

24 July 2003

Comment on acquisition

Share code: IMP
Share price: * 46710
Fair value: 55000

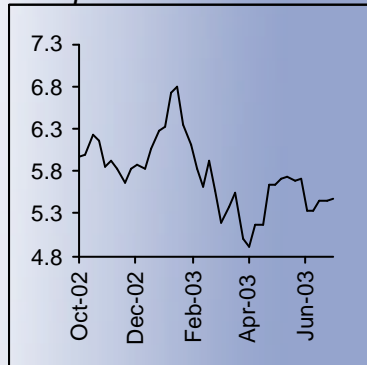
* as at 24 July 2003

Market perform

Previous recommendations	
Market perform	6 June 2003
Outperform	07-Feb-02
Outperform	21-Jan-02
Outperform	06-Sep-01

Weightings in indices (%)	
Alsi 160	2.7
Resources	6.3
Platinum Mining	57.6
MSCI (SA)	3.9

Share price relative to All Share index



Impala Platinum Holdings Ltd

Platinum sector

The Zimplats offer

- ❖ Implats recently acquired Absa's 29.3% stake in Impala Platinum (Zimbabwe) for R142m. It has also made an unconditional offer of A\$4.08/s to Zimplats minorities.
- ❖ Implats is looking to expand its interests in Zimplat's future growth; a full takeout of minorities will facilitate the expansion, its financing as well as the indigenisation of Zimplats.
- ❖ Zimplats controls an open pit operation producing about 80,000ozs Pt/a and is investigating the construction of an underground operation capable of producing about 90,000ozs Pt/a by 2006.
- ❖ Zimplats major attraction is centred on its ability to support major expansions at a time when cost effective SA resources are not freely available. Forecasts of 400,000ozs/a Pt within 10-15 years and 1mozs/a Pt within 30 years appear realistic.
- ❖ Zimplat's open pit operation is currently at the least profitable end of the southern African platinum business. Relatively high cost structures, low head grades, royalties and matte sale conditions put it at disadvantage to most SA-based operations.
- ❖ We expect the Zimplats underground operations will be far more competitive. The underground mine and its expansions will ultimately reduce downstream processing costs, which will further improve their cash margins.
- ❖ Assuming that Implats takes full control of Zimplats, we estimate that its earnings contribution to Implats will be neutral for at least two years after taking the loss of interest income into account.
- ❖ By the 2006FY, Zimplats total benefits to Implats, including the less obvious profit from the matte purchase agreement, could exceed 10% of Implat's HEPS.
- ❖ We rate the acquisition of Zimplats as an excellent strategic move. Despite the political problems in Zimbabwe, it is one of the few potentially economic platinum resources in the world that can support large and competitive expansions over the next two decades.
- ❖ We estimate that if all goes well, Zimplats will add about **R5bn** of today's value to Implats's market cap over the next five years, with substantial improvements likely in the longer term. In the short term, Implats is a **market perform** until the BEE and royalty issues are resolved.

Fin year end Jun	2003E	2004F	2005F	2006F	2007F	2008F
Imps base HEPS*	R49/s	R45/s	R50/s	R58/s	R64/s	R70/s
Zim effect on Imps HEPS**	R1.2/s	0	R0.4/s	R1.9/s	R4.3/s	R5.4
Zim benefits to Imps***	R1.7/s	R2.8/s	R3.3/s	R6.1/s	R10/s	R11.7/s

*Implat's HEPS **without** Zimplats **Direct EPS share-interest ***EPS-interest + refining benefits

The proposed Zimplats acquisition

- ❖ Implats recently acquired Absa's 29.30% interest in Impala Platinum (Zimbabwe) for R142m. Impala Platinum (Zimbabwe) is the entity that owns 51% of Zimbabwe Platinum (Zimplats). Zimplats is the Australian-listed, Guernsey-registered company that owns PGM investments in Zimbabwe.
- ❖ Implats has also made an unconditional offer of A\$4.08/s for the outstanding 49% held by Zimplats minorities. If accepted by more than 85% of the minorities, Zimplats will become a private, unlisted, wholly owned subsidiary of Implats at a cost of R972m.
- ❖ In the short term, Implats expects to sell 15% of Zimplats to indigenous interests at an effective (reported) price of about A\$2.70/s.

