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

4

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
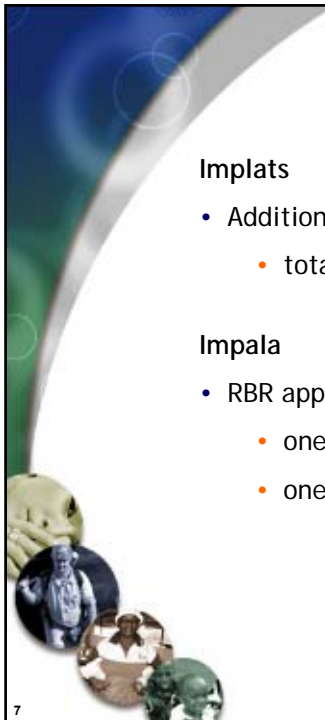
Strategically aligned

5

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

6

RBR board representation
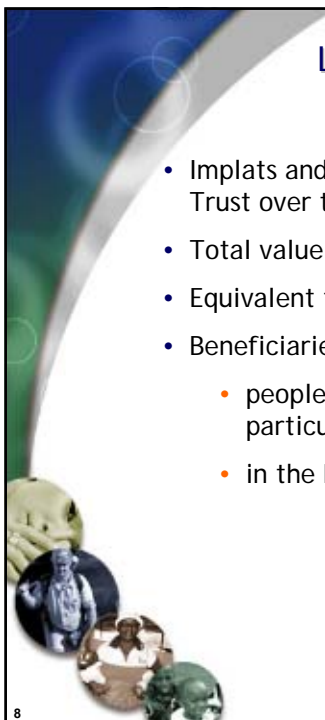
Implats

- 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

7

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

8

Bojanala Platinum District

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

11

Employee Share Ownership Scheme (ESOP)
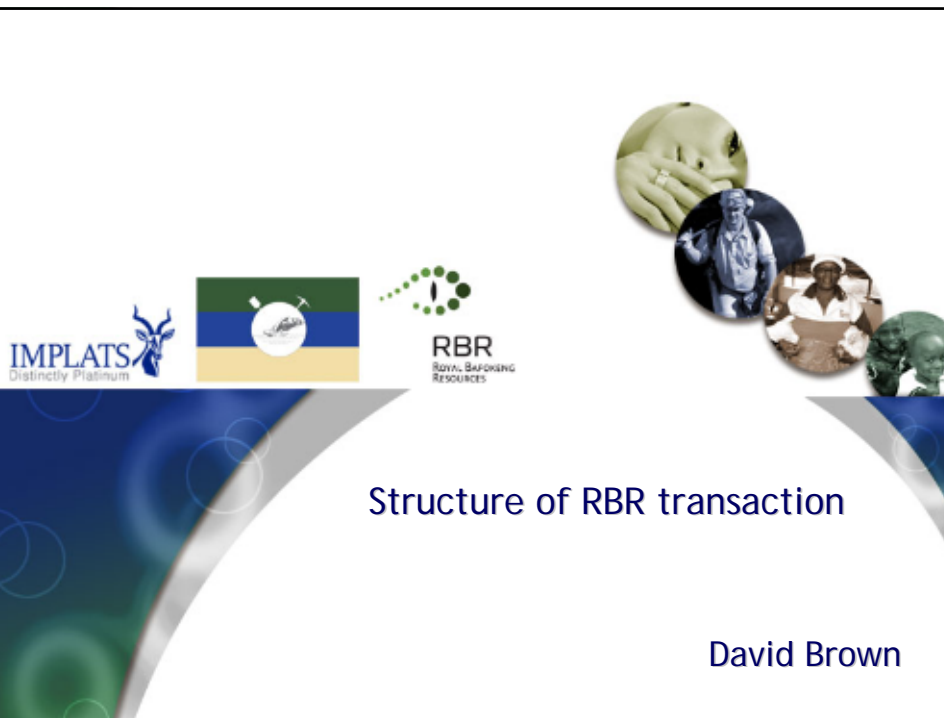
- Implats makes capital contribution to ESOP trust

