



ANGLOVAAL MINING LIMITED | Annual Report 2002

Anglovaal Mining Limited is incorporated in the Republic of South Africa and is listed on the JSE Securities Exchange, South Africa and the London Stock Exchange. At 30 June 2002, the Company had a market capitalisation of R4,12 billion.

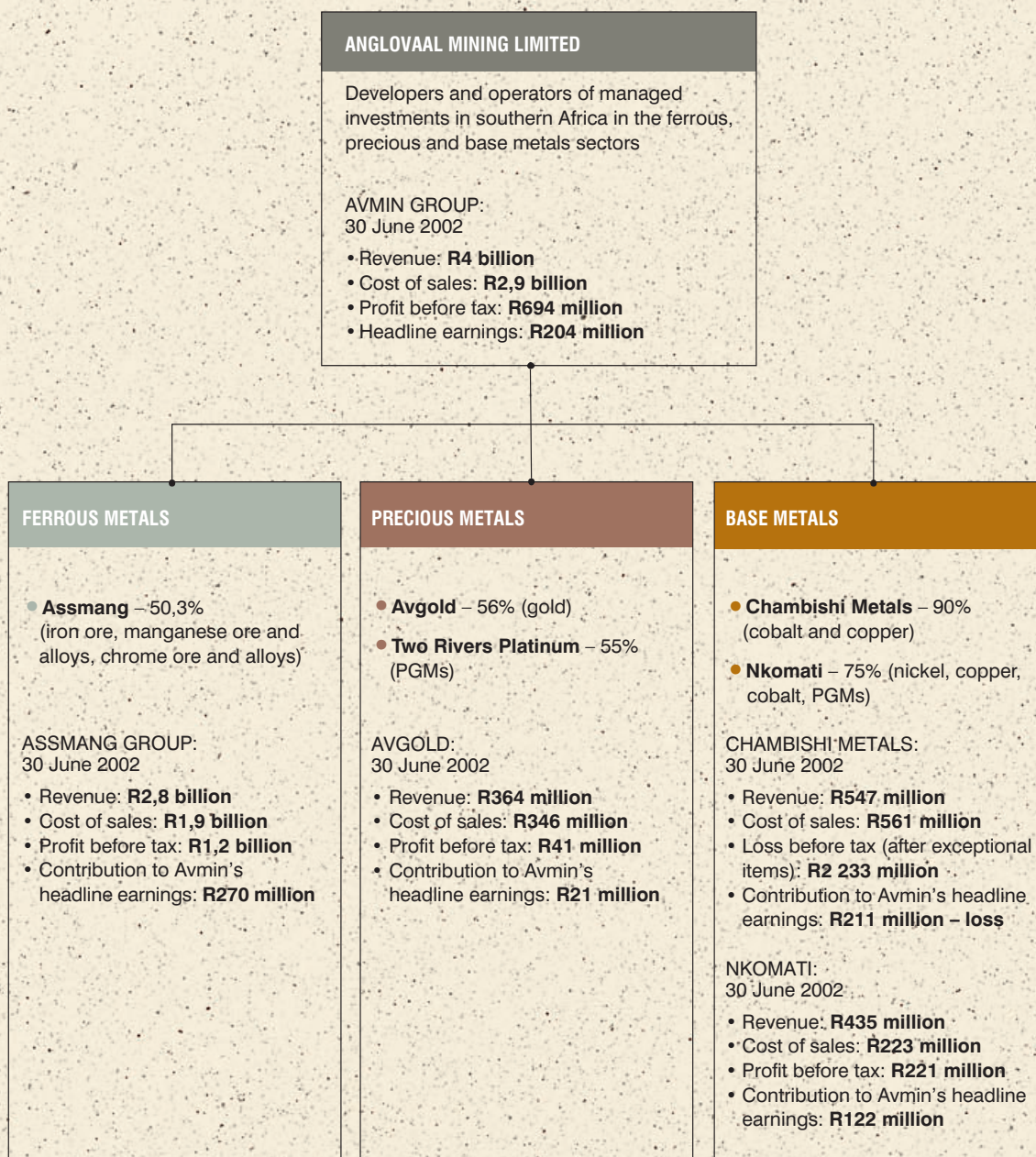
CONTENTS

02	Group structure
03	Profile
04	Group financial summary and statistics
06	Directors
07	Senior management and board committees
08	Review by the chairman and chief executive officer
12	Review of operations
12	Ferrous metals
14	Precious metals
16	Base metals
17	Cobalt/copper
18	Nickel
20	Mineral resources and reserves
24	Corporate sustainable development
29	Corporate governance
34	Annual financial statements
84	Shareholders' analysis and diary
85	Administration
86	Notice of annual general meeting
Attached	Form of proxy

FORWARD LOOKING STATEMENT

Certain statements included in this report constitute "forward looking statements". Such statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performances, objectives or achievements of Anglovaal Mining Limited and its subsidiary or associated companies as well as the mining industry to be materially different from future results, performances, objectives or achievements expressed or implied by these forward-looking statements. Anglovaal Mining Limited is subject to the effect of changes in the minerals and metals commodity prices, currency fluctuations and the risks involved in mining operations.

GROUP STRUCTURE – 2002



PROFILE

Anglovaal Mining Limited continues to enhance its position as an operator of quality assets in the ferrous, base and precious metal sectors in southern Africa and it also has a strong project pipeline. The Group's objective is to deliver superior returns to its shareholders in a sustainable manner whilst contributing to the economic development, social well-being and environmental protection of the areas where the Group

ASSET LOCATIONS



GROUP FINANCIAL SUMMARY AND STATISTICS

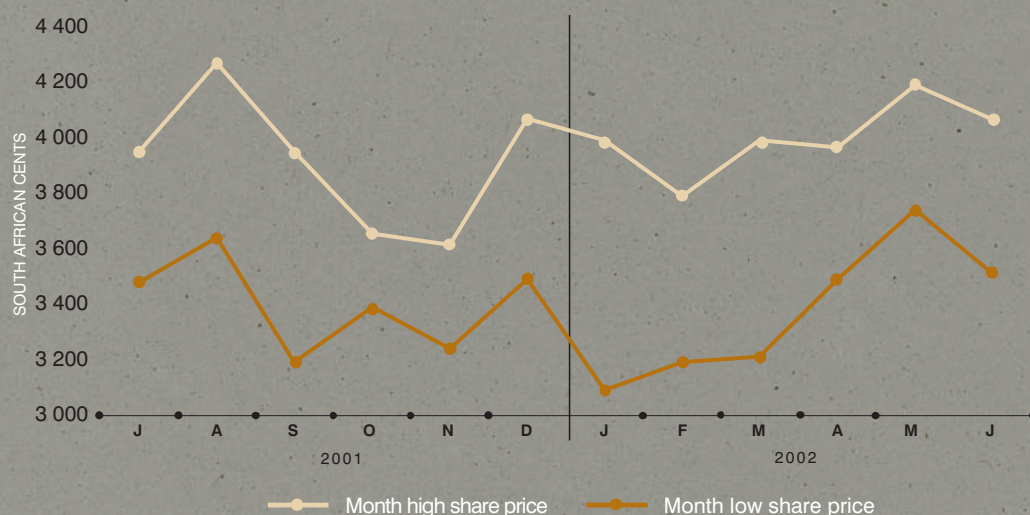
Definitions

1. **Effective taxation rate (per cent)**
Taxation charge per income statement less secondary tax on companies divided by profit before taxation.
2. **Interest cover (times)**
Profit before exceptional items and finance costs divided by finance costs.
3. **Dividend cover (times)**
Headline earnings per share divided by dividends per share for the year.
4. **Return on operational assets (per cent)**
Profit from operations divided by tangible non-current and current assets, excluding capital work in progress.
5. **Return on capital employed (per cent)**
Profit before exceptional items and finance costs, divided by average capital employed. Capital employed comprises non-current and current assets less trade and other payables and provisions.
6. **Return on equity (per cent)**
Headline earnings divided by ordinary shareholders' interest in capital and reserves.
7. **Debt:equity ratio**
Total debt divided by total equity. Total debt comprises long-term borrowings, overdrafts and short-term borrowings.
Total equity comprises total shareholders' interest.
8. **Net debt:equity ratio**
Total debt less cash and cash equivalents divided by total equity. Total debt comprises long-term borrowings, overdrafts and short-term borrowings.
Total equity comprises total shareholders' interest.
9. **Net asset value per share (cents)**
Ordinary shareholders' interest in capital and reserves divided by number of shares in issue.
10. **Market capitalisation (R million)**
Number of ordinary shares in issue multiplied by market value of shares at 30 June.

Note:

The Group results for 1999 and 2000 include diamond royalties from The Saturn Partnership. The Group's diamond interests were disposed on 12 June 2000 and a distribution of R27,00 per share was made to shareholders on 7 July 2000.

Anglovaal Mining Limited: High/low share price
31/07/01 - 30/06/02



GROUP FINANCIAL SUMMARY AND STATISTICS

FOR THE YEAR ENDED 30 JUNE	2002 Rm	2001 Rm	2000 Rm	1999* Rm	2002 US\$m	2001 US\$m	2000 US\$m	1999* US\$m	
Income statement									
Revenue	4 047	2 806	2 934	2 489	399	369	463	411	
Earnings	(866)	281	3 980	521	(86)	37	627	86	
Headline earnings	204	281	486	289	20	37	77	48	
Basic earnings per share (cents)	(780)	259	3 723	561	(77)	34	587	93	
Headline earnings per share (cents)	184	259	455	311	18	34	72	51	
Dividends per share (cents)	–	–	1 123	70	–	–	164	11	
Balance sheet									
Total assets	8 786	9 114	9 437	4 960	857	1 128	1 388	823	
Total interest bearing borrowings	2 696	2 475	1 082	730	263	306	159	121	
Shareholders' equity	4 591	5 491	4 272	3 123	447	680	628	517	
Cash flow									
Cash generated from operations	619	526	632	460	59	69	100	76	
Cash generated from operations per share (cents)	558	485	591	495	53	64	93	82	
Cash and cash equivalents	779	439	4 160	436	76	54	612	72	
Number of employees	5 303	5 263	5 326	14 861	5 303	5 263	5 326	14 861	
JSE Securities Exchange, South Africa: share performance									
Ordinary shares (cents)									
– high	4 280	4 200	2 837	3 905	520	527	456	641	
– low	3 100	2 280	1 779	1 236	282	298	291	196	
– year end	3 701	3 950	2 500	3 900	489	489	368	647	
Volume of shares traded (thousands)	51 524	38 285	91 856	46 426	51 524	38 285	91 856	46 426	
Number of ordinary shares in issue (thousands)	111 444	110 105	107 610	106 200	111 444	110 105	107 610	106 200	
Financial statistics	Definition number								
Effective taxation rate (per cent)	1	–	29	4	18	–	29	4	18
Interest cover (times)	2	5,3	5,3	10,9	5,6	5,3	5,3	10,9	5,6
Dividend cover (times)	3	–	–	0,41	4,5	–	–	0,41	4,5
Return on operational assets (per cent)	4	10,1	13,5	8,6	17,3	10,1	13,5	8,6	17,3
Return on capital employed (per cent)	5	10,5	8,1	11,8	16,1	10,5	8,1	11,8	16,1
Return on equity (per cent)	6	7,9	7,0	15,8	14,5	7,9	7,0	15,8	14,5
Debt:equity ratio	7	0,59	0,45	0,25	0,23	0,59	0,45	0,25	0,23
Net debt:equity ratio	8	0,42	0,37	(0,72)	0,09	0,42	0,37	(0,72)	0,09
Net asset value per share (cents)	9	2 337	3 640	2 865	1 875	228	451	421	311
Market capitalisation (R million)	10	4 125	4 349	2 690	4 142	402	538	396	687

Exchange rates used: Balance sheet: R10,25 = US\$1,00 (2001: R8,08) (2000: R6,80) (1999: R6,03)

Income and cash flow statements: R10,15 = US\$1,00 (2001: R7,61) (2000: R6,34) (1999: R6,06)

* Restated

DIRECTORS

Rick Menell, 47

Chairman

MA, MSc

Appointed to the board in 1994 and elected CEO in 1999. Rick succeeded Ken Maxwell as chairman on 1 July 2002.

Trained as a geologist, Rick has been a merchant banker in New York and Melbourne. He also worked as an executive director of Delta Gold in Australia. He joined the Company in February 1992 as assistant financial manager, mines. He was later appointed manager, finance and administration (mines) and then general manager, corporate services. Appointed managing director of Avmin Limited in 1996 and in 1999 was elected president of the Chamber of Mines of South Africa. He is also chairman of The South African Tourism Board, a director of The Standard Bank Group Limited, Telkom Limited and Mutual & Federal Insurance Company Limited and a trustee of the National Business Trust.

David Murray, 57

Chief executive officer

BA (Hons) (Econ), MBA

Appointed to the board in 2001. On 1 July 2002 David was appointed CEO; he was previously the chief operating officer.

David first joined the Group in 2000 as managing director of Avgold Limited. Prior to this, he worked for TVX Gold Inc. in Canada and RTZ plc as president and CEO of various subsidiary companies in Brazil and Portugal. He also served with the RTZ group in Spain, Germany, Wales, England, Namibia and Zimbabwe. He was awarded the OBE in 1993.

David Barber, 50

FCA (England and Wales), AMP (Harvard)

Appointed to the board in 2002.

After serving his articles in London he migrated to South Africa during 1976 to join Coopers and Lybrand. In 1979 he joined Anglovaal Limited and after holding a variety of positions was appointed executive director, finance and administration. He left Anglovaal when it was unbundled in 1999. He was subsequently appointed chief financial officer at Fedsure Holdings Limited for a short period prior to its acquisition by Investec Group Limited. In January 2002 he was appointed financial director of Anglo American Corporation of South Africa Limited.

Philip Baum, 47

BCom, LLB, H Dip (Tax Law)

Appointed to the board in 2002.

Phillip joined the Anglo American group in 1979. He has occupied a variety of positions in the company and its associate De Beers. He served as chief executive of Anglo American Zimbabwe for four years before returning to South Africa in 2001 as chief operating officer of Anglo American Corporation of South Africa Limited and joining the executive committee. Other Anglo American responsibilities include; Zimbabwe, group-wide procurement, group information technology, employment equity and black economic empowerment.

Barry Davison, 57

BA (Wits)

Appointed to the board in 2002.

Barry is an executive director of Anglo American plc and the executive chairman of Anglo American Platinum Corporation Limited (Anglo Platinum). During a period of service with Johannesburg Consolidated Investment Company (Johnnies) from 1973 to 1994, Barry was an executive director and also held various directorships in Johnnies group companies, prior to its restructuring and the formation of Anglo Platinum in 1995. He is also the chairman of Anglo's Ferrous Metals division and a director of Anglo American Corporation of South Africa Limited, Nedcor Investment Bank Limited, Northam Platinum Limited, Highveld Steel and Vanadium Limited and Scaw Metals Limited. He was appointed the President of the Chamber of Mines of South Africa in November 2001.

Brian Frank, 49

BCom, LLB, LL.M, H Dip (Tax Law),

H Dip (Company Law)

Appointed to the board in 2001.

Brian is a practising attorney who is a senior partner of Jowell, Glyn & Marais Inc. He has extensive experience in the fields of commercial litigation, property and company law as well as mining and mineral law.

Donn Jowell, 61

BCom, LLB

Appointed to the board in 1999.

Donn established his own law practice in 1968 and is currently the chairman of Jowell, Glyn & Marais Inc. He is a non-executive director of Investec Bank Limited and chairman of its audit committee.

Nir Livnat, 39

BA, BSc

Appointed to the board in 2001.

Nir's career has been primarily focused in the diamond industry. He is presently the managing director and chief executive officer of the Steinmetz group of companies, the world's leading diamond 'sight-holder', and of its South African subsidiary, Ascot Diamonds (Proprietary) Limited. Nir is a past chairman of the Master Diamond Cutters Association and is currently vice chairman of the International Diamond Manufacturers Association. He is also a past member of the National Economic Forum of the African National Congress.

Kennedy Maxwell, 63

BSc Eng (Mech), MA, PMD

Appointed to the board in 1998 and chairman in 1999. Ken resigned as chairman on 30 June 2002 and remains on the board as an independent non-executive director.

A former executive director of Johannesburg Consolidated Investment Company Limited, Ken served as president of the Chamber of Mines of South Africa between 1988 and 1990. He currently serves on the executive of the National Business Initiative.

Roy McAlpine, 61

BSc, CA (Scotland)

Appointed to the board in 1998.

Roy joined Liberty Life in 1969 and retired as an executive director in 1998 in order to diversify his interests. He is a former chairman of the Association of Unit Trusts of South Africa and currently serves on the boards of a number of listed companies.

Brian Menell, 37

BA (Hons)

Appointed to the board in 1998.

Brian has worked in the diamond mining and trading industries since 1988 and serves on the boards of various diamond mining, finance and trading companies in South Africa, Belgium and Canada.

Bill Nairn, 57

BSc (Min Eng)

Alternate to Barry Davison.

An executive director of Anglo American plc as well as its group technical director. Bill commenced his career with Johannesburg Consolidated Investment Company Limited as a learner official (mining) on Randfontein Estates, Cooke section in 1964, and retired as the chief executive and managing director in 1994. He is also a director of Anglo American Corporation of South Africa Limited, AngloGold Limited, Anglo American Platinum Corporation Limited and Anglo Operations Limited.

Dr Morley Nkosi, 67

PhD (Economics), MBA, BS (Economics)

Appointed to the board in 1998.

Apart from being an academic, economist and a businessman, Morley is the chairperson of the National Institute for Economic Policy and managing associate of Morley Nkosi Associates. He serves on several boards including those of Investec Group Limited and Investec Bank Limited.

Roy Oron, 33

BA (Hons), MBA

Appointed to the board in 2000.

Roy is currently the managing director of Norinter Financial Advisors (Proprietary) Limited, a financial advisory firm. Previous experience includes corporate finance, mergers and acquisitions as well as macro economy and privatisation strategy. He has served on the boards of various companies in the following industries: telecommunications, real estate, information technology, environmental technology, luxury goods and investment banking. Roy has also completed a Masters in Statistics with majors in operational research and risk theory.

Audit

Kennedy Maxwell (Chairman)

David Barber

Donn Jowell

Rick Menell

Dr Morley Nkosi

Roy Oron

Environmental

Donn Jowell (Chairman)

Brian Frank

Kennedy Maxwell

Brian Menell

Rick Menell

Bill Nairn

Dr Morley Nkosi

Nominations

Philip Baum

Donn Jowell

Rick Menell

Dr Morley Nkosi

Remuneration

Kennedy Maxwell (Chairman)

Barry Davison

Roy McAlpine

Rick Menell

Roy Oron

Risk

Donn Jowell (Chairman)

Philip Baum

Doug Campbell

Brian Frank

Rick Menell

David Murray

Rick Menell

Chairman

David Murray †

Chief executive officer

Jan Steenkamp †*

Chief operating officer

Bryan Broekman *

Senior vice president: Ferrous metals

Doug Campbell †*

Senior vice president: Finance and chief financial officer

Gerhard Potgieter *

Senior vice president: South African operations

Gerry Robbertze *

Senior vice president: Technical services

Graham Butter

Vice president: Ferrous metals

Graham Emmett *

Vice president: Human resources

Julian Gwillim †*

Vice president: Corporate development

Freddie Human *

Vice president: Safety, health and environment

Arné Lewis *

Vice president: South African operations

Thys Uys *

Vice president: Technical services

Dr John Kilani

General manager: Safety, health and environment

Teboho Mahuma

General manager: Government relations and communications

†Members of the chief executive's committee

**Members of the operations committee*



Rick Menell *Chairman*



David Murray *Chief executive officer*

"The Group's 5 300 employees have responded very well to all the challenges that the Group faced during the past year and we wish to thank them for their efforts. We look forward to their continued focus during the forthcoming year."

REVIEW BY THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The past year has been challenging, but beneficial to the future growth of the Group. Our South African assets, in particular Assmang Limited (Assmang), performed well, but these achievements were overshadowed by a poor performance from Chambishi Metals plc (Chambishi), our cobalt investment in Zambia. As a consequence, headline earnings for the year reduced to R204 million from R281 million in the previous year.

In November last year, the redesign of the Chambishi furnace cooling system and refractory lining was approved. At the same time, we reviewed the carrying value of the Chambishi investment and decided on a partial write-down of R1,6 billion, which was taken in January 2002. As a direct result, we initiated a programme of strengthening our balance sheet and sold our investment in Iscor Limited for a total consideration of R911 million. We also sold some of our Avgold Limited (Avgold) and Assore Limited investments and realised R234 million; these sales did not affect our core portfolio. The combined net gain amounted to R540 million.