Zimplats assets and operations

- ❖ Zimplats holds claims over the entire North Chamber of the Great Dyke. These claims are estimated to overlay over **2.5bt** of the Main Sulphide Zone, with in-situ resource grades and widths of **4.1g/t** and **1.2m** respectively.
- ❖ Zimplats also owns and operates the Ngezi open pit through its 70% stake in Makwiro Mines Ltd. The balance of shareholding in Makwiro Mines is held by Implats. The Ngezi open pit operation currently produces around 2mt of ore at grades of over 3.2g/t at an average stripping ratio of about 13.5:1 to produce about 81,000ozs/a of Pt.
- ❖ In the last year, the company has developed a trial underground mine at Ngezi to prove the viability of the deeper resources in the Ngezi area. These resources were recently converted into 284mt of reserves with grades of 3.3g/t. The reserves are based on reef thickness of greater than 1.6m and have dips shallower than 12 degrees.
- ❖ The ore from the open pit is trucked 80km from Ngezi to the concentrator at the Selous Metallurgical Complex (SMC). The concentrates are smelted and converted for sale to Implats.

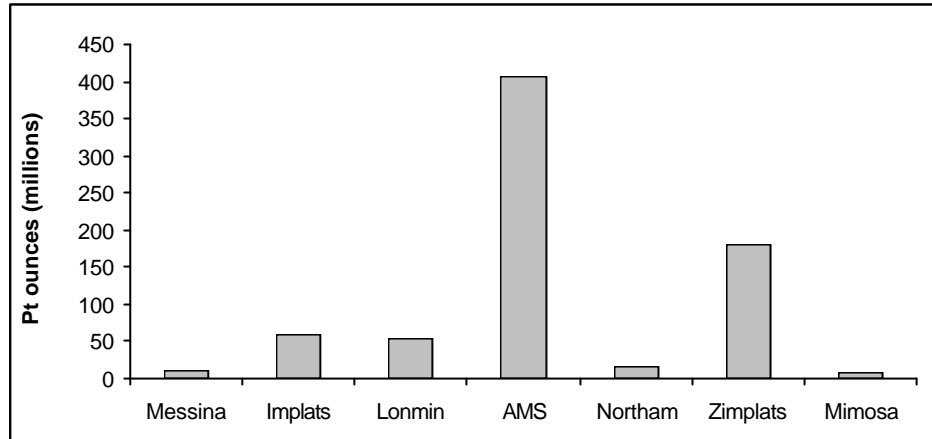
Why is Implats buying more of Zimplats?

- ❖ Implats already owns an effective 51% stake in Zimplats. With political and economic conditions deteriorating in Zimbabwe, its decision to take full control raises obvious questions.
- ❖ Implats believes that Zimplats will be worth more later as the company realises its intentions to expand. It also believes that Zimbabwean politics will eventually improve as political leadership changes.
- ❖ Full control over the Zimplats company will allow Implats far more flexibility to finance and dictate the pace of expansion than if it had to consider the minorities of a listed company.
- ❖ We believe that an early acquisition of Zimplats ensures that EU competition authorities remain on the sidelines.
- ❖ Implats is also ensuring that it keeps the lucrative matte purchasing agreement. The management of Zimplats could find increasing pressure to diversify its contracts with time.
- ❖ Finally, Implats move to take full control of Zimplats will facilitate early BEE at shareholder level.

Zimplats growth potential

The Ngezi resources may represent one of the world's largest block of potentially economic Pt mineralisation outside of Angloplats control. **The graph below shows that it is certainly the second-largest resource controlled by any company in southern Africa.**

*Platinum resource ownership in southern Africa**



Source: SCMB Securities

* Pt reserves added to resources where these are quoted separately

To date, the only operation to exploit this massive resource base is the Ngezi open pit which produced about 80 000ozs of Pt in the year ending June 2003.

The open pit offers relatively small expansion opportunities. Appendix 1 outlines the expectations that could see Pt output increasing to over 90 000ozs/a in the 2005FY. The open pit reserve is large and could be expanded in time although the possibility of mining open pitable resources outside of the Ngezi block looks relatively limited.

Earlier indications that a similar open pit operation might be started in the northern closure of the North Chamber have not been realised. Drilling at Darwindale indicated narrower and lower grade economic zones ($\pm 2.5\text{m}@3.1\text{g/t}$) than those of Ngezi ($\pm 3\text{m}@3.55\text{g/t}$).

The focus for growth is now the very substantial underground resources in the Chamber. Mechanised wide-seam underground mining methods are being tried out at Ngezi. The initial results of the trial were used in the pre-feasibility study which allowed the conversion of most shallow dipping resources at widths of greater than **1.6m** within the Ngezi area to be converted into reserves by **December 2002**.

