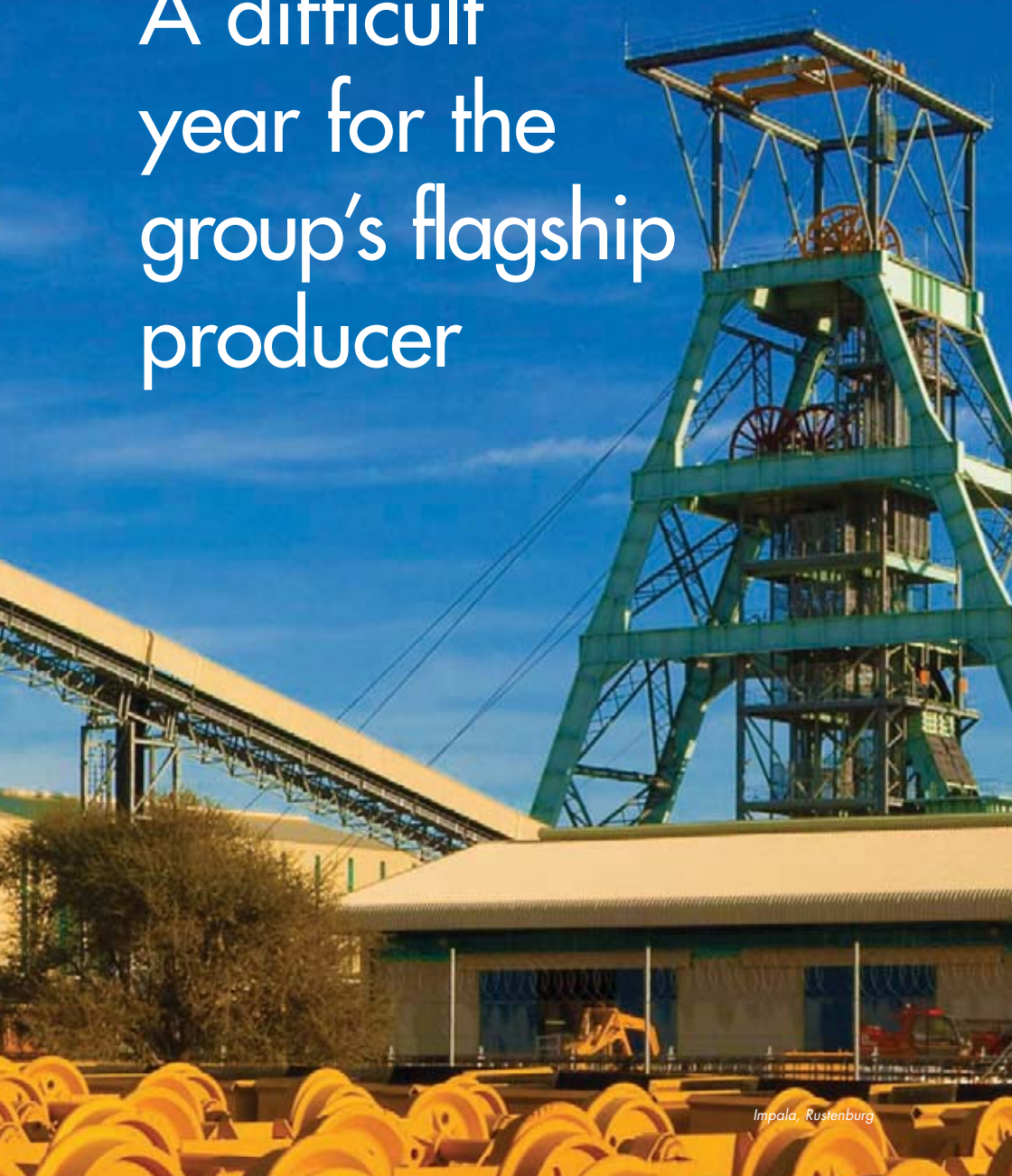
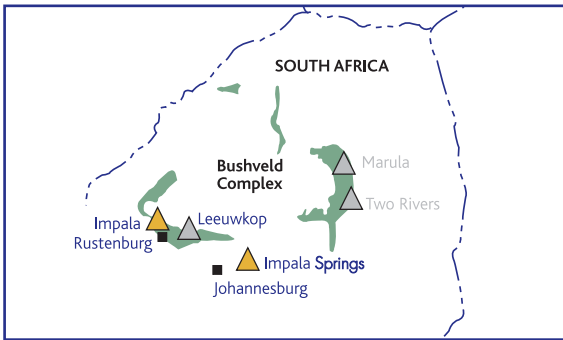