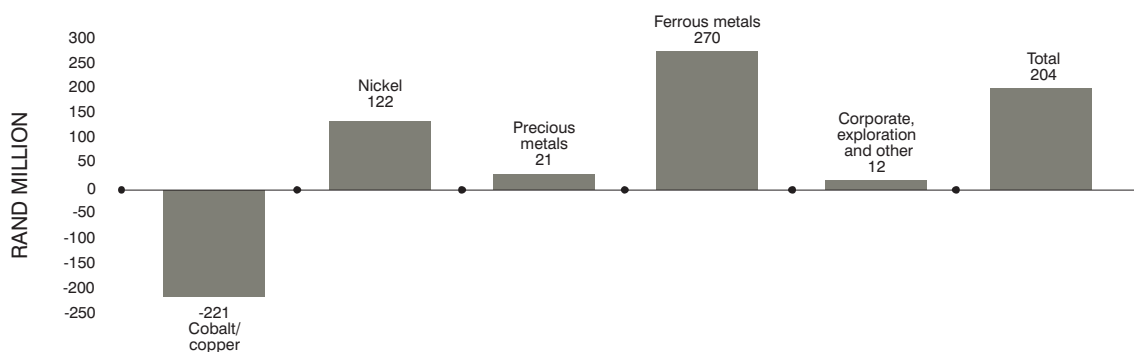
Another important event that occurred during the year was Anglo American plc (Anglo American) acquiring a 34,9 per cent interest in Avmin, effective 12 March 2002, which is subject to regulatory approvals. This acquisition eliminated the historic control structure of Avmin. Coinciding with this, Anglo American also acquired a 20 per cent interest in Kumba Resources Limited (Kumba) with a view to unlocking the full potential of the Northern Cape iron ore assets of Kumba, Assmang and the relevant rail and port infrastructure, owned and operated by the government of South Africa. Discussions are continuing in this regard and all the possibilities being considered are value enhancing for Avmin stakeholders.

FINANCIAL AND OPERATING RESULTS. Strong sales for most products resulted in Group revenue rising by 44 per cent from R2,8 billion to R4,0 billion. Cost of sales increased by 43 per cent to R3,0 billion. Gross operating profit increased by 47 per cent to R1 062 million (30 June 2001: R723 million) and profit before tax and exceptional items by 21 per cent to R694 million (R572 million). Headline earnings reduced from R281 million to R204 million due to Chambishi's poor operating performance.

After the Chambishi write down, and gains on disposals, the Group made a loss after exceptional items and taxation of R866 million as opposed to a profit of R281 million the previous year.

It is an indication of the strength of the Group's South African operations that if Chambishi had broken even, as planned (i.e. no profit or loss), the Group would have achieved headline earnings of R425 million, representing a year-on-year increase of 51 per cent.

Contribution to Avmin's headline earnings:
Year ended 30 June 2002



The most significant operational features of the year were:

Assmang had a record year with headline earnings rising by 92 per cent to R443 million. The weaker rand, improved volumes for most commodities, continued cost containment and better operating efficiencies all contributed to this increase. The new R375 million, 54MVA chrome furnace and 350 000 tons per year pelletising plant were commissioned during the year and are operating well. The new R517 million shaft at the Nchwaning manganese mine is within budget and on schedule for commissioning before December 2003.

Assmang increased its contribution to Avmin's headline earnings from R153 million to R270 million, a 76 per cent increase.

Avgold's Target gold mine was commissioned in the last quarter within its R2,1 billion budget. As the start-up issues are progressively resolved, Avgold is expected to become a major cash contributor to the Company. The ETC gold mining complex restructuring, aimed at enhancing future grades, was also completed in the past year.

REVIEW BY THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Avgold's contribution to Avmin's headline earnings was R21 million (R39 million).

The **Two Rivers Platinum (Proprietary) Limited** (Two Rivers) project feasibility report is due for completion in October 2002 for issue to the partners, Avmin (55 per cent) and Impala Platinum Holding Limited (45 per cent). Two Rivers is at an advanced stage of discussion with a view to introducing a black economic empowerment partner into this new venture. In projecting the project's future profitability, the effect of the fall in platinum group metals (PGM) prices over the past year has been offset by the weaker rand.

Chambishi had a very disappointing year over and above the partial asset write down. The roaster circuit, which toll treats customers' concentrates, operated well, but the new smelter circuit did not. Furnace availability was only 65 per cent, design power input levels were never achieved and as a result only 1 100 tons of cobalt were produced from the 4 500 ton per year facility. The furnace cooling system and refractory linings were redesigned and have been installed. The furnace re-commissioning is advanced and is building up to achieve design output levels before December 2002. Current performance at 30MW and 70 per cent capacity is ahead of expectation.

Chambishi reduced Avmin's headline earnings to the extent of its loss of R221 million (R64 million – loss).

Nkomati nickel mine performed well throughout the year. The 11 per cent reduction of profit before tax at R221 million is attributable to reduced US dollar commodity prices earlier in the year as well as significant off-mine US dollar costs, which were adversely affected by the currency fluctuation. The expansion feasibility report was completed and is being evaluated by the two partners, Avmin (75 per cent) and Anglo American (25 per cent).

Nkomati contributed R122 million (R130 million) to Avmin's headline earnings.

GROUP FUNDING. We remain concerned about the Group's US dollar loan exposure and the year end net gearing level of 42 per cent, which was after investment disposals of R1 145 million. As a result, within Avgold, we are considering refinancing the US\$35 million loan facility into rands. Operational cash flows and other profit generation will be utilised to reduce the current gearing level. Options to reduce debt levels further are continuously being considered.

HEDGING. A formal hedging policy has been adopted for the Group. The hedging policy has as its primary focus the reduction of risk. Avmin's policy is not to utilise exotic hedging instruments or engage in financial speculation. Hedging is aligned with forecast monthly production based on plans approved by the board.

In terms of bank covenants, Avgold has entered into gold hedges covering 60 per cent of its planned production over the next four years during repayment of the R300 million and US\$35 million combined loan raised to complete the development of the Target mine. None of Avgold's hedge agreements are subject to margin calls.

There are no other hedges in the Avmin Group at this time.

SUSTAINABLE DEVELOPMENT. Safety, health and the environment: We report with regret that one fatal accident occurred within the Group during the year: Mr Aaron Ndhlovu died of injuries from a fall of ground at E T C. Mr Ndhlovu's death is viewed as a tragedy.

Despite this incident, the Avmin Group has achieved a reducing trend of reportable injuries and lost day injury rates over the last five years. Avmin continues its endeavours for safety to remain an imperative and that it is foremost in the minds of all employees.

The Group continues to give priority to the HIV/AIDS issue. Various initiatives are underway to counter the effect of this pandemic: prevalence testing has been completed throughout the Group and a comprehensive management plan devised, which is well into its implementation phase. An education process is underway to promote HIV/AIDS prevention, as it is vital to ensure that employees who are HIV negative remain so. A key advantage of Avmin's comprehensive plan, which places emphasis on voluntary counselling and testing, is that it promotes individual behavioural change that is essential to turn the tide of this epidemic.

Avmin fully recognises the need to monitor, manage and reduce environmental impacts that the various business units may have on the communities in which the Group operates. Avmin has formulated guidelines to encourage new initiatives and to assist operational management in the implementation of this important part of the Group's key performance areas. The independent project within the Mining, Minerals and Sustainable Development grouping, in which Avmin has played a role, is beginning to produce results. This project is aimed at assessing the role that the mining, minerals and metals industries can play in contributing

REVIEW BY THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

to a more sustainable future. The harsh realities of this were brought to the world's attention during the World Summit on Sustainable Development (the Summit) held in Johannesburg during August 2002 where business, labour, governments and civil society worked together to evolve a plan for a better global environment. The Avmin Group was a proud participant at the Summit, and in a small way, played a part to ensure the triumph of the vision of sustainable development.

More detail on Avmin's activities are contained on pages 24 to 26, and in our Sustainable Development Report, 2002, which outlines the actions that the Group is taking to contribute towards a sustainable future.

MINERAL AND PETROLEUM RESOURCES DEVELOPMENT BILL. The new Minerals and Petroleum Resources Development Bill (the Bill) was presented to Parliament in June 2002 with two additional key inputs being awaited: the Socio Economic Empowerment Charter, which will set the framework, targets and timetable for meaningful economic empowerment in the industry; and the Money Bill, which will regulate royalties payable by the South African mining industry to the State.

Avmin is working through the Chamber of Mines of South Africa to engage in dialogue to arrive at practical legislative proposals that will allow us to adapt to the new industry structure. In relation to this, the Group has been working for some time on black economic empowerment transactions that will make positive contributions towards transformation of the South African mining industry and minimise value loss to existing stakeholders. The consummation of these transactions awaits clarification of the regulatory environment over the coming months.

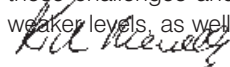
DIVIDENDS. In terms of bank covenants, no dividends were declared for the year ended 30 June 2002.

DIRECTORATE AND STAFF. During May 2002, Mr Kennedy Maxwell announced his retirement as chairman, effective 30 June 2002, and Mr Rick Menell was appointed as his successor. Ken has agreed to remain a non-executive director and continues to chair the audit and remuneration committees. On behalf of the board, we express our appreciation for Ken's expertise, guidance and commitment to the Company during his term of office as chairman. Mr David Murray, previously Avmin's chief operating officer, has succeeded Rick as the Company's chief executive officer.

Following the introduction of Anglo American as a major shareholder, Messrs David Barber, Philip Baum and Barry Davison were appointed non-executive directors and Mr William (Bill) Nairn as Barry's alternate. We have welcomed their prudent guidance during the last few meetings of directors and look forward to their continued involvement. Dr Vincent Maphai, a board member since 1998, decided to resign during the year as a result of his varied and extensive external commitments. Together with the rest of the board we thank him for his contribution.

The Group's 5 300 employees have responded very well to all the challenges that the Group faced during the past year and we wish to thank them for their efforts. We look forward to their continued focus during the forthcoming year.

FUTURE OUTLOOK. Avmin faces another challenging year. World commodity prices are not expected to be materially higher than at present and the exchange rate future is uncertain. The major challenges ahead for the Company are to achieve Chambishi's performance targets on an ongoing basis and to ensure that design output levels at the Target gold mine are sustained. Earnings growth for the current year will depend on meeting these challenges and also, to a large extent, on the rand/US dollar exchange rate remaining at current or weaker levels, as well as a recovery in the cobalt price from the current level of US\$7,00/lb.



Rick Menell

Chairman



David Murray

Chief executive officer

27 September 2002

Assmang Limited, 50 per cent owned by Avmin, operates in three divisions – manganese, iron ore and chrome. Its manganese ore and iron ore mining operations, Nchwaning and Beeshoek, are in the Northern Cape. Manganese alloys are produced at the smelting and refining facilities in KwaZulu-Natal. Chrome ores are mined at the Dwarsrivier mine in Mpumalanga, and chrome alloys are produced at the nearby Machadodorp works.

FERROUS METALS – ASSMANG. Assmang Limited's (Assmang) headline earnings increased, by 92 per cent, to R443 million from R231 million. A weakening South African rand/US dollar exchange rate was the main contributing factor to this increase. Good cost containment and improving efficiencies also contributed to the higher earnings. The restructuring of the businesses into three distinct operating entities: manganese, iron ore and chrome continued during the year.

Revenue rose to R2,8 billion (R1,9 billion) and cost of sales were R1,9 billion (R1,4 billion).

MANGANESE. The Nchwaning and Gloria mines had a pleasing year with a contribution to Assmang's overall operating profit of R582 million, which also included proceeds from the manganese alloy smelter. Manganese ore sales, excluding sales to the smelter, were higher at 993 000 tons (979 000 tons). This was a satisfactory achievement, considering distances between the shaft and underground workings are increasingly testing the Nchwaning mine's infrastructure. Manganese alloy sales were lower at 187 000 tons (193 000 tons) as a result of market conditions.

An area of concern has been the deteriorating condition of rail and harbour infrastructure in South Africa for the handling of manganese ores and alloys. Discussions will be held with the authorities on these issues during the current year.

IRON ORE. Sales rose to 4,8 million tons (4,3 million tons) as the benefits of the new jig plant and improved operational efficiencies came into effect.

CHROME. The Dwarsrivier chrome ore mine completed its first full year of production, delivering the planned tonnages to the ferro-chrome smelter. These works were upgraded during the year leading to significantly higher alloy sales at 190 000 tons (125 000 tons). The ramp up of production to installed capacity levels of some 300 000 tons of ferro-chrome per annum is in progress.

PROJECTS. Assmang continued its significant capital expenditure programme spending R372 million (R626 million) during the year, the majority on its two major projects: the new manganese shaft at Nchwaning and the chrome alloy smelter. Assmang has spent R1,8 billion over the last five years on re-capitalising and expanding its businesses.

Progress on the development of the R517 million Nchwaning decline shaft system has been satisfactory and the project is ahead of schedule and within budget. The development of the shaft was completed on 27 June 2002 and equipping has commenced. It is expected that the shaft will be commissioned before December 2003. The operational life of Assmang's manganese deposit will be extended by over 20 years and mechanised mining will result in a lower operating cost.

The chrome division's new R375 million, 54MVA furnace and a 350 000 tons a year pelletising plant were commissioned during the year under review. The furnace is currently operating near design levels. Ferro-chrome sales are expected to improve during the current financial year to a level of 230 000 tons and increase to a maximum of nearly 300 000 tons per annum in future years. Another important focus for the current year will be to complete the design and feasibility study of a one million ton a year, run-of-mine, underground chrome mine at Dwarsrivier.

FUTURE GROWTH. Assmang is anticipating significant capital expenditure in future years on current and additional growth projects. These include the completion of the Nchwaning shaft, the construction of the underground mine at Dwarsrivier, and the conversion of one of the furnaces at the chrome division to 30MVA. Capital has also been allocated within the manganese division to enhance alloy production technology, thereby improving operating margins.

The precious metals division comprises:

- **Avgold Limited, 56 per cent owned by Avmin, which operates the ETC gold mining complex near Barberton in Mpumalanga Province and the new Target gold mine in the Free State. The latter commenced operating during May 2002. Avgold is also conducting a surface exploration drilling programme on an extensive gold resource in the northern Free State.**
- **Two Rivers Platinum (Proprietary) Limited, 55 per cent owned, which was recently formed following the acquisition of the platinum group metal (PGM) rights, from Assmang Limited, on the farm Dwars Rivier.**

PRECIOUS METALS – AVGOLD. Avgold Limited's (Avgold) headline earnings for the year ended 30 June 2002 were R36 million (R39 million) or 5 cents a share (7 cents a share). Following the commissioning of Target mine in May 2000, total gold sales for the year increased to 4 179kg (2 842kg), the average yield was 8,56g/t (9,18g/t), and the cash cost was R64 277/kg (R58 698/kg), or US\$198/oz (US\$241/oz). The average gold price received during the year was R86 794/kg (R76 586/kg), or US\$306/oz (US\$315/oz).

Revenue for the year was R364 million (R218 million), with costs and expenses rising to R346 million (R190 million). This resulted in an operating profit of R17 million (R28 million). Unrealised foreign exchange gains increased income before taxation to R41 million (R39 million). Earnings, after a taxation charge of R5 million (nil), were R36 million (R39 million).

TARGET. Target commenced mining operations in May 2002. Underground start-up issues, mainly the difficulty of separating development material from mined reef due to an incomplete rock pass system, resulted in less than planned reef being delivered to the new plant. This is currently being addressed. On commissioning, Target's new mill experienced minor problems, which have now been resolved. Gold sales for May and June 2002 totalled 1 374kg and Target's cash costs averaged US\$156 an ounce of gold. Target's capital expenditure for the year amounted to R405 million (R586 million) and the project has been completed within its R2,1 billion budget.

ETC. ETC finalised a restructuring process during the year. The use of the Fairview mine infrastructure to access the Sheba orebody and the focus on mining higher grade reserves were accomplished towards the end of the year. After various infrastructure changes, the planned mining grades were achieved at Sheba and Fairview, while the New Consort mine improvement will be evident in the new financial year.

It is expected that ETC will shortly obtain the approval of its environmental management programme, which will enable a permanent mining licence to be issued.

ETC's three mines – Sheba, New Consort and Fairview – milled a total 315 523 tonnes (309 506 tonnes) for the year at an average yield of 8,89g/t (9,18g/t). Gold sales were lower at 2 805kg (2 842kg) and the cash cost increased to R69 805/kg (R58 698/kg), but declined in dollar terms to US\$215/oz (US\$241/oz). A total of R17 million (R19 million) was spent on capital expenditure.

NORTHERN FREE STATE EXPLORATION. The surface exploration drilling programme in the northern Free State on the adjoining Paradise property, north of Target, has been completed. The results to date have proven that the Eldorado fan extends northwards and have delineated important geological structures. The ore resource model is currently being updated for Paradise and Target, and this information will be published during October 2002.

HEDGING. At year end, Avgold's hedge book represented 60 per cent of forecast gold production for the next 48 months to June 2006 and had a negative mark-to-market value of R873 million, calculated on a gold price of US\$314,25/oz and an exchange rate of US\$1,00:ZAR10,25. These hedges were established as a requirement of the five-year term loan arranged for the Target mine and are unmargined.

PRECIOUS METALS – TWO RIVERS PLATINUM (PROPRIETARY) LIMITED (Two Rivers). The feasibility study is at an advanced stage on this platinum group metals (PGM) resource that was recently acquired by Avmin and its partner, Impala Platinum Holdings Limited. It is envisaged that a decision to proceed with a 200 000 ounce a year PGM mine could be made during the current financial year. Discussions are advanced to secure an empowerment partner for this project.

Chambishi Metals plc, 90 per cent owned by Avmin and based in Zambia, is in the process of building up its production to become one of the world's largest primary cobalt producers, recovering this product and copper, from its own 20 million ton dump resource. This will be achieved when the refurbished smelter and downstream processes ramp up to full production during calendar year 2002.

CHAMBISHI METALS PLC (Chambishi) experienced a difficult year with furnace availability at only 65 per cent. The new smelter was first commissioned during the first quarter of the calendar year 2001. In November 2001, following a second refractory lining failure, a decision was made to contract a Canadian company to redesign the furnace cooling system and refractory lining. The redesigned furnace is currently being commissioned and full output levels are expected during December 2002. The designed smelter capacity exceeds 4 500 tons of cobalt a year and Avmin is confident that management at the plant has the ability to achieve this target and operate the plant to its intended efficiency.

PRODUCTION. During the year under review, 3 700 tons of cobalt were produced from the toll refining roaster operation and the smelter. Although the roaster operated well, the smelter did not. As a result of the poor smelter output and lower average cobalt prices of US\$7,56/lb (US\$11,37/lb), Chambishi recorded a pre-interest operating loss of US\$12 million (US\$11 million – loss) and a post interest loss of US\$19 million (US\$12 million – loss) for the year under review.

On 29 January 2002, Avmin announced a partial write-down on its Chambishi investment. The impact of the various technical problems, the effects of an unexpected decline of the cobalt price from US\$11/lb to US\$7/lb and weaker economic fundamentals for base metal markets, resulted in a partial write-down of R1 619 million in relation to these assets. The Avmin board and the Company's independent auditors reviewed the assumptions and the calculations and deemed the residual value of US\$70 million reasonable and appropriate.

Inclusive of the write-down, Chambishi's overall earnings loss for the year was US\$195 million.

CHALLENGES. The major strategic challenge for this financial year is to ensure the successful recommissioning of the furnace and its optimal operation. Once achieved, the focus will be on cobalt recovery optimisation, reducing downtime and decreasing operating costs.

The decision by other Zambian-based Copperbelt operators to re-evaluate their activities has necessitated a revision to Chambishi's toll refining strategy. The sourcing of toll feed material from the nearby Baluba mine, currently in receivership, is being evaluated as are possibilities within the Democratic Republic of Congo.

Avmin's 75 per cent held Nkomati mine, South Africa's only primary nickel producer, is located near Machadodorp in the Mpumalanga Province. The mine also produces copper, cobalt and platinum group metals as by-products.

NKOMATI MINE received lower United States dollar prices for its products compared to last year, but the weaker rand, especially during the first half of the financial year and a maintained overall yield enabled the mine to perform in line with the previous year.

SALES TONNAGES. The mine milled 255 000 tons (280 000 tons) of ore, producing 46 000 tons (41 000 tons) of concentrate at an average nickel grade of 9,33 per cent (10,47 per cent). Last year's nickel head grades averaged 1,9 per cent for the year and it was planned that the mine would continue operating in lower grade areas for the majority of the 2002 financial year. However, an average grade of 2,2 per cent was achieved, demonstrating the quality of the MSB orebody mined. The mine is currently operating to its maximum design capacity at an average 22 000 tons of run-of-mine ore a month and the objective is to maintain the overall nickel grade, while keeping costs at current levels. The mine has an operating life of some five years, but this may be extended depending upon a decision whether to proceed with the significant expansion possibility.

The metallurgical recovery was 78 per cent and the mine sold a slightly lower 3 900 tons (4 000 tons) of nickel. Nkomati also sold 3 000 tons (2 500 tons) of copper, 52 tons (54 tons) of cobalt and 35 000 ounces (32 600 ounces) of platinum group metals (PGMs). PGMs, copper and cobalt contributed 42 per cent of the mine's total revenue. The nickel price averaged US\$2,69/lb (US\$3,28/lb) during the year.

FINANCIAL RESULTS. The mine's revenue for the year was unchanged at R435 million and cost of sales rose to R218 million (R187 million). This increase was mainly attributable to significant off mine costs, incurred in US dollars, which were adversely affected by currency fluctuations. As a result, operating profit declined to R209 million (R241 million) and after adding other income, mainly interest received, profit before tax was lower, year-on-year, at R221 million (R249 million).

The cash cost of producing nickel, net of by-products, was US\$0,32/lb (minus – US\$0,82/lb). Last year's cash cost to produce nickel was negative as a result of strong PGM prices.