  - 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

12

Benefits of ESOP

- Eligible employees to benefit from the total of Implats' assets

- Increases broad-based participation

- Employee loyalty, retention

IMPLATS
Distinctly Platinum

RBR
ROYAL BAFOKENG RESOURCES

Structure of RBR transaction

David Brown

Implats' current group structure

Implats

100%

| Mine-to-market operations | Refining services | Investments |

Mine-to-market operations:
- Impala Platinum — 100%
- Marula Platinum — 100%
- Zimplats — 86.9%
- Mimosa — 50%
- Two Rivers — 45%

Refining services:
- Impala Refining Services (IRS)
- Toll refining
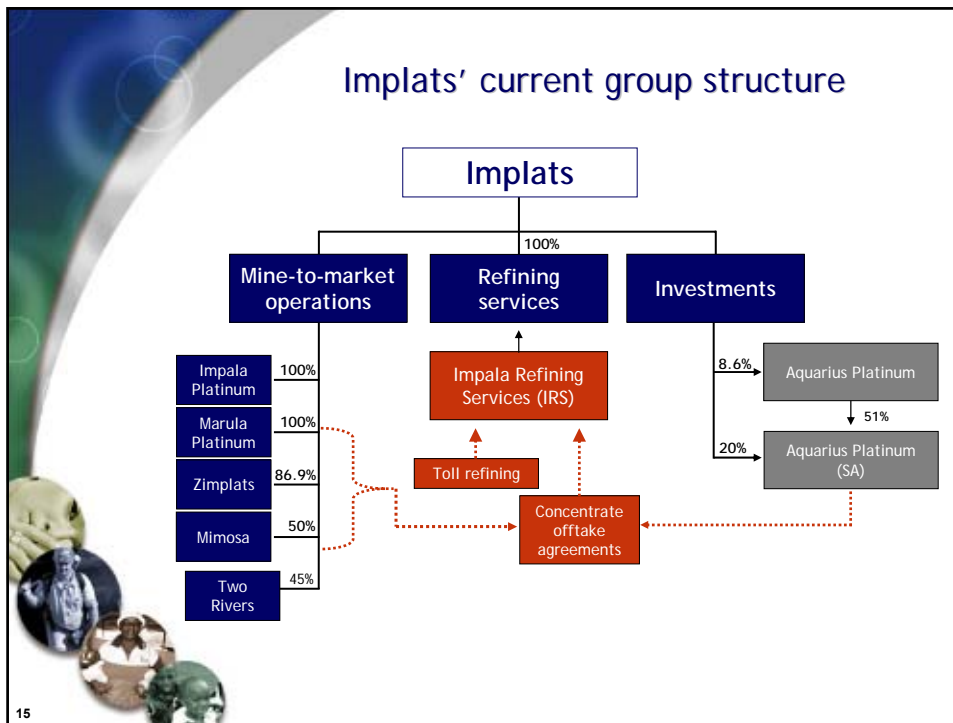- Concentrate offtake agreements

Investments:
- Aquarius Platinum — 8.6%
- Aquarius Platinum (SA) — 20%, 51%

15

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

16

Structure of RBR transaction


```
5.5 million                      External
'A' shares        ┌─────────┐    funding    ┌──────────────┐
                  │   RBR   │ ◄ · · · · · · │    Third     │
                  └─────────┘               │ party funders│
                    │    │                  └──────────────┘
           existing │    │ 49%
  ┌────────┐ holding:│    │
  │ Implats│◄─ 1.4%  │    ▼
  └────────┘         │  ┌──────────────────────────┐
      │ 100%         │  │ Stake to be converted into│
      ▼              │  │  ≈ 7.4% Implats shares    │
  ┌────────┐         │  │     within 10 years       │
  │   IRS  │         │  └──────────────────────────┘
  └────────┘         │
      │     ┌────────┴──┐
      │     │  IRS UJV  │   Net position after
   51%│     └───────────┘   10 years ≈ 9%
      │          │
      │     ┌───────────┐
      └────►│IRS business│
            └───────────┘
```
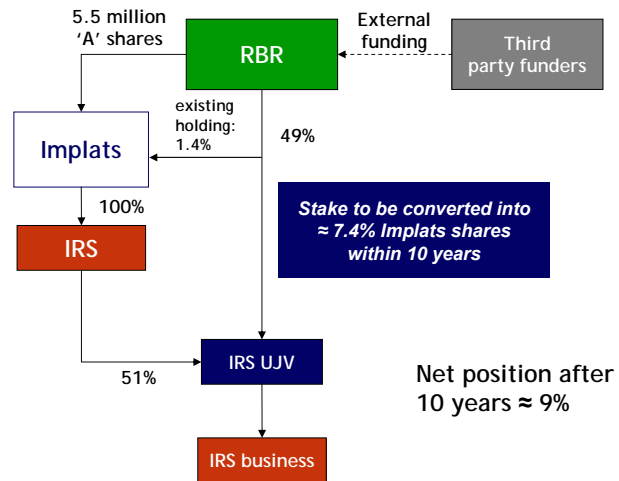
17