Operational review – Impala

A difficult
year for the
group's flagship
producer

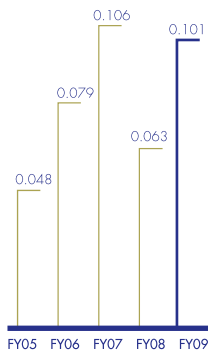


Impala at a glance

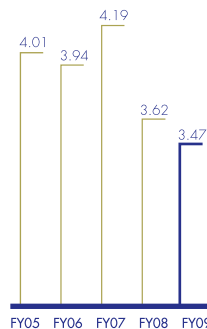


- A 14-shaft mining system
- Mineral processes incorporating concentrating and smelting plants
- Refineries housing the base and precious metals refineries
- Reserves: 23.5 million attributable ounces of platinum
- Resources (including reserves): 74.0 million attributable ounces of platinum
- Production: 950 500 ounces of refined platinum
- Labour complement (including contractors): 43 326

FIFR
(per million man hours worked)



LTIFR
(per million man hours worked)



Operational review – Impala (continued)

Impala Platinum contributes 56% of the group's production. The deterioration in safety performance at Impala Rustenburg, where the number of fatalities doubled period-on-period, is unacceptable. The primary cause of the majority of these incidents was equipment-related, whilst two were the result of falls of ground, the principal cause of fatal incidents in prior years. This change highlights the success of the fall-of-ground campaign, which was revitalised during the year.

Mineral Processes meets environmental regulations

The R1-billion smelter expansion was completed at Mineral Processes in February with the commissioning of the gas-cleaning plant. In addition to increasing overall capacity to 2.8 million ounces of platinum, the plant is now fully compliant with the latest environmental legislation. The expansion to the tails retreatment plant, which involved a doubling of capacity, was completed on time and within budget. Initial indications are that this plant will improve overall recoveries by around 0.5% in the coming year.

However, it is disturbing that nine out of the 10 incidents were caused by non-compliance with safety standards and procedures. The focus going forward remains on leadership and training. In conjunction with these programmes, a communication initiative, known as *Towards zero by 2012*, is being undertaken in order to raise safety awareness levels and to engender a safety culture among all employees.

The quantum of Merensky ore milled declined by 12% to 6.8 million tonnes from the previous period, with underground ore sourced from UG2 remaining virtually unchanged at 7.8 million tonnes. The decline in Merensky

can be attributed to a lack of adequate on-reef development on the major Merensky shafts, namely 11, 12 and 14. This resulted in limited face availability, and consequently a lack of mining flexibility. The decline in volumes is also attributed to poor operational efficiencies due to the failure to complete the mining cycle, which was compounded by safety stoppages and poor discipline.

This situation was further exacerbated by the slower-than-anticipated ramp-up of the decline shafts. The development of the declines was undertaken in the late 1990s as a capital-efficient way to access deeper mining areas in an environment of limited capital. However, they have proven difficult to operate due to the fact they are linked to existing operational shafts.

The decline in Merensky tonnage impacted on the ore mix, which increased to 55:45 in favour of the lower platinum grade UG2, which is characterised by lower recoveries. (The overall platinum yield for the UG2 is some 20% lower than that for the Merensky.) The drop in grade was further worsened by excessive dilution resulting from increased off-reef mining.

As a consequence, refined platinum production declined by 9% from 1 044 000 ounces in the previous year to 950 000 ounces. The lower volumes negatively impacted unit costs, which rose 31% to R8 559 (excluding share-based payments).

Outlook

The key mining initiatives in FY2010 will focus on on-reef development and the timely delivery of Merensky volumes, particularly at 11, 12 and 14 shafts.

In order to ensure the requisite mining flexibility, plans are in place to increase on-reef development by approximately 30% in the next financial year. New supervisory structures have been put in place to ensure delivery against these targets. These include dedicated development sections, better contractor management and enhanced team productivity. The latter will be addressed by implementing best-practice initiatives. It is estimated that it will take two years to restore on-reef/off-reef development to the correct balance. During this period, grade will continue to be impacted by the mix. We anticipate that within five years, Impala will be producing in excess of one million ounces of platinum per annum.