EXPANSION. The feasibility study to significantly expand the mine has been completed and presented to the joint venture partners, Avmin and Anglo Operations Limited. The total cost of the proposed expansion is expected to exceed R2 billion. The plan seeks to produce about 16 000 tons of refined nickel annually, some 9 000 tons a year of refined copper, 900 tons of cobalt oxides and nearly 100 000 ounces of PGMs for toll refining. The run-of-mine feed will be from both open pit and underground operations.

Environmental and mining permits are currently being procured.

MINERAL RESOURCES AND RESERVES

Avmin's method of reporting mineral resources and mineral reserves conforms to the South African Code for Reporting Mineral Resources and Mineral Reserves (SAMREC Code) and the Australian Institute of Mining and Metallurgy Joint Ore Reserves Committee Code (JORC Code).

The convention adopted in this report is that mineral resources are reported exclusive of that portion of the total mineral resource converted to a mineral reserve. Underground resources are in-situ tonnages at the postulated mining width, after deductions for geological losses and pillars. Resources from dumps are estimated as in-situ tonnages.

Underground mineral reserves reflect milled tonnages while surface mineral reserves are in-situ tonnages. Both are quoted at the grade reporting to the mill.

The evaluation method is generally ordinary kriging with mining block sizes ranging from 20*20 square metres to 100*100 square metres. The thickness varies from 1,0 to 2,5 metres. Inverse distance is used in a few instances and with similar block sizes. The Sichel-t estimator is often applied in gold exploration projects.

A gold price of R88 000/kg was utilised to arrive at the pay-limits for the gold operations. The mineral resources of these properties are reported at gold cut-off grades ranging from 2,0g/t to 3,0g/t.

For Nkomati a cut-off grade of 0,3 per cent nickel or higher was applied while for Chambishi 0,5 per cent cobalt was used. The mineral resources and reserves for the remaining commodities are reported at current contract grades or at guaranteed minimum grades, whichever relevant.

The competent person with overall responsibility for the compilation of the mineral reserves and resources is Dr FA Camisani-Calzolari, PrSciNat. He is a private consultant employed by Avmin.

The following competent persons were involved in the calculation of mineral resources and reserves. They are employed by Avmin or its subsidiaries, unless otherwise stated:

Resources

M Burger, PrSciNat
 RM Carey, PrSciNat
 LAD Carter*, MGASA
 F Chadwick, PrMs
 A du P Ferreira, PrSciNat
 R Hornsey, PrSciNat
 RP le Roux, PrSciNat
 Dr WD Northrop, PrSciNat
 A Pretorius, PrSciNat
 CL Robus, PrSciNat
 CN Rippon, PrSciNat
 RF Tucker, PrSciNat
 P van der Merwe, PrSciNat
 R van der Westhuizen, PrSciNat
 J Vieler*, PrSciNat
 JAS Woolfe, PrSciNat

* Private consultant

Reserves

FW Chadwick, PrMs
 CP de Villiers, PrEng
 VG Duke, PrEng
 A Durrant, NHD.Met.Min
 F Hardy, NHD.Met.Min
 D Heyl, PrEng
 N Horswell, PrEng
 N Muller, PrEng
 A Mostert, PrMs
 N Schwab, PrEng

Most of the competent persons are members of either SACNASP, ECSA or PLATO and have in excess of five years' experience relevant to the style of mineralisation and type of deposits under consideration.

Snowden Mining Industry Consultants and Steffen Robbertson and Kirsten (SRK) have audited the resources and reserves of some operations.

Maps, plans and reports supporting resources and reserves are available for inspection at Avmin's registered office and at the relevant mines.

DEFINITIONS

The definitions of resources and reserves, quoted from the SAMREC Code, are as follows:

A **'mineral resource'** is a concentration [or occurrence] of material of economic interest in or on the earth's crust in such form, quality or quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a mineral resource are known, estimated from specific geological evidence and knowledge, or interpreted from a well constrained and portrayed geological model. Mineral resources are subdivided, in order of increasing confidence in respect of geoscientific evidence, into inferred, indicated and measured categories.

An **'inferred mineral resource'** is that part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited or of uncertain quality and reliability.

An **'indicated mineral resource'** is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

A **'measured mineral resource'** is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

A **'mineral reserve'** is the economically mineable material derived from a measured and/or indicated mineral resource. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified. Mineral reserves are sub-divided in order of increasing confidence into probable mineral reserves and proved mineral reserves.

A **'probable mineral reserve'** is the economically mineable material derived from a measured and/or indicated mineral resource. It is estimated with a lower level of confidence than a proved mineral resource. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified.

A **'proved mineral reserve'** is the economically mineable material derived from a measured mineral resource. It is estimated with a high level of confidence. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified.

MINERAL RESOURCES AND RESERVES (continued)

Summary of mineral resources and mineral reserves

AVGOLD

GOLD	Tons	g/tAu	Moz
Proved mineral reserves	6 507 000	10,40	2,18
Probable mineral reserves	10 276 000	3,67	1,21
Measured mineral resources	8 010 000	6,16	1,59
Indicated mineral resources	*88 341 000	7,37	20,94
Inferred mineral resources	*263 794 000	6,74	57,20
Total mineral reserves	16 783 000	6,28	3,39
Total mineral resources	360 145 000	6,88	79,72

*The mineral resources for the Paradise property, immediately north of the Target mine, are being revised following completion of the surface drilling programme. The results will be published during October 2002.

ASSMANG

Beeshoek

IRON	Tons	%Fe
Proved mineral reserves	449 800 000	64,63
Measured mineral resources	262 100 000	65,03
Indicated mineral resources	75 400 000	64,87
Inferred mineral resources	166 100 000	64,59
Total mineral reserves	449 800 000	64,63
Total mineral resources	503 600 000	64,86

Nchwaning

MANGANESE	Tons	%Mn	%Fe
Proved mineral reserves	6 900 000	46,33	9,68
Measured mineral resources	80 600 000	44,59	9,18
Indicated mineral resources	14 700 000	47,72	12,66

Gloria

MANGANESE			
Proved mineral reserves	5 100 000	39,09	4,65
Measured mineral resources	1 100 000	37,32	4,79
Indicated mineral resources	32 500 000	38,62	7,03
Inferred mineral resources	87 000 000	38,62	7,03

Nchwaning and Gloria

Total mineral reserves	12 000 000	43,25	7,54
Total mineral resources	215 900 000	41,46	8,20

Dwarsrivier

CHROMITE	Tons	%Cr₂O₃	%FeO
Proved mineral reserves	11 346 000	39,70	23,61
Probable mineral reserves	14 600 000	40,59	23,62
Measured mineral resources	4 181 000	39,66	23,68
Indicated mineral resources	8 298 000	40,60	23,63
Inferred mineral resources	93 660 000	40,18	23,60
Total mineral reserves	25 946 000	40,20	23,62
Total mineral resources	106 139 000	40,19	23,61

MINERAL RESOURCES AND RESERVES (continued)

CHAMBISHI METALS

COBALT	Tons	%Co	%Cu
Proved mineral reserves	1 452 000	1,40	1,10
Probable mineral reserves	18 347 000	0,67	1,09
Indicated mineral resources	1 000 000	0,86	1,11
Total mineral reserves	19 799 000	0,73	1,09
Total mineral resources	1 000 000	0,86	1,11

AVMIN

Nkomati

NICKEL	Tons	%Ni	%Cu	%Co	g/tPt	g/tPd
Proved mineral reserves	1 121 000	2,20	1,19	0,10	1,65	4,11
Indicated mineral resources	121 200 000	0,48	0,19	0,03	0,27	0,72
Inferred mineral resources	467 000	1,52	0,57	0,07	0,23	0,58
Total mineral reserves	1 121 000	2,20	1,19	0,10	1,65	4,11
Total mineral resources	121 667 000	0,48	0,19	0,03	0,27	0,72

Nkomati

CHROMITE	Tons	%Cr₂O₃	%Ni
Indicated mineral resources	50 000 000	25,48	0,19

TWO RIVERS PLATINUM

A feasibility study is presently being undertaken on this project, an integral part of which is a mineral resources and mineral reserves statement, which is being finalised.

Note: Resources and reserves are quoted in metric tons.

Au	gold
Co	cobalt
Cu	copper
Cr ₂ O ₃	chrome oxide
Fe	iron
FeO	ferrous oxide
Mn	manganese
Ni	nickel
Pt	platinum
Pd	palladium

CORPORATE SUSTAINABLE DEVELOPMENT

THE WORKING ENVIRONMENT

Avmin seeks to develop and retain its staff through the provision of an equitable, safe and healthy work environment.

EMPLOYMENT EQUITY

Avmin has a transformation committee chaired by the Group's chairman to define the Company's targets and strategy for meaningful transformation. The committee met regularly throughout 2002 to set targets for Avmin. National and industry demographics and Group profiles were reviewed. Group succession plans were scrutinised to identify positions pledged for employment equity placements and Group targets were identified per level including the composition of the board of directors.

Operations have set out their own strategies for the achievements of the targets and report half-yearly on progress against plan.

In compliance with section 22 of the Employment Equity Act (EE), the table below applies to the 4 680 South African Group employees and summarises the progress reports submitted to the Department of Labour, detailing the occupational categories as at 30 June 2002 compared to the 2004 target.

Occupational categories	30 June 2002			Target 2004	
	Male White	Designated groups	% EE	Male White	Designated groups
Legislators, senior officials and managers	72	10	12	80%	20%
Professionals	175	50	22	60%	40%
Technicians and associate professionals	308	153	33		
Clerks	32	210	87		
Service and sales workers	3	29	91	20%	80%
Skilled and agricultural and fishery workers	–	2	100		
Craft and related trade workers	284	231	45		
Plant and machine operators and assemblers	164	1 605	91		
Elementary occupations	14	821	98		

SAFETY, HEALTH AND THE ENVIRONMENT (SHE) REVIEW

The Avmin Group sustainability strategy provides a general framework. In addition, each operation is allowed a large measure of flexibility, enabling it to refine its own SHE and community strategies to meet local needs, or to take into consideration special requirements imposed by particular processes or conditions.

Avmin has this year produced a separate "Sustainable Development Report – 2002", that addresses:

- Safety
- Health
- HIV/AIDS
- Environment
- Community development

The abovenamed document accompanies this report for the information of shareholders. The Group's activities for safety, occupational health and the environment are therefore only summarised in this annual report.

As SHE activities are key considerations throughout Avmin, the achievement of high and improving standards in these areas are an integral part of all planning, construction and operational areas.

Principles guiding this policy include training for all employees with regard to the identification and minimisation of job related SHE risks. As risks are identified, they are dealt with. SHE audits are undertaken regularly, systematically and with the appropriate representative participation.

Avmin's vice president and Avmin's general manager in charge of the SHE portfolios are jointly responsible for the development and implementation of a workable, comprehensive sustainability strategy, and for ensuring that legal compliance is achieved throughout the Group's operations. Avmin's SHE committee reviews the Group's progress on a quarterly basis, comparing its performance in the areas of safety, health and the environment with international best practice.

Safety. The Company deeply regrets that the Group had one fatality during the year at its ETC mine caused by a fall of ground.

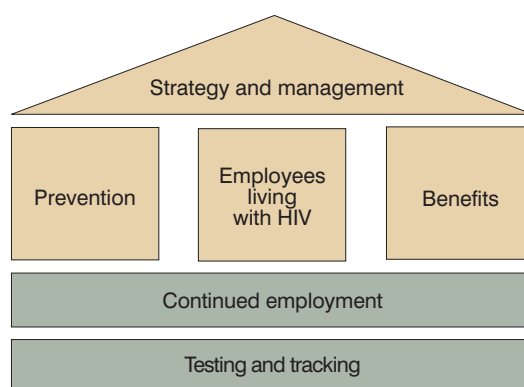
Avmin's safety statistics show a dramatic improvement over the past year, largely as a result of increased participation of employees, employee representatives and contractors. The Lost Day Injury Frequency Rate (LDIFR) and Severity Ratio (SR) for the Group reduced by 24,2 per cent to 8,4 and 16,6 per cent to 9,5, respectively, compared to the previous year. The total injury frequency rate (TIFR) reduced by 38,5 per cent. Further details can be ascertained from the accompanying Sustainable Development Report.

Health. Audiometric screen tests have been conducted throughout the Group to assess the status of hearing among employees, resulting in 76 employees being referred for additional tests. These additional tests indicated that the hearing of 21 of these employees had been impaired and they qualified for work-related loss of hearing compensation.

Avgold referred 21 employee pulmonary tuberculosis cases to the Medical Bureau for certification and compensation. Thirteen cases of silicosis were also referred to the Bureau. Five cases of pneumoconiosis were diagnosed at Target mine and at ETC another was referred for compensation.

HIV/AIDS. Recognising the inherent dangers that the HIV/AIDS epidemic has, and will have, on the productivity and prosperity of the Group, Avmin has devised a strategy to control the impact of the disease on its operations. Avmin is very aware of the psychosocial needs of its workforce and the humanitarian aspects of providing help and support to those employees and their families stricken with HIV/AIDS. All research findings indicate that early treatment improves the quality and length of life.

Avmin's board of directors fully supports this strategy, and is committed to introducing measures that promote both business sustainability and humane working conditions in the face of the HIV/AIDS epidemic. The primary aim of the strategy is to prevent new infections and provide a high level of care for those already infected.



The graphic above shows the key elements to Avmin's HIV prevention strategy. Planned outcomes for each of these elements have been prescribed for all operations.

Environment. Mining by its very nature impacts on the environment. The policy that Avmin has adopted is to manage the impact of its activities on the environment as it works to meet and, in some cases exceed, legal requirements.

To enhance the Group's environmental performance, it seeks the active participation and involvement of stakeholders and undertakes a process of regular internal and external audits at all operations. In addition, it

is Avmin's intention to implement an environmental management system that fulfils the requirements of the International Standard ISO 14001 at all of its operations. Several of the operations have already achieved this standard.

The Group spent in excess of R16 million on rehabilitation and environmental issues during the financial year funded from capital, operating expenditure and trust funds. All Avmin operations were affected, with major expenditure being incurred at Assmang: manganese alloys (Cato Ridge works), Assmang: iron ore (Beeshoek mine) and Avgold. Details of awards and progress are to be found in The Sustainable Development Report.

INVESTMENTS IN THE COMMUNITY

Avmin initiates, supports and actively participates in programmes that seek to improve the quality of life of communities in South Africa. To this end partnerships are sought with government and non-governmental organisations at national and provincial levels. Avmin endeavours to uphold people's rights to initiate and participate in their own development.

The key strategies are to concentrate available resources on a few initiatives within identified focus areas, to achieve maximum positive and sustainable impact. Projects are managed for accountability.

Avmin employees are actively encouraged to participate in the Group's community development programmes. This encouragement can also extend beyond the Group's programmes, into projects in which employees have become involved in their private lives. The key focus areas are:

- Education – about 45 per cent of 2002's budget was devoted to education projects. Avmin is targeting educator training and support at primary and secondary levels in mathematics, science and technology.
- Work creation – 35 per cent was spent on projects that offer opportunities for the poor and unemployed to earn a living. The targeted groups are women and the out-of-school youth.

Avmin concentrates its resources where a target group needs and wants the intervention, and is an active participant at all stages to meet a specific measurable need of a particular community. Progress is measured during the project on the target group's lives and beyond. Sound financial reporting and governance are pre-requisites for any project that Avmin supports.

Avmin annually commits a portion of its before tax earnings to its community investment programme. These funds are divided between all operations, focusing on their immediate communities, and the Group's national programmes. Some examples of these key areas include:

Maths Centre for Professional Teachers (the Centre). The Centre has for many years trained and supported teachers in effective methods for teaching mathematics at primary schools.

In recent years, driven by demand, the Centre has developed materials and training programmes for teachers at secondary education level and is servicing most parts of the country through their provincial training/resource centres.

Avmin continues to support the Centre's development of teaching and learning aids used in the Centre's projects nationwide.

Sparrow Ministries – Rainbow Village. The village is an initiative of Sparrow Ministries. When complete it will consist of about 50 accommodation clusters housing more than 200 individuals that find themselves homeless largely as a result of their HIV status.

In addition to providing accommodation, the village will also have a number of clusters dedicated to work and income generation for the residents and the village's own sustainability.

Avmin has supported this project for the past few years, providing funds for some of the buildings as well as furnishings and equipment.

CORPORATE SUSTAINABLE DEVELOPMENT (continued)

Pfuxanani Youth Centre. The centre was built with funding from the Department of Public Works. Pfuxanani has grown from an organisation that focused on taking young people off the streets through temporary diversions, to one that provides skills training and more long-term solutions to problems of unemployment and illiteracy. In recent years, Avmin has supported the training of 50 home based care-givers, as well as the beginnings of a food gardening project

Siyazisiza Trust – Maputaland integrated rural development programme. Maputaland is in northern Kwa-Zulu Natal, an area with little economic activity, and is thus severely under-resourced. Siyazisiza Trust has successfully facilitated the training of people and establishing a number of income generation projects.

By the end of June 2001, when Avmin's grant period ended, more than 700 individuals had participated in various sustainable projects with the participants and their families continuing to support themselves through this initiative.

Rekgutlile Temong Agricultural Association (the Association). The Association originally comprised 65 families living and working on farms in the Delmas area, Mpumalanga Province. With funds granted by the Department of Land Affairs, these families purchased agricultural land on which they grow vegetables (see below) and undertake dairy farming.

Avmin's support has helped:

- train 20 members in dairy and vegetable production;
- purchase and repair equipment, purchase seeds and implements for vegetable production; and
- purchase a computer for record keeping and general administration purposes.



CORPORATE SUSTAINABLE DEVELOPMENT (continued)

Wolanani. This programme consists of counselling/support groups, lobbying for fair treatment, and work creation for those women living with HIV/AIDS. Avmin has paid for the training of 25 women in the production of crafts which they sell for a living. A further 15 women have been trained as home-based care givers.

Further corporate community interventions are reflected in the Sustainable Development Report.

INVESTMENT IN BUSINESS COMMUNITY INITIATIVES

A growing economy will provide sustained improvements to the lives of the majority of South Africans. To this end the Business Trust (the Trust) is an initiative of the South African business community in working in partnership with government to undertake targeted job creation and capacity building programmes. The Trust's objectives are to bring the resources and skills of business to bear on the development challenges, as directed by government priorities, and in the process enhance trust and co-operative relations between business and government.

The Trust works closely on various programmes with the Departments of Education, Environmental Affairs and Tourism, Labour, and Safety and Security.

Avmin has participated in the funding of the Trust and its leadership.

CORPORATE GOVERNANCE

The Anglovaal Mining Group has strong commitments to a wide range of corporate governance practices. The directors of Avmin are ultimately accountable to shareholders and have a responsibility, both collectively and individually, to ensure that a high standard of corporate governance is maintained.

KING CODE OF CORPORATE PRACTICE AND CONDUCT. The board of Avmin is committed to maintaining the standards of integrity, accountability and openness advocated in the King Report on Corporate Governance (King I Report) and is working towards the attainment of the succeeding King II Report requirements. The latter's requirements should be met by 31 March 2003.

CODE OF ETHICS. The Company is committed to the highest standards of integrity, behaviour and ethics in dealing with all its stakeholders. All directors and employees are required to maintain the highest ethical standards to ensure that the Company's business practices are conducted in a reasonable manner and to act in good faith and in the interests of the Company. The Company is undertaking the codifying of its standards in a code of ethics as part of the process of complying with the requirements of the King II Report.

BOARD OF DIRECTORS. The board consists of 13 directors; comprising the chairman, an executive director, four independent non-executive directors and seven non-executive directors. The directors' diverse skills and expertise are reflected on pages 6 and 7.

As of 1 July 2002, Rick Menell was appointed chairman of Avmin, following the resignation of Ken Maxwell as chairman. David Murray simultaneously assumed the position of chief executive officer.

The board met on seven occasions during the 2002 financial year. The board has reserved certain powers to itself with the chairman ensuring that policies are adhered to and that corporate governance is consistently applied and promoted. The chairman is responsible for the attainment of the strategic objectives set by the board.

The Company's articles of association stipulate that the maximum term of office of a director is three years. One-third of all directors retire by rotation annually and, if eligible for re-election, their names are submitted for election at the annual general meeting. All directors who were appointed subsequent to the last annual general meeting are required to seek election at the following annual general meeting.

None of the members of the board have service contracts with the Company other than Ken Maxwell and Brian Menell whose consulting contracts extend until 31 December 2002. All members have access to the advice of the company secretary and are entitled to seek independent professional advice about the affairs of the Company and at its expense.

The directors' fees and attendance fees payable to the chairman and directors were reviewed during the year and increases payable from 1 July 2002 are recommended for adoption at the annual general meeting. It is felt that fees need to be increased so as to attract, retain and motivate members of the board. The fees were last increased three years ago. Full details are contained in the notice of annual general meeting on page 86.

BOARD COMMITTEES. The directors of the Company appoint both executive and non-executive members to the various committees. The non-executive directors play an active role, particularly in the capacity of chairmen of the committees concerned. The members of these committees are reflected in the table "Meetings

CORPORATE GOVERNANCE (continued)

attendance during the year ended 30 June 2002" on page 32. Each committee meets at defined times each year and provides the directorate with an effective communication forum. The delegation of authority to committees does not mitigate the board's responsibility for discharge of its and directors' duties to the Company's stakeholders.

