

## NEWS RELEASE

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### **Implats and RBR announce sustainable BEE transaction**

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#### **26% BEE ownership for Impala Platinum**

Impala Platinum Holdings Limited (Implats) and Royal Bafokeng Resources Holdings (Proprietary) Limited (RBR), a wholly-owned subsidiary of the Royal Bafokeng Nation Development Trust, announced today that they have signed a Memorandum of Understanding regarding a proposed empowerment transaction that will see RBR ultimately gaining a stake of approximately 9% in Implats.

As a separate and independent transaction, Implats will facilitate the acquisition of a 3% fully diluted direct equity interest in Implats by a broad base of staff employed by Implats' South African subsidiaries.

When considered at the level of Impala Platinum, Implats' primary operating subsidiary, together with a previous transaction, Implats estimates 26% BEE ownership of Impala Platinum, which will make this operation fully compliant with the equity ownership requirements of the Mineral and Petroleum Resources Act (MPRA) and the Broad-Based Socio-Economic Empowerment Charter for the Mining Industry (Mining Charter).

#### **Two-tiered structure**

The empowerment transaction is based on a two-tiered structure:

In the first tier, RBR, Implats' anchor empowerment partner, will ultimately hold approximately 9% (including their current 1.4% shareholding on a fully diluted basis) of Implats. Black economic empowerment (BEE) compliance will be achieved through:

- the acquisition of a 49% undivided interest in the business and operations of Impala Refining Services (Proprietary) Limited (IRS), the wholly-owned subsidiary of Implats that houses the third party refining business of the Implats group of companies, for R3.4 billion. This will ultimately swap into approximately 7.5% of Implats;
- management participation at the Impala Platinum level to comply with the Mining Charter requirements of skills transfer and meaningful operational involvement; and
- the creation of a R340 million trust to facilitate economic development of the greater Bojanala district over the period 2006 to 2016. At least 50% of the contributions made to the trust will be used for initiatives that focus on the advancement and empowerment of women. (The Bojanala district is situated in the north eastern corner of North West Province and encompasses the area surrounding the operations of the Impala Platinum lease area and includes the towns of Rustenberg, Brits, Koster and Moretele.)

In the second tier, an Employee Share Ownership Programme (ESOP) with a 3% (fully diluted) holding in the entire business of Implats for all Patterson A, B and C grade employees of Implats' South African subsidiaries will be created through an ESOP trust. This is effectively a 5% indirect holding in Impala Platinum and equivalent to 25% of the transaction being announced.

#### **Transaction cements long-term relationship**

The RBN, through its corporatised mining entity, RBR, has been selected by Implats, following a rigorous evaluation process, as anchor empowerment partner to Implats and partner in Impala Platinum. The RBN recognises Implats as their primary strategic partner in the platinum industry.

"This transaction further cements the long-standing relationship between the RBR and Implats. RBR will have direct management involvement in Impala Platinum, focusing particularly on skills transfer and employment equity,

and will ultimately benefit from having direct ownership in Implats," commented, Keith Rumble, CEO of Implats.

**The distinguishing features of the combined transactions include:**

- sustainability with a high degree of certainty of achieving the final desired outcome of unencumbered sustainable BEE credentials, which are enhanced by the structure of the transaction: the RBR transaction is not solely reliant on the share price to repay the debt; and
- the RBR will have direct access to cash flows thus facilitating efficient servicing of the debt.
- benefits accruing directly to a truly broad-based group of participants: 300,000 members of the Royal Bafokeng Nation (RBN),
- 26,962 historically disadvantaged employees of Implats; and
- the greater Bojanala community, with a particular focus on women.
- together with the credits arising from the sale of Implats' interest in Lonplats in 2004 which led to the establishment of Incwala Resources (Proprietary) Limited, Impala Platinum achieves credits in excess of the requirement to achieve 26% BEE ownership by 2014 as stipulated in the MPRDA and Mining Charter.

The transaction was hailed by His Majesty, Kgosi Leruo Molotlegi: "This is a watershed transaction for the RBN. It consolidates our interests in quality mining assets and extends our sphere of influence over the mining activities taking place on our doorstep."

**Background about the RBN and the RBR**

The RBN comprises a community of approximately 300,000 black, predominantly rural South Africans. The demographic spread of the RBN's members by gender, age and other measures is representative of rural South Africa.

The RBN is led by Kgosi Leruo Molotlegi and inhabits and owns an area of land near Rustenburg in North West Province of about 2,000 km<sup>2</sup>. This area is underlain by the mineral reserves of the Bushveld Complex, including both Merensky and UG platinum reefs, which form part of the world's largest platinum reserve. This mineral wealth includes the Impala lease area.

A landmark settlement between the RBN and Implats in 1998 resolved a decade-long royalty dispute between the parties. As part of the resolution of the dispute, the RBN became a significant shareholder (1.4% currently) in Implats and receives an annual royalty from Impala Platinum for the right to mine the lease area. The royalty funds are channelled through the RBN to the Royal Bafokeng Administration that provides for infrastructural medical, social and educational services for the Bafokeng community.

In keeping with the RBN's 2020 vision to develop its people and become self-sufficient by the second decade of the 21st century, the executive council of the RBN approved the corporatisation of its mining assets under a new mining company, the RBR.

Further details available on the Implats website.

For further information:

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2005/12/14