concentrating operations		(100.2)	(69.8)	(43.6)
Treatment charges		(1.9)	(0.9)	(111.1)
Amortisation		(76.3)	(37.6)	(102.9)
Gross profit		562.0	94.9	492.2
Inter-company adjustment *		(123.7)	(90.9)	(36.1)
Gross profit in Implats group		438.3	4.0	10,857.5
* Adjustment note: The adjustment relates to sales from Marula to the Implats group which at yearend was still in the pipeline.				
Gross margin %	(%)	46.3	18.6	149.6
Royalty expense		(29.0)	(10.7)	(171.0)
Sales volumes in concentrate				
Platinum	(000oz)	65.2	40.0	63.0
Palladium	(000oz)	66.8	40.2	66.2
Rhodium	(000oz)	13.8	8.3	66.3
Nickel	(t)	188.0	107.8	74.4
Prices achieved in concentrate				
Platinum	(\$/oz)	1,043	934	11.7
Palladium	(\$/oz)	299	249	20.1
Rhodium	(\$/oz)	4,967	3,535	40.5
Nickel	(\$/t)	29,366	12,501	134.9
Exchange rate achieved	(R/US\$)	7.19	6.40	12.3
Production				
Tonnes milled ex-mine	(000t)	1,450	971	49.3
Platinum in concentrate	(000oz)	65.2	40.0	63.0
Palladium in concentrate	(000oz)	66.8	40.2	66.2
Rhodium in concentrate	(000oz)	13.8	8.3	66.3
Nickel in concentrate	(t)	188.0	107.8	74.4
PGM in concentrate	(000oz)	171.4	103.8	65.1
Total cost*		572.5	377.7	(51.6)
per tonne milled	(R/t)	395	389	(1.5)
	(\$/t)	55	61	9.8
per PGM ounce in concentrate	(R/oz)	3,340	3,639	8.2
	(\$/oz)	464	570	18.6
per platinum ounce in concentrate	(R/oz)	8,781	9,443	7.0
	(\$/oz)	1,221	1,478	17.4
Capital expenditure	(Rm)	279.8	291.2	3.9
	(US\$m)	39	46	15.2
* Includes share-based payments	(Rm)	18.3	-	



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Drill jig technology is being implemented at Marula, with improved rates of advance being achieved. Employee acceptance of the drill jig technology has been good, as locally sourced employees have not previously had any mining experience, and have not had to change from previously learnt methods of operation. Emphasis has been placed on a team-based approach to drill jigs.

Record footwall development and advances were achieved in the first half of the financial year, with advances of around 80m per month being recorded. However, problems with the maintenance of the mechanised fleet and poor ground conditions caused a number of delays in the second half of the year.

Marula's performance belies some of the underlying challenges in developing a mine on the eastern limb and the fact that the locally drawn workforce is largely unskilled. Many of Marula's employees – some of whom are in their mid-30s – have obtained employment for the first time ever. Training and skills development thus remains a priority, including capacity-building within the new union structures.

On the employee relations front, wages for Marula employees were aligned with those paid at Impala, addressing some of the industrial relations issues experienced on mine. Several disruptive work stoppages occurred during the period. Marula participated in the collective bargaining structures in terms of the recent wage negotiations which were successfully concluded in mid-August (see page 15).

Capital projects

In parallel with the conversion of the mining plan at the existing mine, a pre-feasibility study has been completed on the Merensky Reef. The study, which compared mechanised, hybrid and conventional mining options, was presented to the board in May 2007. A conventional mining method and mine layout has been selected.

The Merensky project will incorporate the development of a new decline, concentrator and supporting mining infrastructure. Certain synergies will be achieved with the current surface infrastructure. The project will yield 1 15,000oz of platinum annually at a rate of 175,000t mined a month. The current tailings dam will also be expanded. The life of mine of the Merensky operation is expected to be 20 years, although there is potential for this to be extended with the exploitation of deeper areas. Initial forecasts indicate capital expenditure in the region of R3 billion.

One of the more critical issues at Marula at present revolves around environmental permits for the Merensky project and the need to engage fully with the local community. Much attention is being focussed on this at present. The mining licence for this project was included in the application for new order mining rights for Clapham and Driekop.

Capital expenditure

By end FY2007, R562 million of the R830 million approved in February 2005 for the change in mining method had been spent, primarily on footwall development and the off-reef capital project. The balance will be spent during the course of FY2008 and the first few months of FY2009.





Review of operations and investments

Marula

Name	Merensky project
Location	Marula, eastern Bushveld
Description	Underground development and provision of surface infrastructure to mine the Merensky Reef at Marula. A pre-feasibility study to select mining method and mining plan has been completed. Initial mining depth of 50m to 300m.
Key information:	
Start date	January 2008
Completion date	Full production scheduled for FY2015
Annual capacity	At full production: <ul style="list-style-type: none"> • 2.1Mt (175,000 tonnes a month) • 115,000oz of platinum
Average grade	3.5g/t (5PGE+Au)
Capital expenditure	Estimated R3 billion Expenditure to date: R10 million
Life of project	20 years
Key project milestones achieved in FY2007	Pre-feasibility study presented to the board which approved expenditure of R60 million for the preparation of a full feasibility study and procurement of long lead equipment. The full project will be presented to the board in November 2007.
Key project milestones planned for FY2008	Once the full feasibility study has been presented to the board and funding approved, work will begin on the mining of the boxcut and construction of the surface infrastructure.

Outlook

Capital expenditure of R500 million has been budgeted for FY2008. This amount includes R115 million allocated to evaluation, the Merensky feasibility study and the start up of the Merensky project.

Full steady state production of 130,000oz of platinum per annum remains on schedule for FY2010. On completion of the Merensky project in FY2015, Marula will be a 245,000-platinum ounce operation.