The information provided to the board is derived from external sources and internally from minutes, plans and reports of the activities of the respective committees; no restrictions are placed upon accessing Avmin sources.

Audit committee. The members of this committee comprise three independent non-executive directors (one of whom is the chairman), two non-executives and the chairman of the Company. The chief executive officer and chief financial officer attend meetings by invitation. Three meetings were held during financial year 2002. Attendance fees, per meeting: Chairman R9 600, committee members R6 000.

The main responsibilities of this committee include the maintenance of high standards of records and systems of internal control, the safeguarding (in conjunction with the risk committee) of the Company's assets and shareholders' investments, assuring the board as to the veracity of the Company's financial reports to shareholders, assisting the board to monitor standards of corporate governance, and advising the board on the "going concern" status of the Company. The committee also conducts reviews of major business risks and audits, that are undertaken by both internal and external auditors, and it examines their respective plans and reports to ensure effectiveness. The external and internal auditors have unrestricted access to the audit committee and its chairman.

Environmental committee. Safety and health matters are considered at every board meeting of directors. Two committee meetings were held during the period under review. Three independent non-executive directors, one of whom is the chairman, Avmin's chairman and three non-executive directors with one being an alternate director, comprise the committee. The chief executive officer and vice president: Safety, health and environment attend these meetings by invitation. Attendance fees, per meeting: Chairman R6 600, committee members R4 000.

The board and committee's primary focus is:

Safety. The evaluation of Group statistics and performance, incorporating the comparison of Group results against benchmarks provided by other international mining companies and operations, as well as the achievement of statutory and regulatory compliance requirements. Group safety objectives take cognisance of these benchmarks. Accidents are reviewed with the objective of preventing recurrence.

HIV/AIDS. A comprehensive strategy has been devised to hinder the spread of this disease at Avmin's operations, details of which are reflected on page 25. Monitoring and evaluation against this strategy has been receiving urgent attention.

Occupational health. Information from operations is continually reviewed to meet set objectives incorporating statutory and regulatory compliance needs, with a particular focus on those areas of specific interest to Avmin. Areas of concern include manganese neurotoxicity (manganism), occupational lung diseases and noise induced hearing loss.

Environment. At the meetings, statutory and regulatory compliance is evaluated. The main objectives are the provision of funding to approved nature conservation trust funds to finance the rehabilitation of areas disturbed by mining and related activities and to provide funds for rehabilitation of the sites at closure and post closure maintenance to at least legislated requirements.

The Safety, Health and Environment Review is reflected on pages 24 to 26.

Nominations committee. On 11 September 2002 the board of directors authorised the establishment of a nominations committee. The committee comprises four members, whose names are reflected on page 7, two of whom are independent non-executive directors, one non-executive director and Avmin's chairman. The chairman will be appointed from among the non-executive director committee members.

The committee's function will be to ensure that the board will have an appropriate skills and experience mix amongst directors having regard to Avmin's activities in southern Africa. The committee will investigate the background of potential directors prior to appointment to a seat on the board to ensure that such persons have no legal impediment to assuming such a role and that they are of the calibre, credibility and with the necessary skills and experience to bring independent judgement to bear on matters before the board. The process for the appointment of new directors, yet to be decided, will be both formal and transparent in nature.

Remuneration committee. The committee was convened on four occasions during the year ended 30 June 2002. Membership comprises two independent non-executive directors (one being the chairman), two non-executive directors and the chairman of the Company. Directors withdraw from meetings when matters personally affecting them are discussed. The chief executive officer attends meetings by invitation. The vice president: Human resources attends all meetings and has direct access to all members of this committee. Attendance fees, per meeting: Chairman R6 600, committee members R4 000.

The directors ensure appropriate levels of remuneration to senior management of the Company through the remuneration committee. This committee determines broad policy for individual remuneration and benefits to maintain a compensation policy that is both competitive and equitable. The committee also undertakes the review of non-executive directors' performance against appropriate guidelines.

Risk committee. The board risk committee was established during the first half of the financial year and one meeting was held during the year. Two independent non-executive directors, one of whom is the chairman, two non-executive and two executive directors and the chief financial officer comprise the committee. Attendance fees per meeting are: Chairman R8 000, committee members R4 800.

This committee assists the board of directors in the discharge of its duties in relation to risk matters, providing assurance that:

- The total process of risk management is effectively designed, implemented and monitored;
- The broader strategic and significant business risks facing the Group are identified together with attendant controls/management assurance;
- The process is integrated into the day-to-day activities of the Group; and
- Ongoing consultation occurs between the board risk and the audit committees.

The committee is assisted by the risk management committee whose role is described on page 33.

CORPORATE GOVERNANCE (continued)

Meetings attendance during the year ended 30 June 2002

			Board	Audit	Environ- mental	Remune- ration	Risk
			Meetings attended/Potential meeting attendances				
		Appointed (resigned)					
Menell	RP		7/7	3/3	2/2	4/4	1/1
Murray	DN		7/7	–	–	–	1/1
Barber	DD	11/04/2002	1/1	–	–	–	–
Baum	PM	11/04/2002	1/1	–	–	–	–
Davison	BE	11/04/2002	1/1	–	–	–	–
Frank	B	17/08/2001	6/6	–	1/1	–	1/1
Jowell	DE		6/7	1/3	1/2	–	1/1
					Chairman	–	Chairman
Livnat	N	17/08/2001	1/6	–	–	–	–
Maphai	TV	(31/5/2002)	2/7	–	–	–	–
Maxwell	KW		7/7	3/3	2/2	4/4	–
			Chairman	Chairman	–	Chairman	
McAlpine	JR		6/7	–	–	4/4	–
Menell	BM		7/7	–	1/2	–	–
Nkosi	MZ		7/7	3/3	2/2	–	–
Nairn	WA (Alternate director)	11/04/2002	–	–	0/0	–	–
Oron	R		6/7	2/3	–	1/4	–
Campbell	DN	31/10/2001	–	–	–	–	1/1
(Chief financial officer)							

CHIEF EXECUTIVE'S COMMITTEE. This committee is mandated to assist in setting the strategic direction of the Group, implementing strategy and maintaining effective management on a day-to-day basis. The committee meets weekly. The chief executive officer chairs the committee weekly and the chairman monthly. The members of the committee comprise chief executive officer, chief operating officer, chief financial officer and vice president: Corporate development. The committee members contribute a diverse range of professional skills across the broad spectrum of the Company's activities. The members' names appear on page 7. The members attend all meetings of directors by invitation.

OPERATIONS COMMITTEE. This committee meets weekly under the chairmanship of the chief operating officer to consider operational and project matters. All senior vice presidents and vice presidents are committee members.

GROUP INTERNAL AUDIT. The Group internal audit department operates with full authority of the board of directors. The head of this department reports directly to the chairman of the audit committee. The Group internal audit department performs a variety of activities that ultimately result in an examination and evaluation of the effectiveness of all operating sectors of the Group's business. Through this process, operating and business risks are highlighted and the systems of operating and financial controls are monitored. All issues are brought to the attention of the audit committee, the directors and members of the executive and risks committees and external auditors. Issues that require corrective actions are discussed by senior management and acted upon with urgency under the auspices of the audit committee.

CORPORATE GOVERNANCE (continued)

GROUP SAFETY, HEALTH AND ENVIRONMENTAL COMMITTEE. This is a committee comprising senior managers, under the chairmanship of the chief operating officer, that assists the board committee. The committee meets quarterly.

RISK MANAGEMENT COMMITTEE. This management committee reports to the board risk committee and is chaired by the Group risk manager. Its members comprise the chief operating officer and vice presidents. The committee meets regularly during the year to identify, manage and monitor the Group's risk initiatives. KPMG Management Assurance Services attend these meetings and provide assistance in ensuring that the risk initiatives are appropriately focused. Three management committee meetings have been held since July 2001.

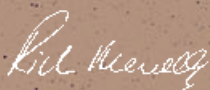
The committee has engaged the services of independent risk engineering consultants who continue to grade each operation against international risk standards for fire, security, engineering, commercial, crime, contingency planning and mining to monitor whether these practices meet the set criteria. The committee is also responsible for ensuring that appropriate financial and insurance mechanisms comprehensively protect the Group against catastrophe risk.

TREASURY AND HEDGE COMMITTEE. The committee, under the chairmanship of the chief financial officer, meets fortnightly, and more often when necessary, with Standard Risk and Treasury Management Services (Proprietary) Limited (SRTMS) to discuss market conditions, treasury operations, to review market conditions and existing and future hedging strategies. The primary focus of the committee is the reduction of risk in commodities and currencies. SRTMS implements decisions taken. SRTMS does not perform an executive or decision-making role. Advice is also sought from other outside parties on a continuous basis. During the year ended 30 June 2002 the committee met 25 times.

The committee operates within clearly defined parameters set by the board.

CLOSED PERIODS. The Company operates a closed period prior to the publication of its interim and final results. During this period directors, officers and designated persons who may have access to price sensitive information are precluded from dealing in the shares, securities or financial instruments of the Company. The closed period extends from the close of the month at the end of a reporting period or the financial year until the day of publication of the results in the press. Where appropriate, dealing is also restricted during sensitive periods where major transactions are being negotiated and a public announcement is imminent.

The annual financial statement and Group annual financial statements which appear on pages 36 to 80 were approved by the directors on 27 September 2002 and are signed on their behalf by:



RP Menell
Chairman



DN Murray
Chief executive officer

ANNUAL FINANCIAL STATEMENTS

36	<u>Auditors' report</u>
36	<u>Certificate by secretary</u>
37	<u>Directors' report</u>
45	<u>Accounting policies</u>
52	<u>Balance sheets</u>
53	<u>Income statements</u>
54	<u>Statements of changes in equity</u>
55	<u>Cash flow statements</u>
56	<u>Notes to the financial statements</u>
78	<u>Report on subsidiary companies</u>
79	<u>Principal subsidiary</u>

Auditors' report

To the members of Anglovaal Mining Limited

We have audited the annual financial statements and Group annual financial statements set out on pages 37 to 80 for the year ended 30 June 2002. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

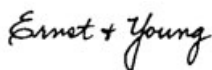
We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit includes:

- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- Assessing the accounting principles used and significant estimates made by management; and
- Evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Company and the Group at 30 June 2002 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, International Accounting Standards and in the manner required by the Companies Act in South Africa.



Ernst & Young

Chartered Accountants (SA)

Registered Accountants and Auditors

Johannesburg, 27 September 2002

Certificate by secretary

I certify that the requirements as stated in section 268G(d) of the Companies Act have been met and that all returns, as are required of a public company in terms of the aforementioned Act, have been lodged with the Registrar of Companies and that such returns are true, correct and up to date.



RH Phillips

Group company secretary

Johannesburg, 27 September 2002

Directors' report

Business of the Company

The business of the Company* and its subsidiaries and associates is to explore, develop, operate and hold interests in the mining and minerals industry. The operational focus is in the following areas: Precious, base and ferrous metals.

The Company maintains a core central unit that provides a range of services and skills within the areas of finance, technical and legal services, and human resources. Strategic initiatives and commercial transactions are implemented and maintained by the central unit and the Company also participates directly in, and arranges finance for, mineral prospecting operations and mining development.

The Company's shares are listed on the JSE Securities Exchange, South Africa (JSE) and the London Stock Exchange.

** Shareholders' approval will be sought at the annual general meeting to change the Company's main business and main object clauses contained in the current memorandum of association to align them to the business of the Company as expressed in this paragraph; refer Notice page 86.*

Review of operations

The activities and results of operations of the Group for the year ended 30 June 2002 are incorporated in the review by the chairman and chief executive officer and review of operations; pages 9 to 19.

The most significant event which occurred during the year under review was the partial write down of approximately R1,6 billion of Avmin's investment in Chambishi Metals plc (Chambishi) during 2002.

Acquisitions and disposals

Details of the Company's direct and indirect interests in its principal subsidiaries, associated companies, joint ventures, partnerships and other investments are contained in separate reports; refer pages 78 and 80.

During the period under review the following significant transactions occurred:

The Company sold half of its Assore Limited holding, 2,5 million shares, for R95 million. Avmin's holding at 30 June 2002 was 2,6 million shares (5,1 million shares).

A total of 28 million Avgold Limited shares were sold for R139 million, decreasing the holding at year end to 56 per cent (61 per cent).

The entire Iscor Limited holding of 35,3 million shares, acquired for R494 million, was sold to Deutsche Bank and Stimela Mining Limited (Stimela) for a consideration of R836 million. A joint venture was entered into with Stimela to pursue opportunities in iron ore. At that time Avmin was granted a call option on between 10 and 25 per cent of Stimela's shares in Kumba Resources Limited. This option was subsequently sold to Stimela for R75 million.

In the recently registered Two Rivers Platinum (Proprietary) Limited, a portion of shareholder loans, R100 million, was converted into equity. Avmin's resultant shareholding being 330 shares. The equity ratio of 55:45 between Avmin and Impala Platinum Holdings Limited has been maintained. This company was formed to mine the platinum group metals underlying the chrome deposit situated on the farm Dwars Rivier, Mpumalanga Province.

Since the accounting date to the date of this report, no significant acquisitions or disposals have taken place.

Directors' report (continued)

Financial

The financial position of the Company and its subsidiaries (Group) are reflected in the balance sheet, income statement, changes in equity and cashflow statements and supporting statements. Group borrowings at 30 June 2002 totalled R2,7 billion; R1,2 billion were long-term and R1,5 billion short-term. Loans totalling US\$175 million form a portion of these borrowings of which US\$140 million relates to Chambishi and the balance was borrowed by Avgold for the completion of the Target mine. The Group is exposed to currency fluctuations in translating these borrowings.

In accordance with the Company's articles of association the borrowing powers of the Company* at the accounting date were limited to R4,9 billion.

Mineral and Petroleum Resources Development Bill

The Mineral and Petroleum Resources Development Bill (the Bill) was recently presented to Parliament and awaits assent by the President. A key objective of the Bill is that the State will be the custodian of the nation's mineral resources. While the Group is adapting to this new legal framework to enable it to continue making a contribution to all stakeholders, the effect of the Bill, including the Socio Economic Empowerment Charter and the Money Bill, which are still to be formulated, are yet to be determined.

Events subsequent to year end

As a result of Chambishi not being brought into production as planned Avmin, has negotiated a rescheduling of a portion of its short-term US\$32,5 million loan until July 2004. A new US\$20,0 million loan with repayment during August 2004 has also been secured.

The progress being achieved at Chambishi in its ramp up to full production in calendar 2002 is detailed on page 17.

Share capital

The Company's authorised share capital* was unchanged during the year and at 30 June 2002 was:

	R million
Ordinary	
196 668 737 shares of 5 cents each	9,8
Preference	
646 380 compulsorily convertible preference shares of 678 cents each	4,4
	14,2

* The notice of annual general meeting contains proposals to change these parameters; refer Notice, pages 86 and 87.

The principal movements of issued share capital that occurred during the period:

	Shares
Ordinary	
Shares in issue at 1 July 2001	110 104 818
Shares issued for options exercised by share incentive scheme participants	1 338 834
Shares in issue at 30 June 2002	111 443 652

Loans for purchase of mineral rights and mine development costs

The Company has advanced loans to certain subsidiary prospecting companies to finance the purchase of mineral rights and costs related to mine development.

Changes in accounting policies

No changes were made to the accounting policies during the year ended 30 June 2002. The policies stated in the annual financial statements are the same as for the year ended 30 June 2001.

Directors' report (continued)

Taxation

The 1998 return of income has been assessed by the revenue authorities who have rejected the Company's contention that the premium payable on redemption of loan stock is not of a capital nature and therefore allowable. An appeal has been lodged against the assessment. The Company's legal advisers support the contention. No provision has been made in the annual financial statements for the assessed amount of R107 million plus interest.

Assessments have been received for financial years 1999 and 2000; certain items are under dispute with the revenue authorities regarding the 1999 return of income. The 2001 return of income has been submitted to the revenue authorities, but not assessed.

Dividend policy

The current policy adopted by the directors is to declare a single dividend annually with at least four times earnings cover.

Dividends

The Company is subject to bank covenants relating to the financing of Chambishi for the 2002 financial year precluding the payment of cash dividends.

Accordingly no dividends were declared for the year ended 30 June 2002.

Directors' responsibility relating to annual financial statements

It is the directors' responsibility to prepare annual financial statements that fairly present the state of affairs and the results of the Company and of the Group. The external auditors are responsible for independently reviewing and reporting on these annual financial statements.

The annual financial statements set out in this report have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and International Accounting Standards. They are based on appropriate accounting policies which have been consistently applied and are supported by reasonable and prudent judgements and estimates. The annual financial statements have been prepared on a going-concern basis and the directors have no reason to believe that the business of the Company will not be a going concern in the year ahead.

To fulfil its responsibilities, management maintains adequate accounting records and has developed and continues to maintain systems of internal controls.

The Company and its subsidiaries' internal controls and systems are designed to provide reasonable but not absolute assurance as to the integrity and reliability of the annual financial statements and to adequately safeguard, verify and maintain their assets. These controls are monitored throughout the Group and nothing has come to the directors' attention to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

Directorate

The names and details of the directors of the Company are reflected on pages 6 and 7.

Mr KW Maxwell tendered his resignation as chairman of the Company on 30 June 2002 and was succeeded by Mr RP Menell on 1 July 2002. Mr Maxwell remains a director of the Company. Mr DN Murray was appointed chief executive officer on 1 July 2002.

Messrs B Frank and N Livnat were appointed to the board on 17 August 2001. On 11 April 2002, Messrs DD Barber, PM Baum and BE Davison were appointed to the board. In terms of the articles of association the aforementioned appointments lapse on termination of the forthcoming annual general meeting. Mr WA Nairn's appointment as alternate to Mr Davison was also approved on 11 April 2002.

Directors' report (continued)

In accordance with article 83 of the articles of association Messrs RP Menell, DE Jowell, BM Menell and Dr MZ Nkosi retire by rotation at the close of the forthcoming annual general meeting.

All of the aforementioned directors, being eligible, have offered themselves for election and re-election respectively.

Dr TV Maphai resigned as a director of the Company on 31 May 2002.

There have been no changes to the composition of the board subsequent to those detailed above.

The only current contracts between the Company and its directors are consultancy agreements with Messrs KW Maxwell and B M Menell terminating on 31 December 2002.

Directors' emoluments

The emoluments detailed below were paid to directors during the year ended 30 June 2002.

All figures in R000	Board and committee fees	Consultancy fees	Salaries ¹	Bonuses and performance related payments	Pension scheme contributions	Exercise of share options gains	Total 2002	Total 2001
Executive directors								
RP Menell								
Avmin	79	–	2 538	805	219	6 204	9 845	2 574
DN Murray								
Avmin	58	–	1 460	1 313	118	–	2 949	823
Avgold Limited	–	–	562	1 248	51	–	1 861	884
BM Menell (until 1 November 2001)								
Avmin	20	587	–	–	–	–	607	905
	157	587	4 560	3 366	388	6 204	15 262	5 186
Non-executive directors								
DD Barber	11	–	–	–	–	–	11	–
PM Baum	11	–	–	–	–	–	11	–
BE Davison	11	–	–	–	–	–	11	–
B Frank	52	–	–	–	–	–	52	–
DE Jowell	61	–	–	–	–	–	61	64
N Livnat	38	–	–	–	–	–	38	–
Dr TV Maphai	35	–	–	–	–	–	35	55
KW Maxwell	132	270	–	–	–	–	402	413
JR McAlpine	63	–	–	–	–	–	63	69
BM Menell	40	1 200	–	–	–	–	1 240	–
Dr MZ Nkosi	71	–	–	–	–	–	71	70
R Oron	63	–	–	–	–	–	63	44
	588	1 470	–	–	–	–	2 058	715
Total	745	2 057	4 560	3 366	388	6 204	17 320	5 901
Aggregate emoluments of directors who served during the year								
Board and committee fees							745	630
Consultancy fees							2 057	1 110
Salaries							4 560	3 232
Bonuses and performance related payments							3 366	568
Pension scheme contributions							388	361
Exercise of share options gains							6 204	–
Total							17 320	5 901

¹ Refer page 66, note 19

Directors' report (continued)

An increase in directors' fees payable annually and per meeting to directors will be proposed as an ordinary resolution at the annual general meeting. These fees were last increased on 1 July 1999. Please refer to page 86 for further details.

Options

Options to subscribe for ordinary shares of the Company granted during the year to 30 June 2002 are shown in the table below.

	Chairman RP Menell
Held as at 1 July 2001	
Number	398 758
Average exercise price per share	R8,43
Granted during the year	
Number	148 600
Average exercise price per share	R33,50
Exercised during the year	
Number	162 227
Average exercise price per share	R0,05
Held as at 30 June 2002	
Number	385 131
Average exercise price per share	R21,63
Latest expiry date	19 September 2009

Interests of directors

The direct and indirect beneficial and deemed beneficial interests of the directors of the Company (including after due enquiry in this regard, their family interests) in the issued share capital of the Company at 30 June 2002 were as follows:

	30 June 2002		30 June 2001	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Ordinary shares				
Non-executive directors				
Dr TV Maphai			1 000	–
KW Maxwell	5 355	–	5 355	–
	5 355	–	6 355	–
Indirect interests				
Executive directors				
RP Menell	2 835	–	–	–
RP Menell and BM Menell	260 314	–	783 061	–
Non-executive directors				
DD Barber	5 500	–	–	–
DE Jowell	–	35 071	–	–
	268 649	35 071	783 061	–
Total	274 004	35 071	789 416	–

Directors' report (continued)

Mr DD Barber disposed of 1 000 shares on 25 September 2002. The Company has not been advised of any other changes in these interests during the period 1 July 2002 to the date of this report. A register detailing directors' and officers' interests in contracts is available for inspection at the Company's registered office.