Zimplats management has presented a vision of an operation milling **10mt** by **2014** capable of producing about **400 000ozs/a Pt**. **This report supports this optimism with the usual caveats about financing, politics and markets.** Further details and forecasts are made available in **Appendix 2**.

Its also quite possible that Zimplats production could be doubled again over the **2015-2025** period. **By 2030, it is possible that Zimplat's production could be larger than that of the Implats lease area.**

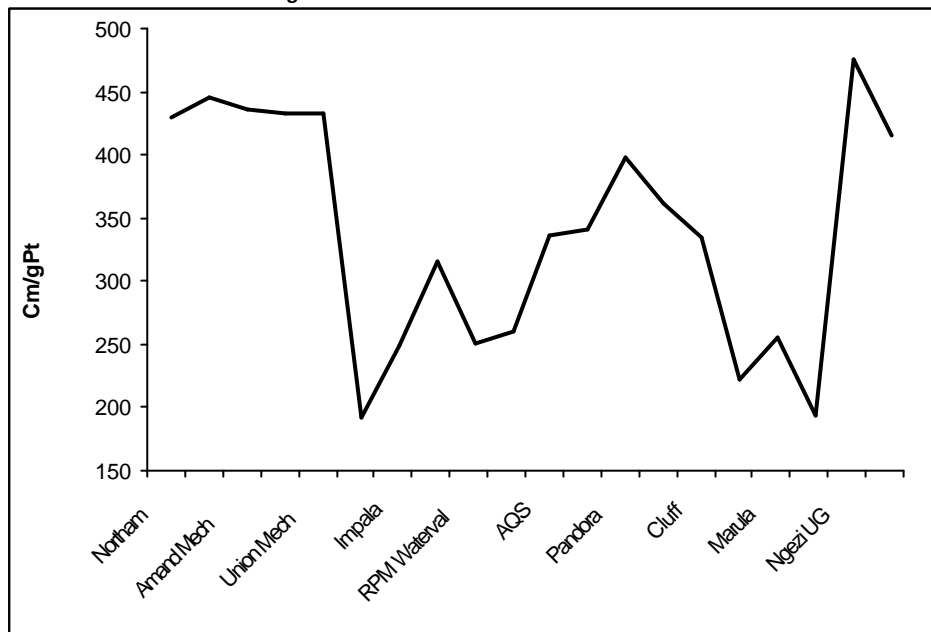
Ngezi's competitive position

The Ngezi reserves are relatively low grade when compared with existing, conventionally mined reserves in SA. Head grades from the Ngezi open pit are only higher than those of the KPM, Platreef, Barplats, the Waterval mechanised section and possibly Marula operations.

The reserves do suffer from small scale faulting, jointing and rolling reef conditions. However, the lack of potholing should more than compensate for these problems by removing a major source of dilution and reef losses which SA operations have to cater for.

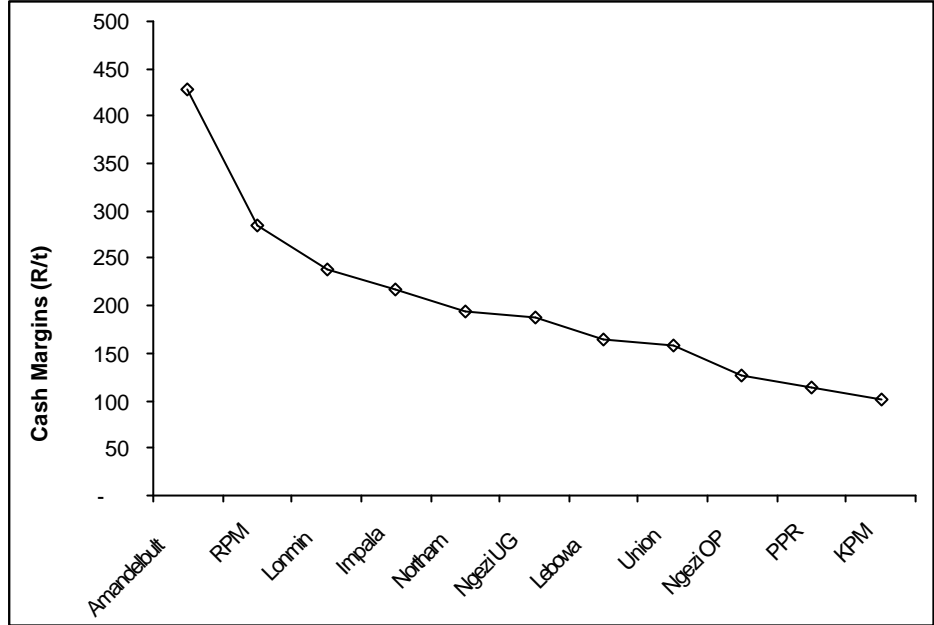
Our data base reveals that Ngezi open pit and underground reserves will be able to produce ore whose **centimetre-gram Pt** (CMG Pt) value is as good as any new or existing UG2 project or producer in the Bushveld (see table below). A large **CMG** value is a strong indicator of ease of mining.

