Investor Get-together

Wednesday, 29 June 2005

Ambatovy – a strategic opportunity
Nickel

- Nickel is not diversification but growth in one of Implats most important metals

- PGM Growth Issues
  - Western Limb – mature
  - Opportunities
    - Eastern Limb – technically challenging
    - Zimbabwe – political risk
    - worldwide – few new discoveries
  - Possible buffer for cyclical substitution pricing of PGMs
  - Implats has produced Ni and Co for thirty years

Nickel fundamentals

Global primary nickel supply balance, Source: Brook Hunt October 2004
Madagascar

About Madagascar

- World’s fourth largest island, 500 kilometres off east coast of Southern Africa
- Population of approx 17 million
- Independent since 1960
- Democratic republic
- Legal system based on French civil law
- Current government elected in 2002
Favourable investment climate

- Legal stability for duration of mining permit
- International dispute arbitration recognized and sovereign immunity waived
- Favourable Tax regime

Economic performance

- Debt relief of US$834m last year
- Recent announcements from the G8 on further debt relief
- Growth rate of 5%
- Projected growth for 2005 – 6.3%
- Inflation under control
- Supportive government
Ambatovy project history

- Project was 100% owned by Dynatec Inc of Toronto
- Previously owned and drilled by Phelps Dodge
  - swapped out for equity in Dynatec worth US$70 million
- Bankable Feasibility Study completed for a processing plant and refinery in Madagascar
- Dynatec/Implats relationship since 1968

Ambatovy project history, cont’d

- Implats has bought 50% of the project in JV with Dynatec in May 2005
- A third partner is being sought to dilute ownership
Ambatovy - a strategic investment

- 37.5% equity in the JV company for each of Implats and Dynatec (third party off-taker 25%)
- Implats buy-in cost of $50m (paid to Dynatec who will re-invest in Project)
- Dynatec responsible for Madagascan operations
- Implats responsible for the construction, commissioning and operation of an additional nickel refinery at Springs to treat 80 000 tpa nickel and 5 800 tpa of cobalt

Key statistics

- Reserves: 125m tonnes grading 1.04% nickel and 0.1% cobalt
- Production: 60 000 tonnes nickel and 5 600 tonnes cobalt per annum at steady state from Madagacar
- Project life: 27 years
- Capital cost: $2.05 billion (assumes refinery in SA)
- Operating cost: $1.66/lb; $0.64/lb after by-product credits
- IRR: 15-20% (nickel at $3.5/lb; cobalt $10/lb)
Why is Ambatovy so good?

- Homogenous and thick ore reserve
- Lowest operating cost producer
- Appropriate capital efficiency

Costs

- CAPITAL  US$2.05bn
- IRR  15 - 20%

- Additionally
  - savings on current capital expenditure program at Springs
  - savings on the current unit cost of all metals
Capital intensity

- Sufficient capital to ensure high plant availability and quicker ramp-up
- Goro includes $300m initial write-off
- Ravensthorpe is currently underestimated (UBS)
- Koniambo – expensive pyrometallurgical process

Cash operating costs, cont’d

- Lowest operating cost of all laterites
- Low Mg = low acid costs
- Low SiO2 = quick kinetics = high recoveries
- High by-product credits
Flow sheet summary

- **Mining (Ambatovy)**
  - no blasting, milling or crushing required
  - 195 km pipeline to process plant

- **Processing (Toamasina)**
  - pressure Acid Leach process as used at Moa Bay (Cuba)
  - no step - outs from Moa Bay flowsheet
  - requires power plant, acid plant and hydrogen sulphide plant in Madagascar
Flow sheet summary, cont’d

- Refining (Springs)
  - classical BMR flowsheet
  - cobalt solvent extraction is new to Impala
  - pilot plant at Springs

Why refine in Springs?

- Leverage the current skills base in Springs
- Potentially quicker ramp-up of refinery
- Piggy back onto the existing infrastructure
- Potentially higher revenue from ammonium sulphate credit
- Hydrogen availability
- ISO Quality and Environmental systems
- Implats’ LME listing
**Why is Ambatovy so good for Implats**

- Favourable cobalt ratios/credits
- Strong ammonium sulphate revenues in RSA
- Reduction of current BMR direct cost (low JV Opex)
- Saving on future expansion capex
- Leveraging Impala skills and expertise
- Leveraging the hydrogen pipeline fixed costs
- LME listing of nickel briquettes

**Current status / way forward**

- JV signed with Implats and Dynatec
- Actively seek a third partner
- Initiate financing activities
- EIA progressing well. Scoping background document completed and submitted to the department
- Feasibility – detailed engineering study on schedule
Milestones

- Definitive Cost Estimate completed by February 2006
- Third partner signed up by February 2006
- EIA completed first quarter 2006
- Board approval – March 2006
- Construction April 2006 to end 2008
- Commissioning and first metal production – early 2009

Conclusions

- World-class project
- Falls within Implats’ strategy
- Entails a total exposure of <US$1bn
- Yields a return to Implats of 15 – 20%
- The JVA incorporates a number of exits for Implats
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