Secretary

The company secretary is Mr RH Phillips. His business and postal addresses appear on page 85.

Shareholder spread

According to the directors the following are the only shareholders beneficially holding, directly or indirectly, in excess of five per cent of the ordinary shares of the Company at 30 June 2002:

Major shareholders	Registered shareholder		Beneficial shareholder		
	Shares held	% Issued equity	Shares held	% Issued equity	
– SCMB Custody Account	45 568 449	40,9	27 786 362	24,9	Anglo American Corporation of South Africa Limited
– Nedcor Bank Nominees Limited	21 995 591	19,8			
– Ferbros Nominees (Proprietary) Limited	12 326 731	11,1	11 003 787	9,9	Arctic Resources Limited
– Old Mutual Holdings	14 420 967	12,9	14 420 967	12,9	Old Mutual Life Main Account
– ABSA Nominees (Proprietary) Limited	6 434 778	5,8			
– First National Nominees Limited	6 391 182	5,6			
– Directors	5 335	–	274 004	0,3	Directors
	107 143 033	96,1	53 485 120	48,0	Non-public shareholders
Minorities	4 300 619	3,9	57 958 532	52,0	Public shareholders
	111 443 652	100,0	111 443 652	100,0	

Further shareholder analyses are reflected on page 84.

Share incentive schemes

The Company has an employee share incentive scheme, namely The Anglovaal Mining Share Incentive Scheme (the Scheme).

Total options outstanding under the Scheme shall not exceed 10 per cent of the total issued share capital of the Company from time to time.

Directors' report (continued)

At the annual general meeting held on 1 November 2001 the proposed ordinary resolution that the Scheme's rule 5.3 be amended by the deletion of "0,5%" and the substitution therefor of "1,0%" was adopted. The effect of the amendment will permit any one participant to hold a total of unvested and vested scheme shares and/or options to an aggregate equal to one per cent of the issued share capital of the Company.

Options exercised by executive directors are included in 'directors' emoluments'.

The following are summaries of particulars required in terms of the Scheme and JSE Listings Requirements for the schemes:

	Ordinary shares in issue	The Anglovaal Mining Share Incentive Scheme	Strike price per share
		Number	
At 30 June 2001	110 104 818	4 364 264	
Movements during the year:			
Options			
– granted		1 444 821	Varying
– exercised	1 338 834	(1 338 834)	between
			R0,05 and
			R69,25
– forfeited		(108 091)	
At 30 June 2002	111 443 652	4 362 160	
Movements subsequent to year end:			
Options			
– granted		8 085	
– exercised	376 815	(376 815)	
At 27 September 2002	111 820 467	3 993 430	
	27 September 2002	30 June 2002	30 June 2001
Options granted to participants			
during the period	8 085	1 444 821	2 378 886
Number of shares available for			
purposes of the trust	7 188 616	6 782 205	6 646 218
Options outstanding at 30 June 2002			
Expiry date		No of options	Average price
30 June 2005		1 635	69,25
30 June 2006		138 574	3,55
30 June 2007		810 480	0,05
30 June 2008		1 811 593	31,24
30 June 2009		352 357	29,62
30 June 2010		1 247 521	33,50
		4 362 160	

Directors' report (continued)

Special resolutions

No special resolutions were passed by the Company during the period 1 July 2001 to the date of this report.

STRATE (Share Transactions Totally Electronic)

The Company's shares were dematerialised on 5 November 2001. Should you wish to trade your Avmin shares on the JSE you are urged to deposit them with a CSDP (Central Securities Depository Participant) or qualifying stockbroker as trading in the Company's shares on the JSE will only be possible if they exist in electronic format in the STRATE environment. Should you have any queries please contact the Company's transfer secretaries, Computershare Investor Services Limited, whose details are set out on page 85.

Reporting in United States dollars

To assist international investors the Group's balance sheet, income statement, changes in equity and cash flow statement have been translated into United States dollars. These translations are based on average rates of exchange for income statement and cash flow statement items and at those ruling at year end for the balance sheet items. These statements are reflected on pages 81 to 83.

Accounting policies

The consolidated financial statements are prepared in accordance with and comply with South African Statements of Generally Accepted Accounting Practice and International Accounting Standards. The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of certain freehold land, buildings and investments.

The principal accounting policies as set out below have been consistently applied.

Basis of consolidation and goodwill

Joint ventures

Joint ventures are contractual agreements whereby the Group has joint control over the financial and operating policy decisions of the enterprise. The Group's attributable share of the assets, liabilities, income and expenses of such jointly controlled entities is proportionately consolidated on a line-by-line basis in the Group financial statements.

The post-acquisition results of joint ventures are adjusted where necessary to take account of the effects of fair value from the effective date of acquisition to date of disposal.

Subsidiary companies

Investments in subsidiaries are accounted for at cost less impairments.

The results of subsidiaries are consolidated from the dates of effective control up to the dates effective control ceases. The post-acquisition results of subsidiaries are adjusted for the effects of fair value adjustments at acquisition, unrealised profits and goodwill adjustments.

Goodwill

Goodwill represents the excess of the cost of the investment over the fair value attributable to the net assets acquired. Goodwill is included in the total amount of intangible assets and is amortised on the straight-line basis over estimated useful life to a maximum of 20 years.

Any excess of the value attributable to the net assets acquired over the cost of the investment acquired is treated as negative goodwill. Where negative goodwill is considered to represent future losses and expenses it is amortised to the income statement as the losses and expenses are incurred. To the extent that negative goodwill does not relate to future expected losses and expenses, the amount of negative goodwill, not exceeding the fair values of acquired identifiable non-monetary assets, is recognised systematically over the estimated useful life of the non-monetary assets and any excess over fair value is recognised in income immediately.

Inter-Company transactions and balances

Consolidation principles relating to the elimination of inter-Company transactions and balances and adjustments for unrealised inter-Company profits are applied in all intra-Group dealings, whether it be transactions with subsidiaries, associated companies or joint ventures.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or development of a qualifying asset that requires a substantial period of time to be prepared for its intended use are capitalised. Discounts or premiums relating to borrowings are deferred and amortised over the term of the respective borrowing. Borrowing costs are expensed from the time that production becomes commercially viable.

Deferred taxation

Deferred tax liabilities and assets are recognised in respect of temporary differences between the book value and tax base of balance sheet items, including items with a tax base but no book value. The resulting net deferred tax assets or net deferred tax liabilities are recognised on the balance sheet.

Accounting policies (continued)

Deferred tax is not recognised when the transaction involves the initial recognition of an asset or liability that is not subject to a business combination, and at the time of the transaction affects neither accounting nor taxable profit. Deferred tax assets are not recognised on negative goodwill and no deferred tax liability is recognised on goodwill for which amortisation is not deductible for tax purposes. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax is calculated at the applicable rate for mining and non-mining taxes. In the case of mining taxes for gold mines, deferred tax is calculated at the mining cost formula rate that is expected to apply to the period when the asset is realised or the liability is settled.

Secondary taxation on companies

Secondary tax on companies (STC) is recognised on the declaration date of all dividends and is included in the taxation expense in the income statement. STC credits available for offset against future STC is not recognised as an asset on the balance sheet.

Environmental rehabilitation obligation

The estimated cost of final rehabilitation, comprising liabilities for decommissioning and restoration, is based on current legal requirements and existing technology and is reassessed annually. Cost estimates are not reduced by the potential proceeds from the sale of assets.

Decommissioning

The present value of estimated future decommissioning obligations at the end of the operating life of an operation is included in long-term provisions. The unwinding of the obligation is included in the income statement. The related decommissioning asset is recognised in fixed assets.

Restoration

The present value of the estimated cost of restoration is included in long-term provisions. This estimate is revised annually and any movement is charged against income.

Expenditure on ongoing rehabilitation is charged to the income statement as incurred.

Environmental rehabilitation trust funds

Annual payments are made to rehabilitation trust funds in accordance with statutory requirements. The trust funds are recognised separately from the related liability on the balance sheet.

Exploration expenditure

Exploration expenditure comprises expenditure incurred and advances made in respect of exploratory ventures, research programmes and other related projects.

The costs of exploration programmes are expensed in the year in which they are incurred, except for expenditure on specific properties which have indicated the presence of a mineral resource with the potential of being developed into a mine, in which case the expenditures are capitalised and amortised in the same way as detailed in the accounting policy for Tangible assets – mine development and decommissioning below. Where it is subsequently found that no potential exists to develop a mine, the capitalised costs are written off in full.

Financial instruments

Financial instruments recognised on the balance sheet include cash and cash equivalents, investments, trade receivables, trade creditors, foreign exchange contracts and borrowings. Initial recognition is at cost. Subsequent recognition is at fair value or at amortised cost. The recognition methods adopted are disclosed in the individual policy statements associated with each item.

Accounting policies (continued)

Derivative instruments

Derivatives are initially measured at cost, and associated transaction costs are charged to the income statement when incurred. Subsequently these instruments are measured as set out below.

Gains and losses on derivative instruments that effectively establish the prices for future production are recognised in revenue when the related production is delivered. In the event of early settlement of hedging contracts, gains and losses are brought into revenue at the date of settlement. Any potential loss on hedge positions below the current cost of production is recognised in the period in which it arises.

Forward exchange contracts are valued at the balance sheet date using the forward rate available at the balance sheet date for the remaining maturity period of the forward contract. Any gain or loss from valuing the contract against the contracted rate is recognised in the income statement unless the contract qualifies for special hedge accounting. A corresponding forward exchange asset or liability is recognised.

On settlement of a forward exchange contract, any gain or loss is recognised in the income statement.

Where the Group enters into cashflow hedges that qualify for special hedge accounting the effective portion of fair value gains and losses is recognised in equity. When the underlying transaction occurs the gains and losses are recognised in earnings.

Investments

Investments other than investments in subsidiaries, associates and joint ventures, are reflected at fair value. Increases and decreases in fair values of available for sale investments are reflected in the revaluation reserve. On disposal of an investment, the balance in the revaluation reserve is recognised in the income statement.

Where regulated markets exist, fair values are determined with reference to the stock exchange quoted selling prices at the close of business on the balance sheet date. Where no regulated markets exist, investments are carried at cost.

Set-off

If a legally enforceable right exists to set-off recognised amounts of financial assets and liabilities and the Group intends to settle on a net basis or to realise the asset and settle the liability simultaneously, all related financial effects are netted.

Fixed assets

Impairment of assets

The carrying value of assets is reviewed at each balance sheet date to assess whether there is any indication of impairment. If any such indication exists, the recoverable amounts of the assets are estimated. Where the carrying value exceeds the estimated recoverable amount such assets are written down to their recoverable amount. If the circumstances leading to the impairment no longer exist, the appropriate portion of the impairment loss previously recognised is written back.

Intangible assets

Intangible assets are reflected at cost and are amortised on a straight-line basis over the anticipated useful lives of the assets to a maximum of 20 years.

Research and development

Expenditure on research projects (or on the research phase of an internal project) is recognised as an expense when it is incurred. When the development phase of a project demonstrates that it is probable that future economic benefits will be generated, the related expenditure is recognised as an asset if:

Accounting policies (continued)

- The technical feasibility of completing the asset demonstrates that it will be available for use or sale;
- There is an intention to complete the asset, and use or sell it;
- There is an ability to use or sell the asset;
- There are adequate technical, financial and other resources available to complete the development, and to use or sell the asset; and
- The expenditure attributable to the asset can be measured reliably.

Tangible assets

Tangible assets, other than land, are stated at cost less accumulated depreciation.

Land and buildings

Land and buildings, other than mine properties, are valued at market value. Buildings are depreciated on a straight-line basis over their estimated useful lives to an estimated residual value, if such value is significant. The annual depreciation rates used vary between two and five per cent.

Land and buildings are valued by external valuers at periodic intervals of not more than five years. Surpluses on revaluation are recognised in equity in a revaluation reserve. Any subsequent impairment is adjusted against the revaluation surplus to the extent of the available surplus and thereafter charged against operating profit. New acquisitions and additions to existing land and buildings are reflected at cost until the next periodic revaluation.

Mine development and decommissioning

Costs to develop new ore bodies, to define further mineralisation in existing ore bodies and to expand the capacity of a mine, or its current production, as well as the decommissioning thereof, are capitalised. Development costs to maintain production are expensed as incurred.

Mine development and decommissioning assets are amortised using the units-of-production method based on estimated proved and probable ore reserves. Proved and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in future from known mineral deposits. These reserves are reassessed annually. The maximum period of amortisation using this method is 25 years. Where the reserves are not determinable due to their scattered nature, the straight-line method of depreciation is applied based on the estimated life of the mine to a maximum of 25 years.

Mineral rights

Mineral rights that are being depleted are amortised over their estimated useful lives using the units-of-production method based on proved and probable ore reserves. Where the reserves are not determinable, due to their scattered nature, the straight-line method is applied. The maximum rate of depletion of any mineral right is 25 years. Mineral rights that are not being depleted are not amortised. Mineral rights that have no commercial value are written off in full.

The excess purchase price over the fair value paid for mineral rights is recognised as being an amount paid for the acquisition of ore reserves. This amount is capitalised and amortised over the period during which future economic benefits are expected to be obtained from these mineral rights, to a maximum of 25 years.

Plant and machinery

Mining plant and machinery is amortised using the lesser of its estimated useful life or the units-of-production method based on estimated proved and probable ore reserves. Where ore reserves are not determinable, because of their scattered nature, the straight-line method of depreciation is applied. Non-mining plant and machinery is depreciated over its useful life. The maximum life of any single item is 25 years.

Accounting policies (continued)

Other

Mine properties (including houses, schools and administration blocks), motor vehicles and furniture and equipment are depreciated on the straight-line basis over their expected useful lives, to estimated residual values. The residual value is the amount expected to be obtained for the asset at the end of its useful life, after deducting expected costs of disposal.

The annual depreciation rates generally used in the Group are:

- | | |
|--|-------------------|
| • Furniture and equipment | 10 to 33 per cent |
| • Mine properties | 4 to 7 per cent |
| • Motor vehicles | 20 per cent |
| • Mine development plant and machinery, and mineral rights | 4 to 25 per cent |

Foreign currency translations

Foreign entities

Financial statements of foreign subsidiaries that are classified as foreign entities are translated into South African rand using the exchange rates applicable at the reporting date, as follows:

- Assets and liabilities at rates of exchange ruling at the balance sheet date;
- Income and expenditure at the weighted average rate of exchange for the year;
- Cash flow items at the weighted average rate of exchange for the year, except where the date of cash flow for significant transactions can be identified, in which case the cash flows are translated at the rate of exchange ruling at the date of the cash flow;
- Fair value adjustments are considered to relate to the foreign entity and are translated at the closing rate;
- Goodwill is considered to relate to the reporting entity and is translated at the rate at the date of acquisition, and
- Differences arising on translation are classified as equity until the investment is disposed of.

Foreign currency transactions and balances

Transactions in foreign currencies are converted to South African rand at the rate of exchange ruling at the date that the enterprise is irrevocably committed to the transaction.

Foreign denominated monetary assets and liabilities (including those linked to a forward exchange contract) are stated in South African rand using the exchange rate ruling at the balance sheet date, with the resulting exchange differences being recognised in the income statement. Exchange differences on foreign loans that are naturally hedged by an investment in a foreign entity are taken directly to equity to the extent that the loan is not greater than the investment.

Inventories

Inventories are valued at the lower of cost and estimated net realisable value with due allowances being made for obsolete and slow-moving items. Cost is determined using the following basis:

- Consumables and maintenance spares are valued at average cost;
- Finished products are valued at weighted average cost including an appropriate portion of direct overhead costs;
- Work-in-process is valued at weighted average cost;
- Raw materials are valued at weighted average cost, and
- By-products are valued at the estimated variable cost associated with its production.

Accounting policies (continued)

Leased assets

Leases of fixed and tangible assets where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liability to the lessor is raised. Lease payments are allocated using the effective interest rate method to determine the lease finance cost which is charged against operating profit and the capital repayment which reduces the liability to the lessor. These assets are depreciated on the same basis as the fixed assets owned by the Group.

Leases, under which the lessor effectively retains the risks and rewards of ownership, are classified as operating leases, with lease payments charged against operating profit in equal instalments over the period of the lease.

Employee benefits

Costs related to defined contribution retirement plans are expensed as incurred.

The Group has certain unfunded liabilities in respect of post-retirement medical health care benefits. The entitlement to these benefits is dependent upon the employee remaining in service until retirement age. The actuarially determined costs of providing these benefits are charged to income immediately for past service costs.

Share options

Share options are accounted for at the strike price when the option is exercised and the shares are issued.

Provisions

Provisions are recognised when the following conditions have been met:

- A present legal or constructive obligation, to transfer economic benefits as a result of past events exists; and
- A reasonable estimate of the obligation can be made.

A present obligation is considered to exist when there is no realistic alternative, but to make the transfer of economic benefits. The amount recognised as a provision is the best estimate at the balance sheet date of the expenditure required to settle the obligation. Only expenditure related to the purpose for which the provision is raised is charged against the provision.

Revenue recognition

Revenue is recognised when the risks and rewards of ownership have been transferred and when the economic benefits associated with a transaction will flow to the Group and the amount of revenue can be measured reliably.

Dividends

Dividends are accounted for on the last day of registration for listed investments and when declared in respect of unlisted investments.

Mining products

Revenue from the sale of mining and related products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Accounting policies (continued)

Interest

Interest is recognised on a time proportion basis that takes account of the effective yield on the asset and an appropriate accrual is made at each accounting reference date.

Toll treatment

Revenue from toll treatment contracts is recognised following the treatment of mining concentrates belonging to third parties. The revenue is based on the final metal recoveries from concentrates at the agreed contract rates.

DEFINITIONS

Cash and cash equivalents

Cash and cash equivalents include cash on hand and call deposits as well as short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Overdrafts are excluded from cash and cash equivalents.

Basic earnings per share

Earnings divided by the weighted average number of shares in issue.

Headline earnings per share

Headline earnings comprise earnings for the year, adjusted for profits, losses and capital items of such a nature and size that separate disclosure is required in accordance with the requirements of AC 306. Adjustments against earnings take account of attributable taxation and minority interests. The adjusted earnings figure is divided by the weighted average number of shares in issue to arrive at headline earnings per share.

Fully diluted earnings per share

Fully diluted earnings comprise earnings as used in calculating basic earnings per share. The earnings figure is divided by the weighted average number of ordinary shares, adjusted for any financial instruments or other contracts that may entitle the holder thereof to ordinary shares, to arrive at fully diluted earnings per share. Fully diluted headline earnings per share is calculated on the same basis as fully diluted earnings per share.

Cash generated from operations per share

Cash generated from operations divided by the weighted average number of shares in issue during the year.