CMG Pt of UG2 ores and Ngezi



A broader look at competitiveness is shown overleaf. **The graph shows that Ngezi open pit's cash margins are not as good as most Bushveld producers on a cash operating cost basis** This is because of the relatively low grades and royalty requirements as well as the need to sell product at the converter matte stage. **Fortunately, the underground project promises to deliver a better cash margin (see overleaf).**

Current operational cash margins*



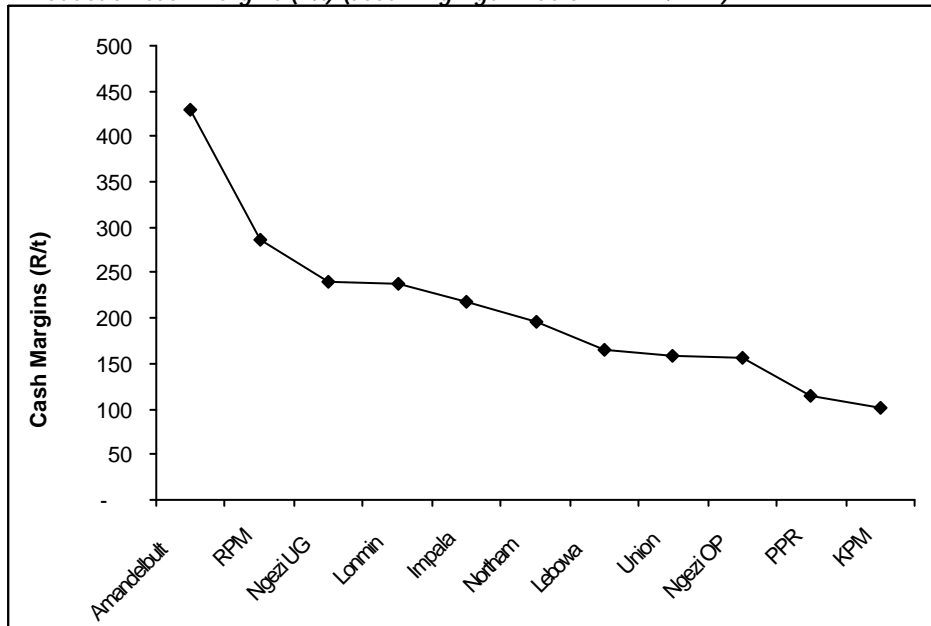
Source: SCMB Securities

* R8/\$ Pt @\$675/oz, Pd@\$175/ozRh@500/oz

The graph shows that the underground operations could compete with Lonmin and Implats in time. Moreover, it is likely that both open pit and underground operations will be able to improve predicted or current head grades by between 3-5%. This will considerably improve their competitive positions.

Future expansions will ultimately incentivise the operation to do more of its own processing. This possibility is not available to JVs and small operations in South Africa because of low volumes. However, if Zimplats was to operate a BMR and a first pass PMR in Zimbabwe its competitive position would improve substantially (see below).