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

$$\text{Conversion Shares} = \frac{\text{Fair market value of 49\% of IRS at time of conversion}}{\text{60-day VWAP on date of conversion at a discount of 22.5\%}}$$

- 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
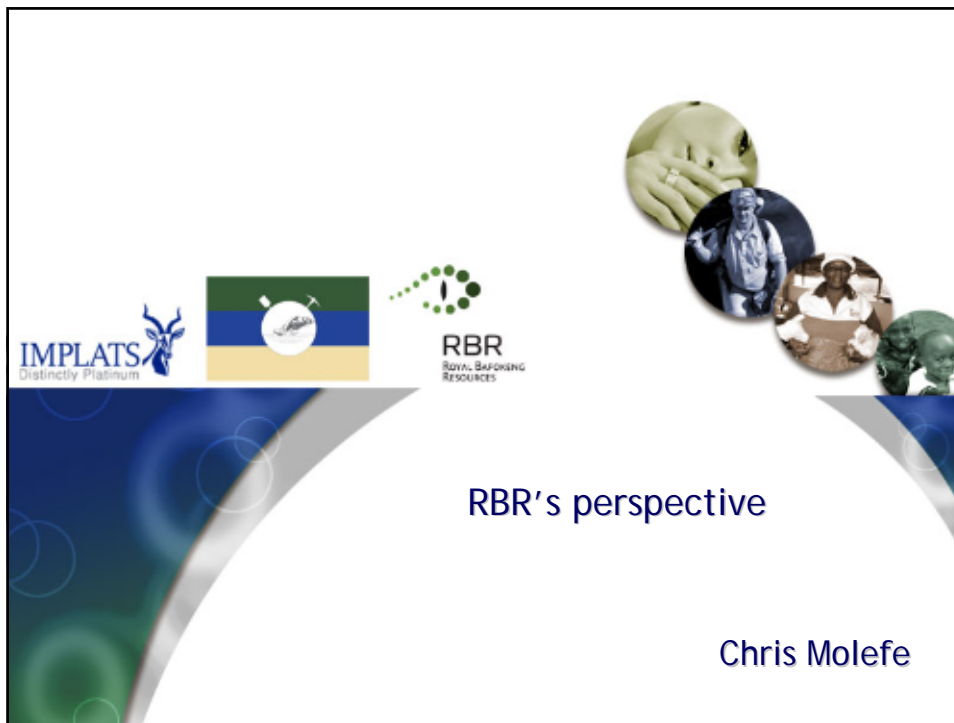   at a discount of 25%

18

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)