Balance sheets

AT 30 JUNE 2002

		Group		Company	
	Note	2002 Rm	2001 Rm	2002 Rm	2001 Rm
ASSETS					
Non-current assets					
Tangible assets	2	5 686	5 987	120	113
Intangible assets	2	7	9	–	–
Loans and long-term receivables		–	–	252	830
Deferred tax assets	10	38	47	–	–
Environmental rehabilitation trust funds	3	64	59	8	7
Investments	4	176	1 186	2 142	3 231
		5 971	7 288	2 522	4 181
Current assets					
Inventories	6	976	722	16	14
Trade and other receivables		1 060	664	140	110
Taxation		–	1	–	–
Deposits and cash		779	439	545	340
		2 815	1 826	701	464
Total assets		8 786	9 114	3 223	4 645
EQUITY AND LIABILITIES					
Capital and reserves					
Ordinary share capital	7	6	6	6	6
Share premium	7	62	56	62	56
Non-distributable reserves		110	679	(91)	577
Distributable reserves		2 401	3 267	2 092	2 882
Shareholders' interest in capital and reserves		2 579	4 008	2 069	3 521
Minority interest	8	2 012	1 483	–	–
Total shareholders' interest		4 591	5 491	2 069	3 521
Non-current liabilities					
Long-term borrowings	9	1 181	921	–	–
Deferred tax liabilities	10	493	360	106	64
Long-term provisions	11	215	196	72	70
		1 889	1 477	178	134
Current liabilities					
Trade and other payables	12	637	387	65	64
Provisions	13	62	116	27	82
Taxation		45	78	3	48
Derivative instruments	28	47	11	–	–
Overdrafts and short-term borrowings	14	1 515	1 554	881	796
		2 306	2 146	976	990
Total equity and liabilities		8 786	9 114	3 223	4 645

Income statements

FOR THE YEAR ENDED 30 JUNE 2002

	Note	Group		Company	
		2002 Rm	2001 Rm	2002 Rm	2001 Rm
Revenue	15	4 047	2 806	326	327
Cost of sales		2 985	2 083	167	140
Gross profit		1 062	723	159	187
Other operating income		215	211	400	260
Other operating expenses		478	338	447	279
Profit from operations	16	799	596	112	168
Income from investments	17	55	108	124	153
Finance costs		160	132	56	62
Profit before taxation and exceptional items			694	572	180
259					
Exceptional items	18	(1 084)	–	(911)	–
Profit before taxation		(390)	572	(731)	259
Taxation	20	313	167	59	74
Profit from ordinary activities		(703)	405	(790)	185
Minority interest		163	124	–	–
Earnings		(866)	281	(790)	185
Headline earnings	21	204	281	173	185
Basic earnings per share (cents)	22	(780)	259		
Headline earnings per share (cents)	22	184	259		
Fully diluted earnings per share (cents)	22	(771)	251		
Fully diluted headline earnings per share (cents)	22	182	251		
Number of shares in issue at end of year (thousands)		111 444	110 105		
Weighted average number of shares in issue (thousands)		110 977	108 379		
Weighted average number of shares used in calculating fully diluted earnings per share (thousands)	22	112 367	112 073		

Statements of changes in equity

FOR THE YEAR ENDED 30 JUNE 2002

Group	Share capital and premium Rm	Foreign currency translation Rm	Revaluation surplus Rm	Other Rm	Retained earnings Rm	Total Rm
Balance at 30 June 2000	60	6	3	47	2 971	3 087
Earnings	—	—	—	—	281	281
Revaluation of listed investments	—	—	635	—	—	635
Share options exercised	2	—	—	—	—	2
Reallocation of reserves	—	—	—	(12)	12	—
Other	—	—	—	—	3	3
Balance at 30 June 2001	62	6	638	35	3 267	4 008
Earnings	—	—	—	—	(866)	(866)
Revaluation of listed investments	—	—	65	—	—	65
Disposal of listed investments	—	—	(562)	—	—	(562)
Foreign entity translations	—	(48)	—	—	—	(48)
Unrealised loss on currency derivative contract	—	—	—	(26)	—	(26)
Share options exercised	6	—	—	—	—	6
Other	—	—	—	2	—	2
Balance at 30 June 2002	68	(42)	141	11	2 401	2 579
Company						
Balance at 30 June 2000	60	(35)	6	35	2 697	2 763
Foreign currency translation reserve	—	(64)	—	—	—	(64)
Earnings	—	—	—	—	185	185
Revaluation of listed investments	—	—	635	—	—	635
Share options exercised	2	—	—	—	—	2
Balance at 30 June 2001	62	(99)	641	35	2 882	3 521
Foreign currency translation reserve	—	(171)	—	—	—	(171)
Earnings	—	—	—	—	(790)	(790)
Revaluation of listed investments	—	—	65	—	—	65
Disposal of listed investments	—	—	(562)	—	—	(562)
Share options exercised	6	—	—	—	—	6
Balance at 30 June 2002	68	(270)	144	35	2 092	2 069

Cash flow statements

FOR THE YEAR ENDED 30 JUNE 2002

		Group		Company	
	Note	2002 Rm	2001 Rm	2002 Rm	2001 Rm
CASH FLOW FROM OPERATING ACTIVITIES					
Cash receipts from customers		3 823	2 967	462	881
Cash paid to suppliers and employees		3 204	2 441	415	392
Cash generated from operations	23	619	526	47	489
Interest received		55	106	94	137
Interest paid		(160)	(132)	(56)	(62)
Dividends received		2	2	31	15
Dividends paid	24	(23)	(1 222)	–	(1 208)
Capital distribution		–	(1 697)	–	(1 697)
Taxation paid	25	(197)	(237)	(62)	(187)
Net cash inflow/(outflow) from operating activities		296	(2 654)	54	(2 513)
CASH FLOW FROM INVESTING ACTIVITIES					
Proceeds from sale of joint venture and subsidiaries	26	–	6	–	–
Additions to fixed assets to maintain operations		(122)	(291)	(12)	(14)
Additions to fixed assets to expand operations		(1 101)	(1 793)	(11)	(9)
Proceeds on disposal of fixed assets		6	2	–	–
Proceeds on disposal of investments (Advances)/repayments in investment loans and receivables		1 007	12	1 007	6
Proceeds on dilution of interest in investment in subsidiaries		–	4	(833)	(503)
Other investments acquired		139	–	139	–
		–	(497)	(55)	(814)
Net cash (outflow)/inflow from investing activities		(71)	(2 557)	235	(1 334)
CASH FLOW FROM FINANCING ACTIVITIES					
Increase in shareholder funding		6	–	6	–
Funding received from minority shareholders		264	182	–	–
Long-term borrowings raised		314	726	–	–
Long-term borrowings repaid		(153)	(4)	–	–
(Decrease)/increase in short-term borrowings		(316)	599	(90)	67
Decrease in treasury liabilities		–	(13)	–	(13)
Net cash inflow/(outflow) from financing activities		115	1 490	(84)	54
Net increase/(decrease) in cash and cash equivalents		340	(3 721)	205	(3 793)
Cash and cash equivalents at beginning of year		439	4 160	340	4 133
Cash and cash equivalents at end of year			779	439	545
340					
Cash generated from operations per share (cents)		558	485	42	451

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2002

1. ACCOUNTING POLICY

The annual financial statements are prepared on the historical cost basis as adjusted and are in accordance with South African Statements of Generally Accepted Accounting Practice and International Accounting Standards. These are consistent with prior years.

In order to comply with International Accounting Standards the Group adopted AC133: Financial Instruments: Recognition and Measurement in July 2000, ahead of its effective date in South Africa.

2. TANGIBLE AND INTANGIBLE ASSETS

	Mine development assets	Decommissioning assets	Plant and machinery	Land and buildings	Mineral rights	Intangible assets	Other	Total
Group – Rm								
Cost								
Balance at 30 June 2000	2 127	40	1 599	125	323	(24)	275	4 465
Additions	781	–	1 224	16	–	1	62	2 084
Reclassifications	–	2	(8)	4	–	2	–	–
Disposals	–	–	(14)	–	–	–	(3)	(17)
Disposal of joint venture	(2)	–	(10)	–	(1)	–	–	(13)
Realignment of currencies	–	6	152	–	–	–	–	158
Sale of Hartebeestfontein mine	5	–	–	–	5	–	–	10
Decommissioning asset recognised	–	(13)	–	–	–	–	–	(13)
Balance at 30 June 2001	2 911	35	2 943	145	327	(21)	334	6 674
Additions	480	–	594	81	1	3	64	1 223
Reclassifications	(576)	–	503	–	–	(3)	76	–
Disposals	(2)	–	(2)	–	–	–	(6)	(10)
Realignment of currencies	–	6	481	5	–	–	7	499
Balance at 30 June 2002	2 813	41	4 519	231	328	(21)	475	8 386
Accumulated amortisation and depreciation								
Balance at 30 June 2000	121	6	269	23	4	(16)	142	549
Reclassification	–	–	2	–	–	–	(2)	–
Charge for the year	49	3	78	3	1	(14)	31	151
Disposals	–	–	(13)	–	–	–	(4)	(17)
Disposal of joint venture	(3)	–	(9)	–	(1)	–	–	(13)
Realignment of currencies	–	–	8	–	–	–	–	8
Balance at 30 June 2001	167	9	335	26	4	(30)	167	678
Charge for the year	64	2	126	5	3	2	38	240
Disposals	–	–	(2)	–	–	–	(2)	(4)
Impairment of assets	–	–	1 966	6	–	–	1	1 973
Realignment of currencies	–	–	(194)	–	–	–	–	(194)
Balance at 30 June 2002	231	11	2 231	37	7	(28)	204	2 693
Group – Rm								
Carrying value at 30 June 2001								
	2 744	26	2 608	119	323	9	167	5 996
Carrying value at 30 June 2002								
	2 582	30	2 288	194	321	7	271	5 693

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2002

2. TANGIBLE AND INTANGIBLE ASSETS (continued)

Borrowing costs

Borrowing costs amounting to R85 million were capitalised in respect of the year to 30 June 2002 (2001: R94 million).

Specific US\$ denominated borrowings are capitalised at varying rates between 6,25 per cent and 7,25 per cent and rand denominated borrowings are capitalised at a rate based on JIBAR plus 2,25 per cent.

Capital work-in-progress

Included in the above is R629 million (2001: R3 393 million) of assets relating to projects in progress from which no revenue is currently derived.

Leased assets

Included in plant and machinery are leased assets with a book value of R3 million (2001: R5 million). There were no additions during the year (2001: R1 million).

Other assets

Included in other assets are vehicles and equipment held under finance lease R1 million (2001: R1 million), mine properties R79 million (2001: R71 million), furniture, equipment and vehicles R191 million (2001: R95 million).

Intangible assets

Intangible assets consist of patents and trademarks.

	Mine development assets	Decom- missioning assets	Plant and machinery	Land and buildings	Other	Total
Company – Rm						
Cost						
Balance at 30 June 2000	90	1	44	17	24	176
Additions	10	–	4	–	10	24
Disposals	–	–	–	–	(2)	(2)
Balance at 30 June 2001	100	1	48	17	32	198
Additions	15	–	4	–	4	23
Disposals	–	–	–	–	(2)	(2)
Balance at 30 June 2002	115	1	52	17	34	219
Accumulated amortisation and depreciation						
Balance at 30 June 2000	22	–	18	–	20	60
Charge for the year	19	–	–	–	6	25
Balance at 30 June 2001	41	–	18	–	26	85
Charge for the year	6	–	3	–	6	15
Disposals	–	–	–	–	(1)	(1)
Balance at 30 June 2002	47	–	21	–	31	99
Carrying value at 30 June 2001	59	1	30	17	6	113
Carrying value at 30 June 2002	68	1	31	17	3	120

A register containing details of mineral and mining rights and land and buildings is available for inspection during business hours at the registered address of the Company by members or their duly authorised agents.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2002

	Group		Company	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm
3. ENVIRONMENTAL REHABILITATION TRUST FUNDS				
Total environmental rehabilitation obligation (note 11)	130	115	9	8
Less: Amounts in trust funds	64	59	8	7
Net liability	66	56	1	1
The funds in the trusts are as follows:				
Balance at beginning of year	59	51	7	7
Amounts received during the year	4	2	–	–
Less: Work completed	(6)	(1)	–	–
Interest earned	7	5	–	–
Other movements	–	2	1	–
	64	59	8	7
4. INVESTMENTS				
Listed – subsidiary companies				
Book value			1 462	1 552
Listed – other investments				
Original cost	31	546	31	555
Revaluation surplus	138	635	138	635
Closing carrying amount	169	1 181	169	1 190
Total – listed investments	169	1 181	1 631	2 742
Market value of listed investments	169	1 181	2 310	4 162
Unlisted – subsidiary companies				
Book value			203	451
Loans* (refer page 78)			303	34
			506	485
Unlisted – other	7	5	5	4
Total unlisted	7	5	511	489
Total carrying amount of investments	176	1 186	2 142	3 231
Directors' valuation of unlisted investments				
– subsidiaries and other	36	8	670	490

A report on investments appears on pages 78 to 80.

*These loans are interest free with no fixed terms of repayment.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2002

5. JOINT VENTURES

The proportionate share of the following joint venture has been incorporated into the Company results:

- a 75 per cent share in the Nkomati mine.

The proportionate shares of the following joint ventures have been incorporated into the Group results:

- a 75 per cent share in the Nkomati mine, and
- a 50 per cent share in Cato Ridge Alloys (Proprietary) Limited.

The aggregate amounts of joint ventures proportionately consolidated in the financial statements are:

	Group		Company	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm
Income statements				
Revenue	424	377	326	327
Profit for the year after taxation	122	132	116	130
Balance sheets				
Non-current assets	155	125	104	92
Current assets	239	174	146	112
Non-current liabilities	33	29	33	29
Current liabilities	173	104	36	28
Cash flow statements				
Net cash inflow from operating activities	51	50	24	36
Net cash outflow from investing activities	(23)	(22)	(22)	(21)
Net cash outflow from financing activities	(57)	(51)	–	(44)
Commitments and contingent liabilities				
Commitments	3	3	–	–
6. INVENTORIES				
Consumable stores	150	105	1	1
Raw material	372	321	–	13
Work-in-progress	80	35	15	–
Finished goods	374	261	–	–
	976	722	16	14
7. SHARE CAPITAL AND PREMIUM				
Share capital				
Authorised				
196 668 737 (2001: 196 668 737) ordinary shares of 5 cents each	10	10	10	10
646 380 (2001: 646 380) compulsorily convertible preference shares of 678 cents each	4	4	4	4
	14	14	14	14
Issued				
111 443 652 (2001: 110 104 818) ordinary shares of 5 cents each	6	6	6	6
Share premium	62	56	62	56
– Balance at beginning of the year	56	51	56	51
– Premium on shares issued	6	5	6	5
Total issued share capital and premium	68	62	68	62

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2002

	Group		Company	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm
8. MINORITY INTEREST				
Balance at beginning of year	1 483	1 185		
Transfer from income statement	163	124		
Unrealised loss on currency derivative contract accounted for in equity	(21)	–		
Dividends paid to minorities	(24)	(13)		
Change in minority control in subsidiary	114	182		
New subsidiary acquired	45	–		
Minority shareholders' loan:				
Two Rivers Platinum (Proprietary) Limited *	218	–		
Realignment of currencies	34	5		
Balance at year end	2 012	1 483		
*The minority shareholder's contribution to this project has been classified as a minority shareholder's contribution including that portion presently classified as shareholders' loans. A final decision on the composition of these contributions between equity and loans has still to be made and will only be finalised when the project feasibility is finalised and approved.				
9. LONG-TERM BORROWINGS				
SA rand long-term borrowings				
Secured loans				
Secured by a selection of bonds, pledges and charges over certain immovable property, certain movable corporeal assets, rights, hedging receivables and certain bank accounts. Interest is calculated at 2,25 per cent above JIBAR rate.				
The loan is to be repaid in twelve equal quarterly instalments commencing on 31 March 2003.	300	150	–	–
Unsecured loans				
Fixed term loan of five years that terminated on 11 June 2002. The loan bears interest at a nominal rate of 15,96 per cent, repayable in ten equal six-monthly instalments of R14 million commencing on 11 December 1997 with a final instalment on 11 June 2002.	–	23	–	–
Finance lease	1	2	–	–
Total borrowings	301	175	–	–
Less: Repayable within one year included in short-term borrowings	50	23	–	–
Total SA rand long-term borrowings	251	152	–	–
US dollar long-term borrowings				
Secured loans				
Loans of US\$64 million (2001: US\$67 million) at a fixed interest rate of 6,75 per cent and repayable in semi-annual instalments over five years, commencing six months after final draw down, March 2002.				
The loan is secured with a pledge of shares and cash.	656	540	–	–
Loans of US\$16 million (2001: US\$20 million) at an interest rate of 2 per cent above LIBOR. This loan is repayable in ten bi-annual instalments that commenced during September 2001 and the final being September 2006.	164	162	–	–
Balance carried forward	820	702	–	–

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2002

	Group		Company	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm
9. LONG-TERM BORROWINGS (continued)				
Balance brought forward	820	702	–	–
Loan of US\$35 million (2001: US\$19 million) secured by a selection of bonds, pledges and charges over certain immovable property, certain movable corporeal assets, rights, hedging receivables and certain bank accounts. Interest is calculated at 2,25 per cent above LIBOR. The loan is repayable in twelve equal quarterly instalments commencing on 31 March 2003.	357	152	–	–
Unsecured loans				
Unsecured loan of US\$0.2 million (2001: US\$0,5 million). The loan bears interest at 6,50 per cent with a final instalment of US\$0,2 million during the year ending 30 June 2003.	2	4	–	–
Total borrowings	1 179	858	–	–
Less: Repayable within one year included in short-term borrowings	249	89	–	–
Total US dollar long-term borrowings	930	769	–	–
Total borrowings at end of the year	1 480	1,033	–	–
Less: Repayable within one year included in short-term borrowings	299	112	–	–
Total borrowings at end of the year	1 181	921	–	–
Made up as follows:				
– Assmang Limited	1	3	–	–
– Avgold Limited	548	302	–	–
– Chambishi Metals plc	632	616	–	–
	1 181	921	–	–

Interest payable and repayments

Group – Rm	Rate of interest %	Total borrowings 2002	Repayable during the year ending 30 June				
			2003	2004	2005	2006	2007 onwards
Secured loans	6-10	820	187	187	186	186	74
	6-10	357	60	119	119	59	–
	13	300	50	100	100	50	–
		1 477	297	406	405	295	74
Finance lease	0-5	1	1	–	–	–	–
	6-10	2	1	1	–	–	–
		3	2	1	–	–	–
Total long-term loans		1 480	299	407	405	295	74

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2002

	Group		Company	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm
10. DEFERRED TAXATION				
Deferred tax assets				
Valuation of inventories	–	1	–	–
Revaluation, net of related depreciation	–	10	–	–
Assessed loss	38	34	–	–
State share of profit at 10,125 per cent	–	1	–	–
Liabilities for health care benefits	–	1	–	–
Net deferred tax assets	38	47	–	–
Deferred tax liabilities				
Tangible assets	389	283	31	28
Valuation of inventories	(3)	–	–	–
Provisions made	(13)	(3)	(2)	(2)
State share of profit at 10,125 per cent	37	29	–	–
Liabilities for health care benefits	(20)	(19)	(19)	(19)
Foreign exchange profit deferred	48	9	48	9
Other	55	61	48	48
Net deferred tax liabilities	493	360	106	64
Reconciliation of opening and closing balance				
Opening deferred tax liability	360	289	64	57
Opening deferred tax asset	(47)	(22)	–	–
Net deferred tax liability – opening balance	313	267	64	57
Temporary differences from:	142	46	42	7
– Assessed loss	(4)	(240)	–	–
– Tangible assets	116	270	–	5
– Valuation of inventories	(2)	–	–	–
– Provisions made	(10)	(2)	–	–
– Development costs	–	6	–	–
– Health care benefits	–	(3)	–	–
– State share of profit	9	9	–	–
– Revaluation net of depreciation	–	(6)	–	–
– Foreign exchange profit deferred	39	9	39	9
– Other	(6)	3	3	(7)
– Deferred tax liability	493	360	106	64
– Deferred tax asset	38	(47)	–	–
Net deferred tax liability – closing balance	455	313	106	64

Deferred tax balances are shown net of deferred tax assets and deferred tax liabilities where a legal right to offset at settlement exists.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2002

	Group		Company	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm
11. LONG-TERM PROVISIONS				
Environmental rehabilitation obligation				
Provision for decommissioning				
Balance at beginning of year	68	71	1	1
Payments made	(4)	—	—	—
Provision for the year	6	4	—	—
Realignment of currencies	6	6	—	—
Revision in estimate	—	(13)	—	—
Other movements	(4)	—	1	—
Balance at end of year	72	68	2	1
Provision for restoration				
Balance at beginning of year	47	38	7	7
Payments made	(2)	(1)	—	—
Provision for the year	7	8	—	—
Additional obligation recognised	6	2	—	—
Balance at end of year	58	47	7	7
Total environmental rehabilitation obligation	130	115	9	8
Post-retirement health care benefits				
Balance at beginning of year	81	71	62	54
Provision for the year	4	10	1	8
Balance at end of the year	85	81	63	62
Other long-term provisions				
Balance at beginning of year	—	22	—	—
Payments made	—	(6)	—	—
Realignment of currencies	—	2	—	—
Transfer to payables	—	(15)	—	—
Transfer to short-term provisions	—	(1)	—	—
Other	—	(2)	—	—
Balance at end of the year	—	—	—	—
Total long-term provisions at year end	215	196	72	70
12. TRADE AND OTHER PAYABLES				
Trade payables	540	314	47	34
Other payables	97	73	18	30
Total trade and other payables	637	387	65	64

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2002

	Group		Company	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm
13. SHORT-TERM PROVISIONS				
Balance at beginning of year	116	105	82	67
Provision for the year	38	40	23	29
Payments made during the year	(93)	(24)	(78)	(14)
Realignment of currencies	1	–	–	–
Transfers from long-term provisions	–	1	–	–
Transfers to payables	–	(6)	–	–
Balance at end of the year	62	116	27	82
Made up as follows:				
– Debt suretyship	7	58	7	58
– Leave-pay and bonus provisions	55	56	20	24
– Long service awards	–	2	–	–
Total short-term provisions	62	116	27	82
14. OVERDRAFTS AND SHORT-TERM BORROWINGS				
Overdrafts	31	235	–	–
Short-term borrowings	1 185	1 207	881	796
– Foreign	595	598	595	501
– Local	590	609	286	295
Current portion of long-term borrowings	299	112	–	–
	1 515	1 554	881	796
Overdrafts and short-term borrowings are made up as follows:				
– Anglovaal Air (Proprietary) Limited	–	23	–	–
– Anglovaal Mining Limited	595	501	595	501
– Assmang Limited	577	910	–	–
– Avgold Limited	126	5	–	–
– Chambishi Metals plc	217	115	–	–
– Loans from subsidiaries	–	–	286	295
	1 515	1 554	881	796