Production cash margins (R/t) (assuming Ngezi has own BMR/PMR)*



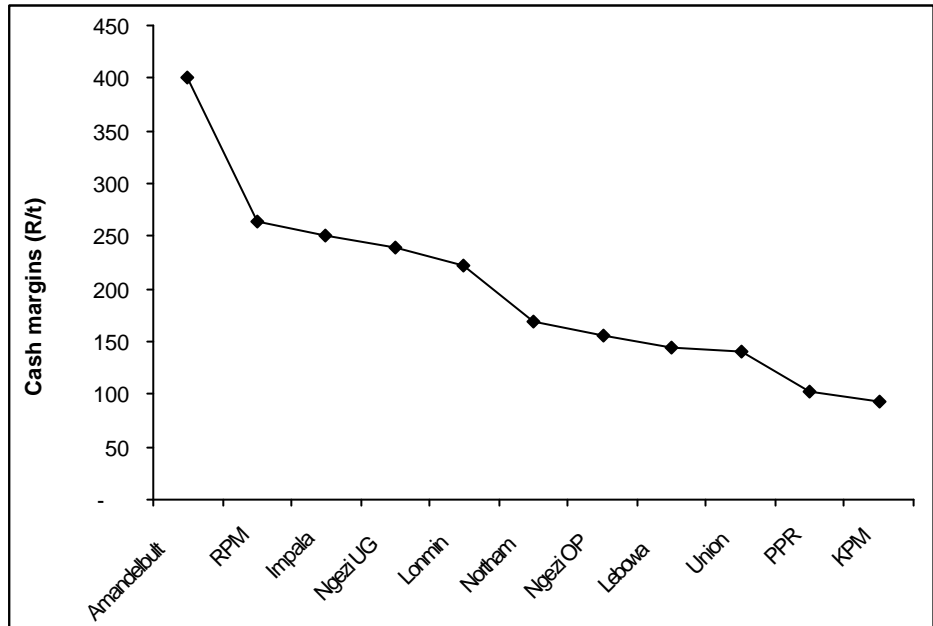
Source: SCMB Securities

* R8/\$ Pt @\$675/oz, Pd@\$175/ozRh@500/oz

SA operators could also suffer a competitive setback with the possible introduction of royalties. If SA royalties remain as proposed in the White Paper, Zimplats's underground operations could become more profitable than those of most South African platinum producers, although Implats could improve its positioning substantially.

These scenarios clearly show that the long-term prognosis for competitive Zimbabwean platinum production looks extremely promising.

Production cash margins (R/t)
(Assumes Ngezi has own BMR/PMR and SA imposes royalties of 4% of turnover)*



Source: SCMB Securities
* R8/\$ Pt @\$675/oz, Pd@\$175/ozRh@500/oz

Another major advantage for Implats resulting from its ownership of Zimplats is that future increments of growth will probably be relatively cheap in capital cost terms. After the initial underground operation is constructed, the brownfields capital cost of future expansions will fall to about \$900/ Pt oz capacity. In comparison, the Marula greenfields project cost nearly \$2500/oz Pt although brownfields costs will fall sharply.

Quantifying Implat's benefits

Zimplats contributed an estimated \$8m of profit to Implats in the 2003FY, both through the direct Makwiro Mines stake as well as through its share in Zimplats. We expect Zimplats will earn about \$15m in the 2003 FY.

The "visible" or direct contribution to Implats accounts will be offset by the loss of interest resulting from the use of over R1bn of cash. The earnings improvement resulting from the transaction is shown in the table below. Clearly the earnings benefit of the transaction on Implats will be insignificant until about the FY2007, all things being equal.

Zimplat's net direct contribution to Implats HEPS

FY(end June)	2003A	2004	2005	2006	2007	2008
Zim Net Visible Contrib to Imps	R1.19	R0.02	R0.35	R1.94	R4.26	R5.35

*Estimates based on 100% Implats stake in Makwiro and Zimplats from 2004FY

** Revenue base don today's prices i.e. Pt @\$670/oz. Pd@\$170/ozRh@\$500/oz

There is another, less visible benefit to Implats which has to be considered. We believe that the current matte purchase agreement is lucrative for Implats. A more comprehensive estimate of these and the earnings benefit are shown below as well as our Implats base case EPS estimates and \$/R forecasts.

Zimplats financial benefits to Implats

FY(end June)	2003A	2004	2005	2006	2007	2008
Zim benefits to IMP EPS	R1.74/s	R2.84/s	R3.30/s	R6.07/s	R9.98/s	R11.70/s
IMP's base HEPS	R50/s.	R45/s	R50/s	R58/s	R64/s	R70/s
R/\$	8.05	8.5	9	9.5	10.5	11.5

The table above shows that the benefit to Implats of consolidating a 100% stake in Zimplats could exceed **10%** of the company's base case earnings by the FY2006. However, Zimplats will probably remain Implats third most important earnings generator behind the Lonplats and Implats lease area until at least 2010.

We value this potential benefit on a conservative exit multiple of 10x. This indicates that Implats will create over R5bn of current value from its Zimplat's investment over the next five years. This is a meaningful medium-term enhancement of value for a company that seemed to have relatively static earnings prospects a year ago.

