

NEWS RELEASE

Work stoppage at Implats – update and financial implications

Update:

Good progress has been made with discussions with employee representatives at Impala Platinum where about 18,000 of the company's 28,000 employees at operations on the Impala Lease Area have been engaged in an unprotected and illegal work stoppage.

An agreement was signed with employee representatives on Thursday night (27 March 2003), in terms of which employee representatives would urge all employees to return to work with immediate effect. Because large numbers of employees have left the property in advance of the weekend, it is likely that the return will be effective from the night shift on 30 March.

Management has in return agreed:

- To discuss issues of concern relating to the Provident Fund
- Not to embark on any disciplinary action as a result of the work stoppage; and
- To return to the original funeral benefits scheme.

This follows ongoing discussions with the National Union of Mineworkers (NUM) and other employee representatives over the past few days.

The company views this outcome as a win-win situation. The company has avoided disruption to the operation through mass dismissal and will be able to re-build its relationship with employees and employee representatives in a constructive manner.

Efforts will be made to make up some of the production that has been lost.

Background:

The work stoppage began when employees on the northern shafts (representing about 45% of production) did not proceed on the night shift on 13 March. The work stoppage continued on 14, 15 and 17 March. The southern shafts (representing about 55% of production) joined the work stoppage on 18 March.

The company obtained a Labour Court interdict on Thursday 20 March for employees to return to work. Employee representatives had until 27 March to respond to the interdict. The interdict was unopposed and, consequently, a court order was issued in line with the interdict on 27 March.

Initially the main issue appeared to be related to dissatisfaction with new funeral benefits that had been implemented by the Provident Fund with effect from 1 March 2003, after negotiation with and agreement by union representatives. Within a few days a demand emerged for the payout of funds by the Impala Workers Provident Fund to employees. This demand could not be acceded to for legal and other reasons, without employees being dismissed or resigning from the company. Of great concern to the company was the misunderstanding of the issues amongst the workforce and a failure to understand the personal consequences of these actions. The average length of service of Impala employees is in the region of ten years; the personal implications for employees of losing benefits accrued in line with the length of service, as well as accrued Provident Fund benefits for employees and their families after employees have retired, is significant.

No dispute has ever been called and the work stoppage has remained unprotected and illegal in terms of the Labour Relations Act. Although the company has the right to dismiss employees in line with the company's Disciplinary Code, supported by the Court Order, Impala has remained firm in the view that mass dismissal would be the remedy of last resort. This is in light of the company's past good relations with employees.

Financial implications for the company: The company will have lost 9.5 effective production days (as at the end of business today, 28 March 2003), equivalent to 35,150 oz of platinum production. This has resulted in a loss in revenue of approximately R265 million and a loss of about R139 million in attributable income (or net profit). Employees have lost about R24 million in income.

It is unlikely that the majority of this production will be made up by the company's year-end at 30 June 2003. The lower expected production for the year to June 2003 will have an impact on unit costs for the period, but it is expected that production and costs will return to normal levels within a short period of time.