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2002

	Group		Company	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm
15. REVENUE				
Revenue comprises:				
– Mining and related products	3 771	2 615	326	327
– By-products	34	24	–	–
– Toll treatment and other services	242	167	–	–
Mining and related revenue	4 047	2 806	326	327
Revenue and other income	4 317	3 125	850	740
Made up as follows:				
– Local revenue	622	686	141	172
– Export revenue	3 425	2 120	185	155
	4 047	2 806	326	327
For reporting purposes other income includes fees, which are included in other operating income, and dividends and interest received which are included in investment income.				
Revenue between companies within the Group, including revenue at arm's length, is eliminated on consolidation.				
16. PROFIT FROM OPERATIONS				
Profit from operations includes:				
Foreign exchange gains				
– realised	73	58	30	58
– unrealised	95	57	24	52
Remuneration for management advisory services	1	1	77	54
Remuneration for technical advisory services	7	31	7	31
Surplus on disposal of tangible assets	1	1	–	–
Surplus on disposal of other investments	540	9	533	3
Amortisation and depreciation				
– land and buildings	5	3	–	–
– mine development, exploration and decommissioning	66	52	6	19
– mineral rights	1	–	–	–
– intangible assets	1	(14)	–	–
– plant and machinery	126	78	3	–
– other	41	31	6	6
Auditors' remuneration – audit fees	4	3	1	1
– other services	1	–	–	–
Exploration expenditure	56	64	49	61
Foreign exchange losses				
– realised	53	34	13	5
– unrealised	55	18	–	5
Inventory write down	–	7	–	–
Movement in provisions				
– long-term	16	22	2	8
– short-term	38	40	23	29
Share transfer, secretarial and financial services	5	7	2	7
Staff costs				
– salaries and wages	584	475	103	113
– defined contribution plans (pension)	28	27	7	6
– health care	21	15	3	–

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2002

	Group		Company	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm
17. INCOME FROM INVESTMENTS				
Dividend income				
– subsidiary companies – listed	–	–	24	13
– subsidiary companies – unlisted	–	–	5	–
– other – listed	1	2	1	2
– other – unlisted	1	–	1	–
Interest received				
– subsidiary companies	–	–	49	51
– other	53	106	44	87
	55	108	124	153
18. EXCEPTIONAL ITEMS				
Impairment of assets – Chambishi Metals plc	(2 019)	–	–	–
Surplus on disposal of Iscor Limited investment	343	–	343	–
Surplus on disposal of Kumba Resources Limited options	75	–	75	–
Surplus on disposal of Avgold Limited	48	–	50	–
Surplus on disposal of Assore Limited	74	–	65	–
Provision for guarantee	(5)	–	(5)	–
Provision for doubtful debt – Chambishi Metals plc	–	–	(1 534)	–
Foreign exchange profit on Chambishi Metals plc – debtors book	400	–	400	–
Loss on write-down of Chambishi Metals plc	–	–	(305)	–
Exceptional items per income statement	(1 084)	–	(911)	–
Taxation	(52)	–	(52)	–
Minority interest	66	–	–	–
Net exceptional items	(1 070)	–	(963)	–
19. DIRECTORS' EMOLUMENTS				
Paid by the Company				
Executive directors				
– Salaries			5	3
– Bonuses			3	–
Non-executive directors			2	1
			10	4
Value of options at 30 June (R million)				
– Directors			8	3
Share options granted during year to 30 June (units in thousands)				
– Directors			149	148
Option periods				
– Directors			August 2000 to June 2008	
20. TAXATION				
South African normal taxation				
– current year	119	104	17	67
– prior year	11	2	–	–
State share of profits	37	12	–	–
Deferred taxation				
– temporary differences	142	46	42	7
Secondary tax on companies	4	3	–	–
	313	167	59	74

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2002

	Group		Company	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm
20. TAXATION (continued)				
Dealt with as follows:				
Attributable to profit before exceptional items	261	167	7	74
Attributable to exceptional items (Note 18)	52	–	52	–
	313	167	59	74
Reconciliation of rate of taxation:	%	%	%	%
Standard rate of company taxation	30	30	30	30
Adjusted for:				
– Disallowed expenditure	(136)	4	(65)	8
– Exempt income	35	(2)	20	(5)
– Effect of State share of profit	–	3	–	–
– Secondary tax on companies	(2)	–	–	–
– Tax losses not raised as deferred tax assets	(17)	(2)	–	–
– Revaluation reserve	13	(4)	7	(4)
– Other	(3)	–	–	–
Effective rate of taxation	(80)	29	(8)	29
The estimated losses which are available for the reduction of future taxable income are	2 689	719	–	–
The ordinary shareholders' interest in the abated assessed losses is estimated at	2 414	629	–	–
The estimated unredeemed capital expenditure available for reduction against future mining income is	3 740	2 572	–	–
The ordinary shareholders' interest in the abated unredeemed capital expenditure is estimated at	2 065	1 549	–	–
The Group had unused credits in respect of secondary tax on companies of R49 million at 30 June 2002 (2001: R24 million).				
The latest tax assesment for the Company relates to the year ended June 2000 and is dated 19 July 2001. The assesment for 1999 has not yet been received and a revised assesment for 1998 is under appeal. All returns, including June 2001, have been submitted.				
21. HEADLINE EARNINGS				
Earnings per income statement	(866)	281	(790)	185
Impairment of assets	1 619	–	1 439	–
Provisions	5	–	5	–
Surplus on disposal of investments	(540)	–	(533)	–
	218	281	121	185
Taxation	52	–	52	–
Minority interest	(66)	–	–	–
Headline earnings	204	281	173	185

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2002

	Group		Company	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm

22. EARNINGS PER SHARE

The calculation of earnings per share is based on a loss of R866 million (2001: R281 million – profit), and a weighted average of 110 977 thousand (2000: 108 379 thousand) shares in issue during the year. The calculation of headline earnings per share is based on headline earnings of R204 million (2001: R281 million), and a weighted average of 110 977 thousand (2001: 108 379 thousand) shares in issue during the year.

The calculation of fully diluted earnings per share is based on a loss of R866 million (2001: R281 million – profit), and a weighted average of 112 367 thousand (2001: 112 073 thousand) shares, calculated as follows:

Weighted average number of shares used in calculating basic earnings per share (thousands)	110 977	108 379
Potential ordinary shares due to share options granted	1 390	3 694
	<hr/>	<hr/>
Weighted average number of shares used in calculating fully diluted earnings per share (thousands)	112 367	112 073

The calculation of fully diluted headline earnings per share is based on earnings of R204 million (2001: R281 million) and a weighted average of 112 367 thousand (2001: 112 073 thousand) shares.

23. RECONCILIATION OF NET PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS

Net income/(loss) before tax, finance cost and investment income	(284)	596	(799)	168
Adjusted for:	1 348	84	926	48
– Amortisation and depreciation of fixed assets	240	151	15	25
– Investment in Chambishi Metals plc written off	–	–	305	–
– Long- and short-term provisions	21	62	24	37
– Impairment of fixed assets	1 619	–	1 134	–
– Surplus on disposal of fixed assets	–	(1)	–	–
– Surplus on disposal of investments	(540)	(9)	(532)	(3)
– Unrealised foreign exchange gain	(40)	(39)	(23)	(47)
– Inventory write-down to net realisable value	–	7	–	–
– Payment to trust funds	(5)	(2)	(1)	–
– Other non-cash flow items	53	(85)	4	36
Operating profit before working capital changes	1 064	680	127	216
(Increase)/decrease in inventories	(224)	(122)	(2)	2
(Increase)/decrease in receivables	(346)	34	(30)	300
Increase/(decrease) in payables	125	(66)	(48)	(29)
Cash generated from operations	619	526	47	489

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2002

	Group		Company	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm
24. DIVIDENDS PAID				
Balance at beginning of year	–	1 208	–	1 208
Dividends to minorities	23	13	–	–
Other movements	–	1	–	–
Dividends paid	23	1 222	–	1 208
25. TAXATION PAID				
Balance at beginning of year (net)	77	191	48	169
Prior year tax under provided	11	2	–	–
Current taxation as per income statements	156	119	17	67
Other movements	(2)	2	–	(1)
Balance at end of year	(45)	(77)	(3)	(48)
Taxation paid	197	237	62	187

26. PROCEEDS FROM DISPOSAL OF JOINT VENTURE AND SUBSIDIARIES

During the 2001 year the Company disposed of its holdings in the Lannex Joint Venture in Lavino (Proprietary) Limited

	Group	
	2002 Rm	2001 Rm
The following assets and liabilities were disposed of:		
Fixed assets	–	2
Trade and other receivables	–	1
Trade and other payables and provisions	–	(2)
Net assets (fairly valued)	–	1
Profit on disposal	–	5
	–	6
Cash flow on disposal	–	6

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2002

Group – 2001 Rm	Precious metals	Cobalt/ Copper	Nickel	Ferrous Corporate metals and Other	Total	
27. SEGMENTAL INFORMATION						
Primary segmental information						
Year to 30 June 2002						
Revenue						
External revenue	364	548	326	2 809	–	4 047
Cost of sales	(335)	(561)	(167)	(1 922)	–	(2 985)
Other operating income	31	2	31	45	106	215
Other operating expenses	(11)	(130)	(27)	(174)	(136)	(478)
Reallocated corporate expenditure	–	(15)	7	47	(39)	–
Segment result	49	(156)	170	805	(69)	799
Income from investments	3	–	2	4	46	55
Finance cost	(8)	(73)	–	(72)	(7)	(160)
Exceptional items	(2)	(2 019)	–	–	937	(1 084)
Taxation	(5)	–	(50)	(247)	(11)	(313)
Minority interest	(16)	73	–	(220)	–	(163)
Contribution to earnings	21	(2 175)	122	270	896	(866)
Contribution to headline earnings	21	(221)	122	270	12	204
Other information						
Consolidated total operating assets	2 997	1 282	250	3 158	771	8 458
Intangibles and mineral rights	141	–	–	181	6	328
Consolidated total assets	3 138	1 282	250	3 339	777	8 786
Consolidated total liabilities	959	1 148	69	1 211	808	4 195
Capital expenditure	466	362	22	372	1	1 223
Depreciation	57	49	12	117	5	240
Primary segmental information						
Year to 30 June 2001						
Revenue						
External revenue	218	326	327	1 926	9	2 806
Cost of sales	(181)	(353)	(140)	(1 402)	(7)	(2 083)
Other operating income	9	–	6	2	194	211
Other operating expenses	7	(54)	(10)	(112)	(169)	(338)
Reallocated corporate expenditure	–	(8)	–	39	(31)	–
Segment result	53	(89)	183	453	(4)	596
Income from investments	1	2	4	2	99	108
Finance cost	–	(12)	–	(68)	(52)	(132)
Taxation	–	29	(57)	(119)	(20)	(167)
Minority interest	(15)	6	–	(115)	–	(124)
Contribution to earnings	39	(64)	130	153	23	281
Contribution to headline earnings	39	(64)	130	153	23	281
Other information						
Consolidated total operating assets	2 545	2 080	206	2 405	1 546	8 782
Intangibles and mineral rights	143	–	–	184	5	332
Consolidated total assets	2 688	2 080	206	2 589	1 551	9 114
Consolidated total liabilities	517	1 704	58	1 400	(56)	3 623
Capital expenditure	600	834	21	626	3	2 084
Depreciation	4	31	22	90	4	151

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2002

27. SEGMENTAL INFORMATION (continued)

Business segments

For management purposes, the Company is organised into four major operating divisions. These are precious metals, cobalt/copper, nickel and ferrous metals.

The Company's products predominantly reflect the risks and rewards of trading and the operating divisions are therefore identified as the primary reporting segments. Financial information about the primary segments is presented in the previous section of this note.

Geographical segments

The Company operates in two principal geographical areas namely South Africa and Zambia. Chambishi Metals plc, in Zambia, is the only significant operation outside South Africa and is reported in the cobalt/copper business segment.

	Group	
	2002	2001
Assets by geographical area	Rm	Rm
in which the assets are located, are as follows:		
– South Africa	7 232	6 821
– Zambia	1 139	2 080
– Europe	57	95
– USA	331	118
– Middle East	27	–
	8 786	9 114
Revenue by geographical area		
– South Africa	622	659
– Zambia	244	221
– Europe	1 290	611
– Japan and China	1 150	841
– USA	511	333
– Other	230	141
	4 047	2 806
Capital expenditure		
– South Africa	861	1 250
– Zambia	362	834
	1 223	2 084

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group is exposed to certain financial risks in the normal course of its operations. To manage these risks, a treasury risk management committee has been established that may enter into transactions involving financial instruments from time to time. Both recognised and unrecognised financial instruments are disclosed below.

The Group does not acquire, hold or issue derivative instruments for trading purposes. All derivative type transactions are entered into as hedges of underlying cash flows.

The following risks occur and are managed through the policies adopted below:

Commodity price and currency risk

Commodity price risk arises from the possible adverse effect of fluctuations in commodity prices on current and future earnings. The commodity market is predominantly priced in US dollars which exposes the Group's cash flows to foreign exchange currency risks.

Derivative instruments used to hedge the position of the Group against these risks include forward sale and purchase contracts as well as forward exchange contracts.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2002

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

	Foreign currency amount US\$m	Year end rate R/US\$
Financial assets		
United States dollar		
Foreign currency denominated items included in receivables – 30 June 2002	79	10,25
Foreign currency denominated items included in receivables – 30 June 2001	57	8,08
Financial liabilities		
United States dollar		
Foreign currency denominated items included in payables – 30 June 2002	3	10,25
Foreign currency denominated items included in payables – 30 June 2001	10	8,08

For foreign currency denominated items included in long- and short-term borrowings refer to interest rate risk note further below.

Liquidity risk management

The Company's executive meet regularly to review long- and mid-term plans as well as short-term forecasts of cash flow.

Funding requirements are met by arranging banking facilities and/or structuring finance as applicable. All funding and related structures are approved by the board of directors.

Credit risk

Credit risk arises from possible defaults on payments by business partners or bank counterparties. The Group minimises credit risk by evaluating counterparties before concluding transactions in order to ensure the credit-worthiness of such counterparties. Cash is only deposited with institutions which have exceptional credit rankings with the amounts distributed appropriately among these institutions to minimise credit risk through diversification.

At year end Bindura Nickel Corporation Limited, situated in Zimbabwe, owed the Group R65 million (2001: R70 million). Due to the shortage of foreign currency, payment is overdue. Other significant concentration of debt is The Konkola Copper Mines (Zambia) with total current debt of R39 million (2001: R45 million). The directors believe these monies are fully recoverable.

Treasury risk management

The Company's treasury operation is a division of Anglovaal Mining Limited. The purpose of the division is to co-ordinate the short-term cash requirements in the South African domestic money market. The treasury operation makes available to all Group companies its bulk finance benefits at, or better than market related rates.

The treasury function is outsourced to Standard Risk and Treasury Management Services (Proprietary) Limited (SRTMS), a specialist in the management of third party treasury operations.

A treasury committee, consisting of senior managers in the Company and representatives from SRTMS, meets on a regular basis to analyse currency and interest rate exposures as well as future funding requirements within the Group. The committee reviews the treasury operation's dealings to ensure compliance with Group policies and exposure limits as directed by the board of directors and audit committee.

Equity instruments

Equity instruments include equity and preference shares. There are no preference shares in issue at present.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2002

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Forward contracts (recognised on balance sheet)	Principal at year end US\$m	Principal at year end Rm	Average rate R/US\$	Maturity date
Activity:				
Forward exchange contract for precious metals at 30 June 2002	24	209	8,74	31 July 2002 to 30 June 2003
Forward exchange contract for ferrous metals debtors at 30 June 2001	20	151	7,55	10 July to 20 August 2001
Forward contracts (not recognised on balance sheet)	Volume hedged (ounces)	Volume hedged (kilograms)	Average price US\$/oz	Maturity date year ending
Activity:				
Year ended 30 June 2002				
Gold hedging				
Dollar forward sales contracts	50 769	1 579	313	30 June 2003
	51 481	1 601	298	30 June 2004
	46 885	1 458	284	30 June 2005
	21 620	672	290	30 June 2006
Forward contracts (not recognised on balance sheet)	Volume hedged (ounces)	Volume hedged (kilograms)	Average price R/kg	Maturity date year ending
Activity:				
Year ended 30 June 2002				
Gold hedging	302 411	9 406	83 077	30 June 2003
Rand forward sales contracts	251 733	7 830	85 135	30 June 2004
	246 876	7 679	94 009	30 June 2005
	119 923	3 730	100 985	30 June 2006

The Group enters into forward sales contracts to sell specified amounts of gold and related currency (United States dollars) in the future at predetermined rates. These hedge contracts are entered into to secure the future revenue streams. The Company does not use derivative instruments for speculative purposes.

Forward sale agreements are not recognised on the balance sheet as financial assets and liabilities. The revenue is recognised when the related production is delivered. The mark-to-market of the hedge book contracts at 30 June 2002 was R873 million (negative) (2001: R121 million – positive) based on market rates and accepted valuation methodologies.

The value in the current hedge book is exposed to the transaction risk of value changing due to movements in market rates (interest rates, exchange rates or gold prices).

A limited number of counterparties are involved in the hedge transactions. These have good credit ratings, thus minimising any credit risk.

The mix of hedging instruments, the volume of production hedged and the tenor of the hedging book is continuously reviewed in the light of changes in operational forecasts, market conditions and the Group's hedging policy.

Certain of the rand gold forward sales contracts with counterparties differ from those with whom the related gold forward sale contracts have been concluded. IAS 39 requires that as these contracts are cash flow hedges that they qualify for hedge accounting. The mark-to-market unrealised loss of R47 million has been raised as a current liability. The effect on equity of R26 million after minority interest is included in the statement of owners' equity.

Interest rate risk

Fluctuations in interest rates give rise to interest rate risks through the impact these fluctuations have on the value of short-term cash investments and financing activities.

Hedging of interest rates may be undertaken to ensure that fluctuations in interest rates do not have an unexpected impact on the cash flows or value of assets and liabilities.

Cash is managed to ensure that surplus funds are invested in a manner to achieve maximum returns while minimising risks. This is achieved through the activities of Anglovaal Treasury Operations serving the Group in managing cash flow needs.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2002

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Significant exposures to interest rate risk were as follows:

Financial assets	Foreign currency amount US\$m	Book value at year end Rm	Repricing date	Maturity date	Effective interest rate
Year ended 30 June 2002					
Cash – financial institutions		210		overnight	
– fixed		569		call deposit	11,00%-11,35%
				Various dates	11,35%-11,80%
				in July 2002	
		779			
Year ended 30 June 2001					
Cash – financial institutions		419		overnight	
– fixed		20		call deposit	9,35%
				25/06/2001	8,75%
		439			
Financial liabilities					
Year ended 30 June 2002					
Foreign financial liabilities					
Long-term financial liabilities					
– Rand Merchant Bank	64	656	Fixed to maturity	31/03/2007	6,75%
– Industrial Development Corporation	16	164	Fixed to maturity	30/09/2006	LIBOR + 2%
– Syndicated loan	35	357	Fixed to maturity	31/12/2005	LIBOR + 2,25%
– Other	1	2			
	116	1 179			
Short-term financial liabilities					
– ABSA (Isle of Man) Limited	9	92	28/02/2002	30/08/2002	LIBOR + 0,8%
– Citibank Johannesburg	10	103	03/06/2002	04/12/2002	LIBOR + 1,70%
– Rand Merchant Bank (Dublin)	6	66	28/06/2002	31/01/2002	LIBOR + 1,25%
– Nedcor Trade Securities (Mauritius) Limited	23	231	28/06/2002	31/07/2002	LIBOR + 1,05%
– Nedcor Trade Securities (Mauritius) Limited	10	103	28/06/2003	31/07/2003	LIBOR + 1,25%
	58	595			
Total foreign financial liabilities	174	1 774			
Local financial liabilities					
Long-term financial liabilities					
– Syndicated loan		300		31/12/2005	JIBAR + 2,25%
– Various		1			
Short-term financial liabilities					
– Financial institutions		621			Linked to money market
Total local liabilities		922			
Total financial liabilities 2002	174	2 696			

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2002

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

	Foreign currency amount US\$m	Book value at year end Rm	Repricing date	Maturity date	Effective interest rate
Financial liabilities					
Year ended 30 June 2001					
Foreign financial liabilities					
Long-term financial liabilities					
– Rand Merchant Bank	67	540	Fixed to maturity	31/03/2007	6,75%
– Industrial Development Corporation	20	162	Fixed to maturity	30/09/2006	LIBOR + 2%
– Syndicated loan	19	152	Fixed to maturity	31/12/2005	LIBOR + 2,25%
– Other	1	4		30/06/2003	
	107	858			
Short-term financial liabilities					
– ABSA (Isle of Man) Limited	10	81	31/08/2001	31/10/2001	4,80%
– Investec Bank (Mauritius) Limited	10	81	05/09/2001	30/09/2001	4,95%
– First National Bank Limited	7	57	28/09/2001	29/06/2001	4,71%
– Nedcor Trade Securities (Mauritius) Limited	25	201	31/07/2001	31/07/2001	6,43%
– Nedcor Trade Securities (Mauritius) Limited	10	81	25/10/2001	25/10/2001	5,33%
– Financial institutions	9	75	30/06/2001	current	Linked to LIBOR
– Other	3	22	30/06/2001	31/07/2001	5,76%
	74	598			
Total foreign financial liabilities	181	1 456			
Local financial liabilities					
Long-term financial liabilities					
– Syndicated loan		150	17/08/2001	31/12/2005	JIBAR + 2,25%
– Financial institutions		23	30/06/2000	30/06/2002	15,96%
– Various		2			
Short-term financial liabilities					
– Financial institutions		844	30/06/2001	30/06/2001	Linked to money market
Total local liabilities	–	1 019			
Total financial liabilities 2001	181	2 475			

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2002

	Group		Company	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm
29. COMMITMENTS AND CONTINGENT LIABILITIES				
Commitments				
Commitments in respect of capital expenditure:				
Approved by directors				
– contracted for	229	272	7	7
– not contracted for	588	988	2	9
Total commitments	817	1 260	9	16
Contingent liabilities				
Back-to-back guarantees	180	180	–	–
Housing collaterals and contingent liabilities relating to slimes dams	1	2	–	–
Guarantee of subsidiary loan	656	540	656	540
Total commitments and contingent liabilities	1 654	1 982	665	556

The Company has a contingent liability for the amount of tax relating to the Anglovaal Limited loan stock redemption premium that the South African Revenue Service disallowed in 1998.