In the medium term, the older shafts will reach the end of their lives and be replaced by a new generation of deeper level shafts, namely 16, 17 and 20 shafts. Number 20 shaft will commence production in FY2011 and will be followed by 16 shaft in FY2013. At full production, these shafts will produce in the region of 330 000 ounces of platinum. The increase in tonnes from these new projects is anticipated to restore the ore mix back to 55:45 in favour of Merensky.

Impala geared up for 2.3 million ounces

The Phase II expansion at the Base Metals Refinery to 2.3 million ounces of platinum, which matches installed capacity at the Precious Metals Refinery (PMR), is scheduled for completion in 2010. The bankable feasibility study for the Phase IV expansion of the PMR to 2.8 million ounces of platinum was completed. However, due to the prevailing difficult economic conditions, it was considered prudent to place the expansion on hold. However, this expansion is of a modular nature and is able to be quickly activated when market conditions warrant.

Operational review – Impala (continued)

Impala – key statistics

		FY2009	FY2008
Mining sales	(Rm)	15 250	20 889
Platinum		9 875	12 087
Palladium		930	1 173
Rhodium		3 067	5 179
Nickel		640	1 506
Other		738	944
Mining cost of sales		(7 664)	(7 345)
On-mine operations		(5 428)	(5 860)
Processing operations		(1 349)	(1 057)
Refining operations		(363)	(476)
Amortisation		(630)	(691)
Increase in inventory		106	739
Mining gross profit		7 586	13 544
Other operating expenses		(325)	(426)
Royalty expense		(373)	(548)
Mining profit from operations		6 888	12 570
Profit/(loss) from metal purchased transactions		18	54
Sales of metals purchased		10 060	15 638
Cost of metals purchased		(10 042)	(15 584)
Profit from operations in Implats group		6 906	12 624
Gross margin ex mine %	(%)	49.7	64.8
Sales volumes ex mine			
Platinum	(000 oz)	924.0	1 043.7
Palladium		401.1	426.7
Rhodium		100.5	101.9
Nickel	(000 t)	6.2	6.9
Sales volumes metals purchased IRS			
Platinum	(000 oz)	551.5	640.7
Palladium		366.7	410.9
Rhodium		77.4	92.7
Nickel	(000 t)	3.7	3.4
Prices achieved ex mine			
Platinum	(\$/oz)	1 228	1 588
Palladium		271	381
Rhodium		3 733	6 941
Nickel	(\$/t)	12 774	30 206
Exchange rate achieved ex mine	(R/\$)	8.56	7.29

Impala – key statistics (continued)

		FY2009	FY2008
Production ex mine			
Tonnes milled ex-mine	(000 t)	15 102	15 855
% UG2 milled	(%)	54.9	50.7
Development metres	(metres)	92 358	90 656
Headgrade (5PGE+Au)	(g/t)	4.56	4.64
Platinum refined	(000 oz)	950.5	1 044.0
Palladium refined		425.5	436.6
Rhodium refined		124.1	124.9
Nickel refined	(000 t)	6.2	6.9
PGM refined production	(000 oz)	1 790.1	1 841.1
Total cost			
	(Rm)	7 465	7 819
	(\$m)	822	1 077
Share-based payments	(Rm)	(670)	985
per tonne milled	(R/t)	494	493
	(\$/t)	54	68
per PGM ounce refined	(R/oz)	4 170	4 247
	(\$/oz)	459	585
per platinum ounce refined	(R/oz)	7 854	7 489
	(\$/oz)	865	1 031
net of revenue received for other metals	(R/oz)	2 199	(941)
	(\$/oz)	242	(130)
per platinum ounce refined (excluding share-based payments)	(R/oz)	8 559	6 546
	(\$/oz)	942	901
Capital expenditure			
	(Rm)	4 728	3 415
	(\$m)	526	470
Labour including capital as at 30 June			
	(no)	43 326	44 921
Own employees		30 540	29 533
Contractors		12 786	15 388
Centares per panel man per month*	(m ² /man)	34.6	37.8

* Conventional mining and own employees efficiency