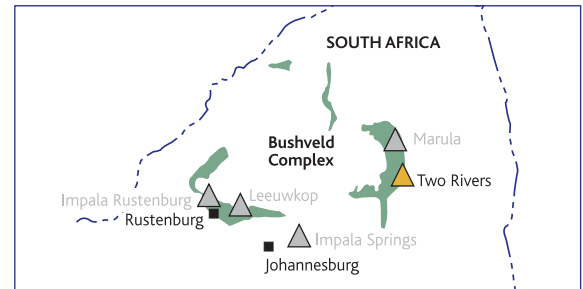


2007 ANNUAL REPORT

Review of operations and investments

Two Rivers



Introduction

Two Rivers Platinum, a joint venture between Implats (45%) and African Rainbow Minerals (ARM) (55%), is located on the eastern limb of the Bushveld Complex, near the town of Steelpoort in Mpumalanga. The operation is managed by ARM and has a life-of-mine concentrate offtake agreement with IRS.

Development at Two Rivers began in June 2005, with capacity at full production of 2.7Mt per annum. In FY2007, 87,900oz of platinum-in-concentrate were produced. The concentrator plant was commissioned during the year. The mine is still in a build-up phase, with full production of 120,000oz of platinum-in-concentrate (220,000oz of PGMs) expected to be achieved during FY2008.

Safety

Despite the fact that production is still ramping up, the mine recorded a satisfactory safety performance for the year. The LTIFR of 3.60 per million manhours was 18% better than target. Regrettably, one fatal accident occurred during the year as a result of a fall of ground incident.

Operational review

The implementation of trackless, mechanised bord-and-pillar mining has progressed well at Two Rivers as the orebody is ideally suited to this type of mining, thus vindicating the trial mining that was undertaken to select the appropriate mining method.

Total volumes mined from the underground workings rose to 1.28Mt for the year. The opencast operation initially proposed has been replaced by a second decline situated on the northern part of the property. This project is ahead of schedule and will contribute 45,000t monthly to the operation.

During FY2007, production was interrupted by an unprotected strike by mining contractor employees. Production ramp-up was restored after re-employment of employees.

A headgrade of 4.24g/t (5PGE+Au) was achieved during FY2007, which compared favourably with the overall UG2 reserve grade estimate of 4.13 g/t (5PGE+Au). The headgrade is expected to decline to 4.07g/t (5PGE+Au) during FY2008 and accounts for an increased presence of split reef in the areas to be mined. Headgrades are expected to return to 4.24g/t (5PGE+Au) in FY2009.

Wet commissioning of the plant started ahead of schedule in July 2006, with ore throughput beginning in August 2006. Problems experienced in commissioning were resolved and plant design capacity of 225,000t per month was achieved during

Highlights

- 2.04Mt milled in first year of operation
- Production of 87,900oz of platinum in concentrate
- Full production of 120,000oz of platinum in concentrate in FY2008



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FY2007. An average plant recovery of 77.4% was recorded for FY2007 and this is expected to improve during FY2008.

The 1.2Mt stockpile that had been built up prior to commissioning had been reduced to 160,000t by year-end.

The total cash costs for the year were R183/t milled which is expected to increase to R242/t milled for FY2008. This compares favourably with other producers in the region and will result in operating margins in excess of 50%.

Capital expenditure

The final cost of the project is R1.38 billion, R187 million less than originally budgeted. Capital expenditure for FY2007 amounted to R488 million, which included an investment of R92.5 million in a housing development in Lydenburg that constitutes a key element of the operation's plan to attract and retain skilled staff.

Outlook

Two Rivers, which is expected to reach full production in FY2008, is strategically well positioned, given its well-developed infrastructural base (water, power, skilled personnel). This will enable it to take advantage of development and consolidation opportunities in the future.