The investment perspective

The Zimplat's acquisition opens the door to Implats acquiring long-term investment appeal through the ability to increase capacity substantially over a long period of time.

The current perception about Zimplats is still tainted by Zimbabwe's well known political and financial problems. However, we are increasingly coming to the view that when and if Zimbabwe leadership changes, South Africa will have far higher perceived political and fiscal risk for mining companies, investors and consumers – particularly in the pre-2006 period.

When political changes do take place, Zimbabwe should be seen as a country that is no worse than any of the African countries where major mining investments have been made in recent years such as Tanzania, Burkina Faso and Mali.

Implat's investment also reduces its increasing reliance on its lease area as well as what may prove to be a relatively unattractive investment in the Eastern Transvaal and Barplats.

We expect the Zimplats investment will add about **R5bn** of 2003 rands to Implat's value over the next five years but perceptions about the future growth will increasingly be added into the company's market capitalisation.

We also believe that once reasonable technical and financial success is achieved, the Zimplats assets will enhance Implats status as a corporate take-over possibility.

In the short term, the strong rand, the royalty and BEE uncertainties will restrain share price performance. We retain our **market perform** call for another quarter.

Appendix 1

The Ngezi open pit operation

- ❖ The open pit operation generated about \$18.5m for Makwiro Mines Ltd, the holding company for the Ngezi operations owned 70% by Zimplats in the 2003 financial year.
- ❖ The operation milled about 1.9mt at an average grade of 3.25g/t to produce about 80 000ozs Pt. Strip ratios on the open pit were about 13.5:1 and concentrator recoveries of about 82%.
- ❖ The operation can be expected to raise open pit production to 2.2mt in the next two years and to increase recoveries marginally to 83.5%.
- ❖ The operation mines a 3m wide seam and should also be able to reduce dilution from the relatively high 7% currently experienced. As a result, 4E output could rise to about 200 000ozs over the next three years.
- ❖ Mining costs will rise significantly from about \$11/t in the year to March 2003 to about \$13/t with the 'internationalisation' of fuel and explosive costs. Milling and smelting costs will also rise from about \$5/t to about \$7/t with the linkage of power costs to the dollar.
- ❖ If prices don't rise, we expect the profits of the Zimplats group accounts to fall from about \$15m this year to about \$14m over the next three years.

Appendix 2

Moving underground

- ❖ Recent work on the underground trial stope has confirmed basic operational and financial parameters to allow the conversion of resources to about 284mt of underground reserves with grades of about 3.3g/t. Further resources are likely to be converted in the next six months.
- ❖ These reserves are located in the southernmost 30km of the North Chamber resources that represent a small fraction of the 2278mt of resources delineated over the Zimplats tenements.
- ❖ The reserves were built around a pre-feasibility study to develop a series of incline shafts or declines to access reef with a width greater than 1.6m and a dip less than 12 degrees.
- ❖ Each decline would have a strike length of 3kms but down dip development on reef is proposed to extend across the entire section of the Dyke – almost 8kms at the Northernmost end of the Ngezi reserves. Vertical vent shafts would support the operation as it deepens.
- ❖ The increasing width of the Dyke to the north means the life of each decline will increase from about 12 years at Portal 1 to over 50 years at the northerly end (Portal 10) of the Ngezi lease.
- ❖ The established reserves become deeper and more distant from outcrop towards the North. At Portal 10, footwall development of about 750m to a vertical depth of about 120mbs will be required to access the reserves. At the southernmost end of the orebody at Portal 2, the reserves are accessible within 50m of outcrop.
- ❖ For the first mine, management has scoped a 2mtpa underground operation sourcing at least 1mtpa each from Portal 2 and Portal 4. Each portal will operate 4 electrically operated mechanised drill rigs producing 20,000ROMtpm. The ROM ore will be hauled by LHDs to surface at the shallow Portal 2 or to underground crushers at the deeper Portal 4.
- ❖ The bord and pillar mechanised mining method on trial is expected to be practised on a 2.5m stoping width in Portal 2 and 2.25m in Portal 4. Experience to date suggests that the method can be used for stopes as narrow as 1.8m minimum while stopes in the 1.6-1.8m width range may be amenable to hybrid methods currently practised in SA.
- ❖ The trials also indicate that current intensive support methods will allow spans of at least 7m with 5m pillars throughout most predicted depth ranges reducing total ore resource lock up of 20%-25%. The lack of potholing should reduce total resource losses to 30%.
- ❖ Capital costs associated with the first phase project including a 3mtpa concentrator are at least \$120m. This estimate includes large one-off infrastructure investments such as power-lines and water supply that will support further expansions.
- ❖ A further \$35m is earmarked for metallurgical facilities such as a larger 38MW 6 in line furnace which is also capable of processing up to 9mtpa of concentrates. However, cheaper, lower capacity interim solutions are possible.