19

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

20

RBR's perspective

Chris Molefe

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

22

RBN's 2020 vision
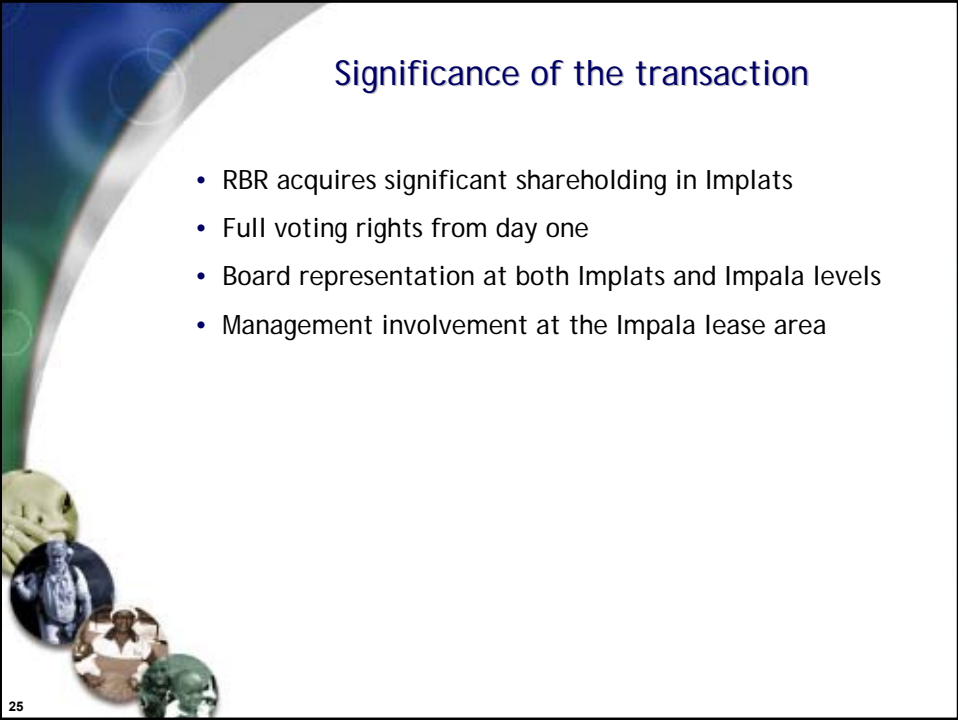
Key objective is self-sufficiency by 2020

- 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

23

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

24

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

25
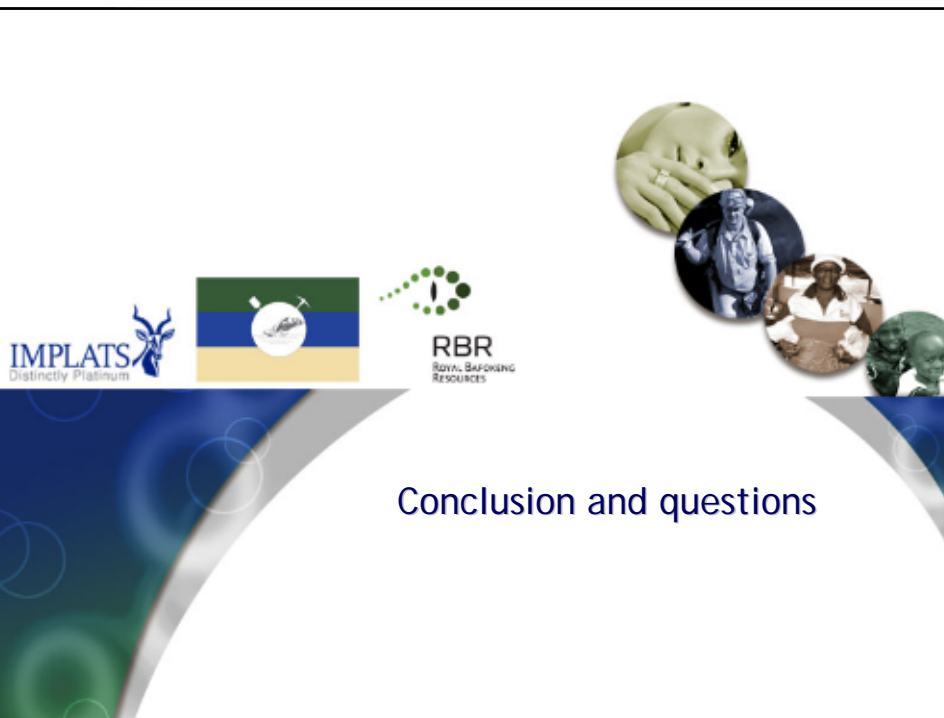
RBR's strategic imperatives achieved

- 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

26

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

27

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

RBR:	
Existing shareholding	2.4%
This transaction	12.3%
From ESOP	4.7%
Credits from Incwala transaction	7.1%
Total	**26.5%**

29

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

30

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

14 December 2005