Analyst visit
27 October 2006

Agenda

Introduction
- The issue
- The solutions

David Brown

Mining plan
Productivity
- DDT implementation
- Incentive scheme

Shadwick Bessit

Progress to date
- Grade
- Ounces
- Costs

David Brown
The issue

Decline in head grade

The reasons

- Poor mining / Dilution control
  - Stopping width
  - Off reef mining
- Productivity gains not realised
  - DDT implementation
  - Incentive scheme

The solution

- Back-to-basics mining plan
- Productivity
  - Re-focused and measured DDT implementation
  - Revised bonus system rewarding quality production
**Back-to-basics mining plan**

- Improve mining basics
  - Maximising conventional Merensky volumes
  - Focus on 3rd generation Merensky shafts
  - Training of miners on correct mining parameters
  - Appoint grade control observers for follow-up coaching
  - Supervision at the face with regards to marking, drilling & blasting practices
  - Review stope and strike plots daily with regards to mining panels at correct parameters
  - Review trends weekly at shaft level
Back-to-basics mining plan

• Improve management information
  • All panels mined observed & sampled at least three times per month
  • Reports generated daily for actioning

• Senior management review trends & progress
  • Mid-month & month-end

Back-to-basics mining plan

• Other influencing parameters
  • On reef development metres vs. stoping m²
  • On reef excavation dimensions
  • Sweepings
  • Waste control
  • Ore mix
    • Merensky versus UG2
    • Conventional Merensky versus mechanised Merensky
    • Underground versus opencast
DDT Scorecard

Primary benefits

- Safety
  - Remove RDO from danger area ✓
  - Permanent support close to face ✓
    - 70% of roofbolting Merensky teams
  - Reduction in number of FOG’s ✓

Secondary benefits

- Reduce physical effort ✓
- Productivity improvement
  - 30% of 290 teams using DDT’s ×
  - Assuming a blast frequency of 19 blast/month ×
  - Potentially 1.2m advance per blast × ✓
  - Achieve better face advance per blast ✓
- Cost per ounce benefit ×
DDT challenges

- Logistics
  - Spare equipment
  - Maintenance by team  Ongoing
  - Repairs turnaround time  ✓
  - Equipment availability  ✓
  - Transporting of equipment  ✓

DDT key features and action plans

- Cycle completion
  - Cycle study in progress
  - Team complement setting
  - Re-focus on training (40 teams re-trained)  End Feb 07

- Mining environment
  - Rolling Reef (technical re-design/modifications)  Nov 06
  - Ledging / Vent holings / Bad blast - ongoing challenge

- Alignment of incentive scheme
  - Face advance component
  - Quality component (sweepings) – team
  - Dilution component - supervision  Nov 06
Team learning curve (Built into 5-year plan)

- Training + 1 month bolt lead
  - ± 3 months (break-even)
  - ± 5 months (Improvement)
  - ± 8 months (Payback)
  - ± 12 months (Benefits)

Incentive Scheme
New bonus scheme

- 3 KPI’s for Panel team

<table>
<thead>
<tr>
<th>Centares Efficiency</th>
<th>Cut-off point 36 Ca’s/man.</th>
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</table>

<table>
<thead>
<tr>
<th>Face Advance</th>
<th>New table for team members. Start at 16m &amp; 36 Ca’s/man.</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Keep existing table for Miners. Same rules as team members.</td>
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<table>
<thead>
<tr>
<th>Sweepings</th>
<th>Qualifies if sweepings are within 15m of the blasting face.</th>
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<tbody>
<tr>
<td></td>
<td>Payment of 20% of bonus.</td>
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New Bonus for team member

- Potential @ 28m adv

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<th>Face advance</th>
<th>Rand/team member</th>
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Progress to date

David Brown

• Overall grade improved 6.5%
• UG2 grade improved 10%
• Merensky grade still a challenge
Progress to date

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<tr>
<th>FY06</th>
<th>Jul 06</th>
<th>Aug 06</th>
<th>Sep 06</th>
<th>Oct 06</th>
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<tbody>
<tr>
<td>3.80</td>
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<td>3.66</td>
<td>3.82</td>
<td>3.92</td>
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Impala Platinum ounces

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<th>Dec 04</th>
<th>Jun 05</th>
<th>Dec 05</th>
<th>Jun 06</th>
<th>Dec 06 Target</th>
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<tbody>
<tr>
<td>547</td>
<td>568</td>
<td>571</td>
<td>534</td>
<td>1 125</td>
</tr>
</tbody>
</table>

Target – 2/3 years
- 17 to 17.5 m tonnes
- 1.15 to 1.2 m Pt oz
Impala unit cost per Pt oz

Cost drivers

- Wages
  - Annual increase
  - Skills retention
  - Additional employees/infrastructure
- Consumables
- Shock tubes

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