Project build-up and output

- ❖ Assuming a full take-over of Zimplats by Implats, a project go ahead can be given by Q2 2004. Full output can be reached in about 18 months from Portal 2 while Portal 4 will probably take up to 36 months to reach full output. We expect that all timing differences will be filled by stockpiles and the very flexible open pit operation.
- ❖ Portal 2 is expected to produce head grades of around 3,4g/t, equivalent to an estimated dilution of about 12%. We believe this dilution level target should easily be improved upon. Portal 4 may be mined at a narrower 2.25m width could produce a head grade of over 3.7g/t. We expect recoveries to be at least 84% in the fresher ore and a MF2 type concentrator.
- ❖ Operating costs are still to be defined. However, a comparison with the Kroondal operation suggests that \$12/tonne should be easily achieved on 2-2.5m stoping widths while total operating costs including milling will probably be about \$18/tonne.
- ❖ For all forecasts made in this document we assume that full milling output of 2mtpa is only reached in the 2007FY. Our 5 year forecasts for the combined underground and open pit operation at the Zimplats level is shown below, based on current metal prices (Pt=\$670/oz, Pd=\$170/oz, Rh \$481/oz). More detail is shown in the Appendix.

Zimplats profits (Ngezi open pit @ 2.2mtpa and underground @2mtpa

FY(end June)	2003	2004	2005	2006	2007	2008
ZimplatsPAT	\$15.4m	\$14m	\$14.8m	\$29m	\$41m	\$43m
Pt Output	81 000	87 000	94 000	139 000	185 000	185 000

- ❖ As can be seen from the forecast above, the underground mine could be more profitable than the current open cast operation, despite the high amortisation charges we have built into our forecasts.
- ❖ **The large open pit ore reserve offers tremendous flexibility for the operation to fill gaps in capacity that early concentrator installation may generate and to ensure reduce pressure on the underground mine build-ups.**

Longer-term possibilities

- ❖ After the five-year time frame, the realistic development possibilities that the Zimplats assets could take, even with Implats as a 100% owner, is still relatively limited. We expect prudence will dictate that the first phase underground mine reach steady state for at least a year before further expansion commitments can be made.
- ❖ Based on this view, we believe that Zimplats will only be in a position to start further expansions from underground from the 2008FY with full ounces being reached from the next expansion from 2011FY.
- ❖ It is possible that Zimplats could engage in multiple, simultaneous expansions from this period in time, given the geometry and extent of the orebody. However, we prefer to forecast a sequential view of the future, whereby one expansion is completed before being followed by another, in order to minimise funding requirements and to avoid planning problems

- ❖ Our view of the potential output and profits of this scenario are shown below. The increasing depth of the orebody to the North means that **36-month** lead-time to full output is the probably the best ramp-up production case although open pit ores or perhaps older existing declines could ensure that concentrator capacity can be filled.

A best case expansion scenario at Zimplats

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2013
Pt(000)	81	87	94	180	225	225	225	225	310	310

- ❖ Our forecast lags management's **10-year** predictions by a year or two and about **100 000ozs/a** but supports their general optimism. Clearly, we assume no major upset from the markets or politics over this time period and no financing hesitation from the shareholders.
- ❖ In the very long term, the currently defined reserve base and the huge resource base to the North of the Ngezi project area does offer the possibility of substantial further expansions over the next two decades. It is quite possible that the orebody will produce more ounces than the Implats lease area within a 20-30 year time-frame as the operation becomes self-financing (and, once again, provided that no major political or marketing issues arise).

Appendix 3

Financial forecasts

Our detailed forecasts for Zimplats is shown below. Our comments and notes on the forecasts as well as the company's accounts are presented below.

