Factors that have an impact on the Implats bottom line

- The market – particularly platinum
- Currencies – the rand, Zimbabwe dollar
- Margins
  - Cost control
  - Efficiencies – people, new technology, “smart” capex
The PGM market – demand

• Still robust with firm fundamentals, especially platinum
• Automotive sector continues to underpin demand for both platinum and palladium
• Although platinum jewellery down somewhat, there are signs of an initial interest in palladium jewellery in China
The PGM market – supply

- Modest platinum surplus registered for first time in six years – effectively still in balance
- Growing supply and existing inventory caps palladium price
- Rhodium market moving closer to balance but price is significantly higher

The rand

- Recent levelling and increased stability of rand has seen platinum price rise by more than the rand has strengthened
- Rand price received increased by 7% in interim period for FY2005 compared to interim 2004
- Average monthly platinum price so far this year at record levels in dollar terms average price for year-to-date of around $865 per ounce
- But the strength of the rand has dampened the impact of the platinum price boom
Net profit and the rand

Zimbabwe currency dilemma

- Inflation of 130%
- Managed auction exchange rate
- Resulting cost pressures
Margins, although still healthy, have declined

Group margins and the rand

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<tr>
<td>Margins (%)</td>
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* For interim six months July-Dec 2004
The rand and operating margins

What we are doing at Impala to maintain our “robustness”
Four focus areas

- Increase volumes
- Improve productivity
- Reduce costs
- Leveraging surface assets

Increasing volumes, improving efficiencies

To come from

- Improved recoveries
- Maintaining grade control and ongoing focus on quality mining
- Improved efficiencies
- Improved resource use
  - mining of white areas
  - prolonging lives of first generation shafts
- Implementation of new technology
  - especially drill jigs
Improved recoveries

- Tailings scavenging plant (a high-energy flotation plant) and improved recoveries over the last three years to yield approximately 20,000 ounces
- Various optimisation process initiatives to improve recoveries will yield approximately 15,000 ounces of platinum annually
- Together this amounts to around 50,000 ounces over the next two years (equivalent to approximately R350 million in additional revenue)
Planned improvements in productivity

- Labour management integral to this process
- Increased focus on under-performing teams
- Number of non-productive employees has declined by 5% in last three years
- Strategy is to achieve a 70% to 30% split between production and non-production employees
**Impala costs**

- Labour accounts for 60% of operating costs
  - Wage negotiations October 2004: increase of 8% granted, in excess of inflation rate
- Significant increase in steel price over last three years
  - Accounts for 5% of operating costs
  - Price up 25%
  - Thus essential to keep tight control of costs

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**Leveraging surface assets**

- Optimising use of existing infrastructure
  - Working smarter
  - Using existing infrastructure optimally eg UG2 plant, smelter and refineries
  - Improved milling utilization has resulted in increased capacity
- Controlling fixed costs
- Limiting overhead structure and costs
Role of new technologies

- To improve productivity and safety
- To reduce unit costs
- To develop the work environment in line with global trends (i.e., more skilled, less physically arduous and less labour intensive)
- To ensure company has a sustainable competitive advantage

Drill jigs – stope and development

Advantages
- More accurate drilling – reduced dilution
- Shorter drilling time
- Improved face advance per blast
- Better initiation efficiency and less blast damage
- Require less physical effort to operate
- Will facilitate management of hazards and improve health and safety aspects of working at the stope face (ground control districts)
Roll-out of drill jigs

• 150 Merensky panels by year-end; doubling by end of 2006
• Potential for 5-10% improvement in overall mining efficiencies
• Work on refining their use on UG2 panels continues

Ultra-low profile miners

Trackless mining equipment – for mechanised mining
• Ultra-low trackless (narrow reef) miners and extra-low load haul dumpers
Other improvement initiatives

- Fixco initiatives focusing on face advance and panel length continue
- Mineral resource management (MRM)
  - an integrated business solution for the management and control of mining activities
  - focuses on defining, planning, depleting and reconciling ore reserves/resources
- Cost savings
  - procurement optimisation, optimal lead times
  - Kopano suggestion scheme
  - salvage and reclamation
  - continuous re-evaluation of capex and mining strategy
Implats is well-placed to deliver growth and value

Investing for the future

**Impala Platinum**
- R6.6bn to be invested in two new shafts to ensure production at Impala of 1.1Moz platinum annually

**Marula Platinum**
- Additional development expenditure of R830m approved
- Proposed output of 140 000 Pt ounces annually by FY2009

**Two Rivers**
- Capital expenditure of R1.2bn proposed (45% attributable)
- Planned output of 120 000 Pt ounces annually at full production
Platinum production outlook

- **Mine to market**
- **3rd party processing**
- **Lonplats**
- **Zimbabwean expansions**