Long-term relationship leads to sustainable and efficient BEE transaction

14 December 2005

Agenda

- Overview of transactions - Keith Rumble
- RBR transaction structure - David Brown
- RBR’s perspective - Chris Molefe
- Conclusion - Keith Rumble
- Questions
Overview of transactions

Keith Rumble

Two-tier empowerment structure

- Anchor empowerment partner - RBR
  - RBR will gain a direct holding of approximately 9% in Implats
  - Transaction includes Local Economic Development Trust with the primary objective of uplifting local communities and women in particular

- Employee Share Ownership Programme (ESOP) - 3% holding in Implats
A comprehensive and broad-based BEE transaction

- 26.5% BEE ownership for Impala
- financially sustainable
  - high degree of certainty on final outcome
- truly broad-based
  - benefits 300,000 RBN members
  - particular focus on women
  - includes 28,304 Implats employees

Strategically aligned

RBR - our anchor BEE partner

- Rigorous selection process
  - pre-determined criteria
- RBR achieved highest score
- Implats and RBR have long-term, historical relationship:
  - major shareholder (1 million shares)
  - royalty agreement
  - Impala lease area co-operation
RBR board representation

Implats
- Additional RBR nominee
  - total rises to two

Impala
- RBR appoints three of 10 board members
  - one to be a black woman
  - one to be nominated Deputy Chairman

Local Economic Development Trust (LED)
- Implats and the RBR to contribute equally to the Trust over the period of transaction
- Total value of Trust of R340 million
- Equivalent to 10% of anchor empowerment transaction
- Beneficiaries:
  - people living in vicinity of Impala lease area, particularly women
  - in the Bojanala region
Objectives of LED trust

- To promote, in the areas surrounding the Impala lease area and the Bojanala region:
  - entrepreneurial and SMME development
  - employment opportunities
  - education, training, sporting initiatives
  - healthcare and welfare
- Board of Trustees guided by a defined trust deed
Empowerment of women

- Women’s focus by the LED Trust
  - at least 50% of Trust’s value (R170 million) to be under control of women
  - for initiatives aimed at the advancement and empowerment of women in the area
  - Women trustees
- RBR woman appointee to Impala board

Employee Share Ownership Scheme (ESOP)

- Impalats makes capital contribution to ESOP trust
  - R1.8 billion to purchase 2.05 million (3%) Implats shares - equivalent to 25% of total transaction
  - 28,304 eligible employees (Patterson A, B and C grades) including 26,962 HDSA employees
  - Eligible employees benefit from capital appreciation over 10 years, but with full voting rights from day one
  - Net proceeds (after capital contribution repayment to Implats and tax) to be paid equally to all eligible employees
Benefits of ESOP

- Eligible employees to benefit from the total of Implats’ assets
- Increases broad-based participation
- Employee loyalty, retention

Structure of RBR transaction

David Brown
Implats’ current group structure

**Impala Refining Services (IRS)**

- Engaged in smelting and refining third party material from:
  - Toll refining activities (A-1 Specialized Services and Supplies) - largest recycler of autocatalysts in the world
  - Purchase of concentrate and matte from managed operations (Marula, Mimosa, Zimplats)
  - Purchase of concentrates from independent, non-controlled investments (Kroondal, Marikana, Everest, Crocodile River)
- Use existing infrastructure and capacity within the group - essentially an accounting entity
- Access to substantial and relatively stable cash flows
Structure of RBR transaction

- **Implats**
  - 100%
  - 5.5 million 'A' shares

- **IRS**
  - 51%
  - 49%

- **IRS UJV**
  - Stake to be converted into ≈ 7.4% Implats shares within 10 years

- **RBR**
  - External funding
  - Third party funders

- Net position after 10 years ≈ 9%

Conversion requirement

- RBR has right to convert between years 2 and 10; Implats has the right to call for conversion in year 10
- RBR converts IRS interest to Implats shares - Conversion Shares

  Conversion Shares = Fair market value of 49% of IRS at time of conversion
  60-day VWAP on date of conversion at a discount of 22.5%

- RBR entitled to subscribe for further Implats shares - Top-up Shares
  - Top-up Shares = 5.5 million less the Conversion Shares
  - subscribed for at 60-day VWAP on date of conversion at a discount of 25%
Final outcome

- Implats to repurchase and cancel ‘A’ shares at original subscription price
- 5.5 million ordinary Implats shares equivalent to approximately 7.4% of Implats (fully diluted basis) in 10 years
- RBR's current 1 million shares equivalent to approx 1.4% of Implats (fully diluted basis) in 10 years
- RBR will have approximately 9% in Implats (on a fully diluted basis)

Financial and cash flow effects

- Cash inflow of R3.4 billion
- Impact on headline earnings per share
  - interest income
  - finance charge (minority expense)
  - BEE charge
    - BEE compensation charge
    - Local economic development trust commitments
    - ESOP
The Royal Bafokeng Nation

- A community of 300,000 people
  - inhabits Phokeng area (part of Rustenburg Municipality, in the Bojanala district)
  - 52% are women
- Led by Kgosi Leruo Tshekedi Molotlegi and Supreme Council
- A wide variety of business interests
  - significant investments in the mining industry
RBN’s 2020 vision

Key objective is self-sufficiency by 2020

- Self-sufficiency means:
  - every Mofokeng should be either employed, employable; or have capacity to create jobs
- Capacity:
  - derive economic benefits from use of RBN land

RBN’s relationship with Implats

- Long-standing
- The RBN derives an annual royalty from Impala for the use of land and mineral rights
- Significant numbers of Bafokeng work at Impala mines
- Adds to imperative for developing a mutually beneficial relationship going forward
Significance of the transaction

- RBR acquires significant shareholding in Implats
- Full voting rights from day one
- Board representation at both Implats and Impala levels
- Management involvement at the Impala lease area

RBR’s strategic imperatives achieved

- Long-standing relationship cemented
- Solid ‘stepping stone’ (IRS/UJV participation)
- Sustainable equity participation in Implats
- Meaningful management participation in Implats and Impala
- Enhanced role in Rustenburg/Bojanala community development and Impala
Benefits of the transaction structure

- Constitutes an ‘asset’ deal
- Provides RBR with wider exposure to operational value chain
- UJV participation creates more equity for RBR in Implats (upon conversion) with less risk
- Strong, tax-efficient cash flows
- Sustainability
- Increased local economic investment for the upliftment of our communities
  - R340 million over 10 years

Conclusion and questions
Provides in excess of 26% BEE ownership

Impala Platinum will achieve empowerment credits from three sources, based on units of production in FY2006

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<tbody>
<tr>
<td>RBR:</td>
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<tr>
<td>Existing shareholding</td>
<td>2.4%</td>
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<td>This transaction</td>
<td>12.3%</td>
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<tr>
<td>From ESOP</td>
<td>4.7%</td>
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<td>Credits from Incwala transaction</td>
<td>7.1%</td>
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<tr>
<td>Total</td>
<td>26.5%</td>
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Conclusion

- Fundable, sustainable transaction
- Adds impetus to RBR’s drive to become significant BEE mining company
- Accords with the Mining Charter Achieves Board objectives
  - truly broad-based transaction
  - empowerment of women
  - development of entrepreneurs
  - improve lifestyle of employees, communities around Impala
  - Cost to shareholders in line with those of other comparable BEE deals

A sustainable and efficient transaction
Long-term relationship leads to sustainable and efficient BEE transaction

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