Zimplats		2003E	2004F	2005F	2006F	2007F	2008F
Operations							
Tonnes Milled	Open Pit	1 937 000	2 097 000	2 253 000	2 200 000	2 200 000	2 200 000
Tonnes Milled	UG	17 000	-	-	1 000 000	2 000 000	2 000 000
Pt ozs sold		81 315	87 576	94 090	138 590	185 304	185 304
Metal Price							
Pt	\$/oz	617	667	667	667	667	667
Pd	\$/oz	248	180	180	180	180	180
Revenue		71 649 952	76 781 268	82 493 179	123 227 410	165 902 226	165 902 226
Cash Op Costs	Open Pit	42 019 360	48 272 940	50 737 560	49 544 000	49 544 000	49 544 000
Cash Op Costs	UG	-	-	-	17 800 000	35 600 000	35 600 000
Royalties		1 700 000	1 919 532	2 062 329	3 080 685	4 147 556	4 147 556
Amort/Deprcn	Open Pit	2 625 000	2 975 000	3 000 000	3 187 500	3 262 500	3 337 500
Amort/Deprcn	UG	-	-	-	2 625 000	7 250 000	7 750 000
Gross Profits		25 305 592	23 613 796	26 693 290	46 990 225	66 098 170	65 523 170
Makwiro Overheads		3 075 000	3 500 000	4 000 000	4 500 000	4 500 000	4 500 000
Zimplats Overheads		1 000 000	1 000 000	1 000 000	1 500 000	1 500 000	1 500 000
Net Financial Expenses		(2 000 000)	(1 610 000)	(3 194 053)	(3 704 469)	(6 771 435)	(4 224 688)
PBT		19 230 592	17 503 796	18 499 237	37 285 755	53 326 735	55 298 482
Tax Expense	20%	3 807 648	3 375 949	3 624 809	8 321 439	12 331 684	12 824 621
PAT		15 422 944	14 127 847	14 874 428	28 964 316	40 995 051	42 473 862
Cash Costs/4e		280	296	291	300	306	306

Notes:

Functional currency

Zimplats is legally entitled to make the US\$ its functional and reporting currency. This option preserves the tax value of historical investments and potentially produces a clean set of accounts with little currency or inflation distortion that other Zimbabwean companies suffer – including Mimosa.

A further benefit for accounts users is the fact that since Zimplats has committed itself to paying Zimbabwe tax in US\$ no adjustment has to be made to the tax expense line as a result of the changes in the deferred tax liability.

Tax and tax losses

Zimbabwe has a 25% mining tax rate and like SA is one of the few countries to allow 100% deduction of capex in the year that it is incurred.

Zimplats can currently access about \$30m worth of allowable capital spending in its Makwiro subsidiary. Another \$400m could be potentially accessed from the original BHP investment but the corporate rationalisation required to access these historical credits is currently deadlocked by the possibility of triggering capital gains tax in Australia.

Our forecasts do not take this credit into account. Given the high likely rate of capital investment, it is unlikely that it will be required for many years.

It looks likely that all future expansions will remain within the Makwiro Mining, with Zimplats effectively leasing its resources to the operating entity.

Royalties

Zimbabwe currently applies a 2.5% royalty on the turnover of sales of the precious metals contained in the concentrate and which amounted to about \$1,7 m in the last FY.

The company was allowed to delay payment until it was in a positive cash flow position. This occurred in H2 of the last financial year and was paid in Q4 and resulted in a large one-off cash cost increase.

Turnover

Makwiro currently sells its converter matte at about 17% of the contained metal value to Implats.

Depreciation

Zimplats has an unusual depreciation policy. The \$30m spent on the Ngezi open pit operation and its infrastructure is amortised on a life of asset basis equivalent to about 20 years and is expensed in the other net expenses/income line and not in the cost of sales.

However, it revalued the Selous Metallurgical Complex to \$73m from the dollar paid for the assets. This results in a notional depreciation entry that does not enter Zimplats income statement.

Total depreciation charges were \$6.3m for FY2003 of which only about \$2.5m was expensed in the income statement.

Overheads

Zimplats accounts expenses Makwiro and Zimplats overheads of about \$5.7m in the 2003FY that include about \$2.5m of depreciation charges. Other expenses include head office costs as well as care and maintenance charges at SMC.

Interest charges and debt

ABSA's debt is currently being repaid in full over the next three years and interest expense equivalent to 6% above Libor is being repaid.

ABSA apparently wish to reduce their exposure to Zimbabwe and currently look unlikely to renew their debt exposure to Zimbabwe. As a result, we think future expansions will be debt-funded by Implats off its own balance sheets at similar interest rates.

Tax expense

The most difficult part of estimating attributable income from Zimplats is the accounting for permanent differences in the tax expense line. However, as profits grow, we expect the effective tax rate to converge with the 25% corporate tax rate.

The rate for the 2003 FY is expected to be about 22%.

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