The potential 1998 liability for tax is R107 million at a tax rate of 30 per cent plus interest. This matter is currently under appeal.

A back-to-back guarantee to Assore Limited (Assore) is in respect of guarantees issued to bankers by Assore to secure a short-term export finance agreement facility of R180 million (2001: R180 million). Short-term export finance loans negotiated in terms of the above facility in the ordinary course of business at 30 June 2002 were R13 million (2001: R75 million).

Anglovaal Mining Limited has provided an irrevocable and unconditional guarantee to Copperbelt Energy Corporation plc (CEC) and the Development Bank of Southern Africa Limited (DBSA) for the due and punctual payment by Chambishi Metals plc (Chambishi) of the capital charge component of the power supply assets installed and owned by CEC for which financing was obtained by CEC from DBSA. The total outstanding capital charge obligation at June 2002 amounted to US\$11,1 million (2001: US\$11,5 million) and will reduce over 10 years ending June 2012 as capital charge payments are made by Chambishi Metals plc.

A contingent liability exists, arising from an agreement with LTA Process Engineering whereunder Avgold Limited is liable for the erection costs of a tailings dam, should a dump reclamation project at the latter's ETC mining complex be cancelled.

30. RETIREMENT PLANS

The Group has made provision for pension plans and provident funds substantially covering all employees. These are composed of defined contribution pension plans, which are governed by the Pension Fund Act, 1956, and defined contribution provident funds administered by employee organisations within the industries in which members are employed. The contributions paid by Group companies for retirement benefits are charged to the income statement as they are incurred.

The benefits provided by the defined contribution plans are determined by accumulated contributions and returns on investment.

Periodic reviews of the plans are carried out by independent actuaries at regular intervals.

Members contribute between 5,0 per cent and 7,5 per cent and employers between 5,0 per cent and 18,02 per cent of pensionable salaries to the funds.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2002

31. POST-RETIREMENT HEALTH CARE BENEFITS

The Group has obligations to fund a portion of certain pensioners' and retiring employees' medical aid contributions based on the cost of benefits. The anticipated liabilities arising from these obligations have been actuarially determined using the project unit credit method, and a corresponding liability has been raised.

The liability is assessed periodically by an independent actuarial survey. This survey uses the following principal actuarial assumptions:

- a discount rate of 12 per cent, based on high quality corporate bonds;
- an increase in health care costs at a rate of 8,74 per cent.

The provisions raised in respect of post-retirement health care benefits amounted to R85 million (2001: R81 million) at the end of the year. Of this amount, R4 million (2001: R10 million) was charged against income in the current year (refer to note 11).

The liabilities raised based on present values of the post-retirement benefit, have been recognised in full. The actuarial valuation was conducted at 31 July 2001. The liability for post-retirement health care benefits is not funded. At retirement, members are given the choice to have an actuarially determined amount paid into their pension fund, to cover the expected cost of the post-retirement health cover, alternatively the Company will continue to fund the portion of the retiring employee's medical aid contributions.

32. RELATED PARTY TRANSACTIONS

Related party transactions can exist between subsidiaries and the holding company, fellow subsidiaries, associated companies, joint ventures and key management personnel. A report on investments in subsidiaries, associated companies and joint ventures, that indicates the relationship and degree of control exercised by the Company, appears on pages 79 to 80.

Transactions between the holding company, its subsidiaries, associated companies and joint ventures relate to fees, dividends, rents and interest and are regarded as inter-Group transactions and eliminated on consolidation.

Fees relating to specific capital projects are not eliminated as the underlying costs are capitalised to capital work-in-progress.

These transactions are concluded at arm's length and under terms and conditions that are no less favourable than those arranged with third parties. The volume of these transactions is insignificant in relation to the operating transactions of the Company and are concluded to effect internal policies and practices of the Company. There were no material outstanding balances at the end of the year, as transactions with the Group companies are eliminated on consolidation.

	Group		Company	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm
Assmang Limited				
– Provision of services	7	14	57	47
– Dividends	–	–	24	13
Chambishi Metals plc				
– Provision of services	14	16	26	31
– Interest	–	–	48	38
Nkomati Joint Venture				
– Provision of services	1	1	6	6

Transactions with directors relate to fees and share options and are disclosed in note 19 above.

Report on subsidiary companies

FOR THE YEAR ENDED 30 JUNE 2002

	Company	
	2002 Rm	2001 Rm
INVESTMENTS		
Listed: market value R4 993 million (2001: R2 972 million)	1 462	1 552
Unlisted	881	451
	2 343	2 003
Amounts owing by subsidiaries (refer note 4)	303	34
Amounts owing to subsidiaries (refer note 14)	(286)	(295)
	2 360	1 742
INCOME FROM SUBSIDIARIES		
Dividends	29	13
Interest	49	51
Fees – management advisory services	77	53
Fees – technical advisory services	7	31
	162	148
MEMBERS' AGGREGATE INTEREST IN PROFITS AND LOSSES AFTERTAXATION OF SUBSIDIARIES		
Profits	123	149
Losses	912	58
INDEBTEDNESS TO COMPANIES IN THE GROUP		
The aggregate amount of indebtedness of subsidiaries to Anglovaal Mining Limited is:		
– included in investments	303	34
– included in loans and long-term receivables	252	830
– included in receivables	3	9
	558	873
The aggregate amount of indebtedness of Anglovaal Mining Limited to its subsidiaries is:		
– included in payables	1	2
– included in overdrafts and short-term borrowings	286	295
	287	297

Principal subsidiary companies

AS AT 30 JUNE 2002

Name and nature of business	Class	Issued capital amount		Direct interest in capital		Book value of the Company's interest			
		2002 Rm	2001 Rm	2002 %	2001 %	Shares 2002 Rm	2001 Rm	Indebtedness by/(to) 2002 Rm	2001 Rm
Anglovaal Air (Proprietary) Limited									
– air charter operator	Ord	–	–	100	100	89	89	(211)	(213)
Assmang Limited¹									
– manganese and iron ore mining company and ferro-alloy producer	Ord	2	2	50	50	261	261	–	–
Atscot (Proprietary) Limited									
– investment	Ord	1	1	100	100	10	10	(23)	(23)
Avgold Limited¹									
– gold producer	Ord	7	7	56	61	1 201	1 291	–	1
Avmin Limited									
– mining investment	Ord	454	454	100	100	678	678	(17)	(17)
Bitcon's Investments (Proprietary) Limited									
– investments	Ord	–	–	100	100	2	2	(2)	(2)
Chambishi Marketing (Proprietary) Limited									
– marketing of metals	Ord	–	–	100	100	–	–	–	–
Chambishi Metals plc²									
– cobalt and copper treatment	Ord	339	339	90	90	–	305	21	16
Jesdene Limited									
– share dealer	Ord	–	–	100	100	–	–	6	6
Kingfisher Insurance Company Limited									
– insurance	Ord	–	–	100	100	5	5	–	–
Lavino (Proprietary) Limited									
– investment	Ord	1	1	100	100	3	3	(9)	(11)
Letaba Copper & Zinc Corporation Limited									
– prospecting	Ord	1	1	94	94	–	–	–	–
Prieska Copper Mines Limited									
– investment	Ord	–	–	97	97	–	–	–	–
Sheffield Minerals (Proprietary) Limited									
– investments	Ord	–	–	100	100	–	–	–	–
South African Base Minerals Limited									
– investment	Ord	–	–	100	100	–	–	–	–
Tasrose Investments (Proprietary) Limited									
– mining investment	Pref	–	–	100	100	24	24	–	–
	Ord	–	–	100	100	–	–	(24)	(24)
Two Rivers Platinum (Proprietary) Limited									
– platinum investment	Ord	100	–	55	–	55	–	267	–
Vallum Investments (Proprietary) Limited									
– investment	Ord	–	–	100	100	–	–	–	(3)
Venetia Diamond Mines³									
(Proprietary) Limited									
– share dealings	Ord	–	–	100	100	–	–	–	(2)
Venture Building Trust (Proprietary) Limited									
– property owner	Ord	–	–	100	100	12	12	10	12

Unless otherwise stated, all companies are incorporated and carry on their principal operations in the Republic of South Africa. Interests are shown to the extent that this information is considered material. A schedule with details of all other subsidiaries is available from the registered office or the London secretaries of the Company.

¹ Listed companies

² Incorporated in Zambia

³ Submitted for deregistration

Report on other investments

AS AT 30 JUNE 2002

Name of company	Group		Company		Group effective percentage holding	
	2002	2001	2002	2001	2002	2001
INVESTMENTS IN ASSOCIATED COMPANIES, JOINT VENTURES AND PARTNERSHIPS						
ASSOCIATED COMPANIES						
<i>Unlisted</i>						
Lucas Block Minerals Limited						
Ordinary shares of R2 each	120	120	120	120	25	25
<i>Listed</i>						
Village Main Reef Gold Mining Company (1934) Limited						
Ordinary shares of 12,5 cents each	2 292 500	2 292 500	2 292 500	2 292 500	38	38
JOINT VENTURES AND PARTNERSHIPS						
Cato Ridge Alloys (Proprietary) Limited	19 400	19 400	–	–	25	25
Nkomati Joint Venture	–	–	–	–	75	75
INVESTMENTS IN OTHER COMPANIES						
<i>Listed</i>						
Assore Limited	2 610 600	5 108 600	2 610 600	5 108 600		
Iscor Limited	–	35 293 300	–	35 293 300		
Sub-Sahara Resources Limited*	6 265 664	6 265 664	6 265 664	6 265 664		
<i>Unlisted</i>						
Otterbea International (Proprietary) Limited	7 982	7 982	7 982	7 982		
Small Business Development Corporation	323 177	323 177	323 177	323 177		
TEBA Limited	2 208	5 687	–	–		

Notes

Interests are shown to the extent that this information is considered material. A schedule with details of all other investments is available from the registered office or the London secretaries of the Company.

* Incorporated in Australia

US\$ reporting

For the benefit of international investors, the balance sheet, income statement and statement of changes in equity and the cash flow statement of the Group, presented in rands and set out on pages 52 to 55, have been translated into United States dollars and are presented on pages 81 to 83.

The balance sheets are translated at the rate of exchange ruling at the close of business at 30 June each year and the income statements and cash flows are translated at the average exchange rates for the years reported.

The exchange rates were as follows:

	2002	2001
	R/US\$	R/US\$
Balance sheet	R10,25	R 8,08
Income statement and cash flow statement	R10,15	R 7,61

The dollar denominated balance sheet, income statement, statements of changes in equity and cash flow statement should be read in conjunction with the accounting policies of the Group as set out on pages 45 to 51 and with the notes to the financial statements on pages 56 to 80.

US\$ balance sheet

AT 30 JUNE 2002

		Group	
	Note	2002 US\$m	2001 US\$m
ASSETS			
Non-current assets			
Tangible and intangible assets	2	555	741
Intangible assets	2	1	1
Deferred tax assets	10	4	6
Environmental rehabilitation trust funds	3	6	7
Investments	4	17	147
		583	902
Current assets			
Inventories	6	95	89
Trade and other receivables		103	83
Deposits and cash		76	54
		274	226
Total assets		857	1 128
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital	7	1	1
Share premium	7	6	7
Non-distributable reserves		10	84
Distributable reserves		235	405
Shareholders' interest in capital and reserves		252	497
Minority interest	8	196	183
Total shareholders' interest		448	680
Non-current liabilities			
Long-term borrowings	9	115	114
Deferred tax liabilities	10	48	45
Long-term provisions	11	21	24
		184	183
Current liabilities			
Trade and other payables	12	62	48
Provisions	13	6	14
Taxation		4	10
Derivative instruments	28	5	1
Overdrafts and short-term borrowings	14	148	192
		225	265
Total equity and liabilities		857	1 128

US\$ income statement

FOR THE YEAR ENDED 30 JUNE 2002

		Group	
	Note	2002 US\$m	2001 US\$m
Revenue	15	399	369
Cost of sales		294	274
Gross profit		105	95
Other operating income		21	27
Other operating expenses		47	44
Profit from operations	16	79	78
Income from investments	17	5	14
Finance costs		16	17
Profit before taxation and exceptional items		68	75
Exceptional items	18	(107)	–
Profit before taxation		(39)	75
Taxation	20	31	22
Profit from ordinary activities		(70)	53
Minority interest		16	16
Earnings		(86)	37
Headline earnings	21	20	37
Basic earnings/(attributable loss) per share (cents)	22	(77)	34
Headline earnings per share (cents)	22	18	34
Fully diluted earnings per share (cents)	22	(76)	33
Fully diluted headline earnings per share (cents)	22	18	33
Number of shares in issue at end of year (thousands)		111 444	110 105
Weighted average number of shares in issue (thousands)		110 977	108 379
Weighted average number of shares used in calculating fully diluted earnings per share (thousands)	22	112 367	112 073

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2002

Group	Share capital and premium US\$m	Foreign currency translation US\$m	Revaluation surplus US\$m	Other US\$m	Retained profit US\$m	Total US\$m
Balance at 30 June 2000	9	1	1	6	437	454
Foreign currency translation reserve	(1)	–	–	(1)	(71)	(73)
Earnings	–	–	–	–	37	37
Revaluation of listed investment	–	–	79	–	–	79
Reallocation of reserves	–	–	–	(2)	2	–
Balance at 30 June 2001 as reported	8	1	80	3	405	497
Realignment of currencies	(1)	–	(18)	–	(85)	(104)
Earnings	–	–	–	–	(85)	(85)
Revaluation of listed investment	–	–	6	–	–	6
Disposal of listed investments	–	–	(54)	–	–	(54)
Unrealised loss on currency derivative contract	–	–	–	(3)	–	(3)
Other	–	(5)	–	–	–	(5)
Balance at 30 June 2002	7	(4)	14	–	235	252

US\$ cash flow statement

FOR THE YEAR ENDED 30 JUNE 2002

		Group	
	Note	2002 US\$m	2001 US\$m
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		377	390
Cash paid to suppliers and employees		318	321
Cash generated from operations	23	59	69
Translation adjustment		(11)	(69)
Interest received		5	14
Interest paid		(16)	(17)
Dividends paid	24	(2)	(161)
Capital distribution		–	(223)
Taxation paid	25	(19)	(31)
Net cash inflow/(outflow) from operating activities		16	(418)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of joint venture and subsidiaries	26	–	1
Additions to fixed assets to maintain operations		(12)	(38)
Additions to fixed assets to expand operations		(108)	(236)
Proceeds on disposal of fixed assets		1	–
Proceeds on disposal of investments		99	2
Advances/(repayments) in investment loans and receivables		–	1
Proceeds on dilution of interest in investments in subsidiaries		–	(65)
Other investments acquired		14	–
Net cash (outflow) from investing activities		(6)	(335)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase in shareholder funding		1	–
Funding received from minority shareholders		26	24
Long-term borrowings raised		31	95
Long-term borrowings repaid		(15)	(1)
(Decrease)/increase in short-term borrowings		(31)	79
Decrease in treasury liabilities		–	(2)
Net cash in-flow from financing activities		12	195
Net increase/(decrease) in cash and cash equivalents		22	(558)
Cash and cash equivalents at beginning of year		54	612
Cash and cash equivalents at end of year		76	54
Cash generated from operations per share (cents)		53	64

Shareholders' analysis

30 JUNE 2002

Holdings	Number of shareholders	%	Number of shares	%
1 – 1 000	1 521	62,1	764 614	0,7
1 001 – 5 000	561	22,9	1 578 199	1,4
5 001 – 10 000	105	4,3	874 230	0,8
10 001 – 50 000	120	4,9	2 826 357	2,6
50 001 – 100 000	43	1,8	3 258 210	2,9
100 001 – 1 000 000	82	3,3	26 000 629	23,3
1 000 000 and over	16	0,7	76 141 413	68,3
	2 448	100,0	111 443 652	100,0

Shareholders' diary

Financial year end	30 June
Annual general meeting	8 November 2002

Report and profit statements

Published

Half-yearly interim report	March 2003
Results and dividend announcement	September 2003
Annual financial statements issued	October 2003

Annual dividend 2002 (refer to page 39)	Declared nil	Paid nil
---	--------------	----------

Administration

Company

Anglovaal Mining Limited

Registration number: 1933/004580/06

Share code:

JSE Securities Exchange, South Africa – AIN

London Stock Exchange – AGM

ISIN ZAE000017141

Company secretary's and registered office's address

56 Main Street

Johannesburg, 2001

South Africa

Postal address

PO Box 62379

Marshalltown, 2107

South Africa

Telephone (+27 11) 634-9111

Telefax (+27 11) 634-0503

Additional corporate information can be obtained from Teboho Mahuma in the public relations and communications department at the postal address or telephone number shown above.

Alternatively, at the Company's website:

<http://www.avmin.co.za>

Auditors

Ernst & Young

Bankers

FirstRand Bank Limited

Nedbank Limited

The Standard Bank of South Africa Limited

Sponsors

Deutsche Securities SA (Pty) Limited

CHANGE OF ADDRESS

Members are requested to notify any change of address to:

The Transfer Secretaries

Computershare Investor Services Limited

PO Box 1053

Johannesburg, 2000

South Africa

or

The London Secretaries

St James's Corporate Services Limited

6 St James's Place

London SW1A 1NP

United Kingdom

Telephone (020) 7499-3916

Telefax (020) 7491-1989

SHAREHOLDER ENQUIRIES

Transfer secretaries

Computershare Investor Services Limited

70 Marshall Street

Johannesburg, 2001

South Africa

Postal address

PO Box 1053

Johannesburg, 2000

South Africa

Telephone (+27 11) 370-5000

Telefax (+27 11) 370-5271/2

London secretaries

St James's Corporate Services Limited

6 St James's Place

London SW1A 1NP

United Kingdom

Telephone (020) 7499-3916

Telefax (020) 7491-1989

United Kingdom share registrars

Capita IRG Plc

Balfour House

390/398 High Road

Ilford, Essex IGI 1NQ

United Kingdom

Notice of annual general meeting

Notice is hereby given that the sixty-ninth annual general meeting of members of Anglovaal Mining Limited will be held at 14:00 on Friday, 8 November 2002 at the Company's registered office, 56 Main Street, Johannesburg, South Africa, for the following purposes:

1. To receive and consider the annual financial statements for the financial year ended 30 June 2002.
2. To elect the following directors in place of those who retire in accordance with the provisions of the Company's articles of association, and who, being eligible, offer themselves for re-election, namely Messrs RP Menell, DE Jowell, BM Menell and Dr MZ Nkosi.

Refer next page – **Footnotes** – for directors' curriculum vitae

3. To elect the following directors who were appointed as such since the last annual general meeting and who, being eligible, offer themselves for election, namely Messrs DD Barber, PM Baum and BE Davison; and

Refer **Footnotes** for directors' curriculum vitae

4. To consider and, if deemed fit, to pass, with or without modification, the following ordinary and special resolutions:

Ordinary resolution number 1

"Resolved that the rate at which the directors shall be paid out of the funds of the Company as remuneration for their services fees as such be and is hereby increased from R70 000 to R75 000 per annum for the chairman and from R40 000 to R43 000 per annum for each of the other directors, and directors' meeting attendance fees be increased from R4 375 to R5 250 per meeting for the chairman and from R2 500 to R3 000 per meeting for each of the other directors, payable quarterly in arrears, with effect from 1 July 2002, until otherwise determined by the Company in general meeting."

Special resolution number 1

"Resolved that the authorised 646 380 compulsorily convertible preference shares of 677,999777221 cents each in the capital of the Company be and they are hereby cancelled and that the memorandum of association be and is hereby amended accordingly."

Special resolution number 2

"Resolved that the ordinary share capital of the Company be and is hereby increased from R9 833 436,85 divided into 196 668 737 ordinary shares of five cents each, to R15 000 000 divided into 300 000 000 ordinary shares of five cents each by the creation of 103 331 263 new ordinary shares of five cents each, ranking pari passu in every respect with the existing ordinary shares of five cents each."

Special resolution number 3

"Resolved that, subject to the passing and registration of special resolutions 1 and 2, the new memorandum of association, a copy of which has been tabled at this meeting and initialled by the chairman of the meeting for identification purposes, be and is hereby adopted as the memorandum of association of the Company in substitution for the existing memorandum of association."

Special resolution number 4

"Resolved that the new articles of association of the Company, a copy of which has been tabled at this meeting and initialled by the Chairman for identification purposes, be and are hereby adopted as the articles of association of the Company in substitution for the existing articles of association."

Reasons for and effect of Special Resolutions

The reason for special resolution number 1 is to reduce the Company's authorised share capital by an amount equal to the value of the compulsorily convertible preference shares being cancelled. The effect of special resolution number 1 is to reduce the Company's authorised share capital and to amend the Company's memorandum of association accordingly.

The reason for special resolution number 2 is to increase the Company's authorised share capital by an amount equal to the value of the ordinary shares being created. The effect of special resolution number 2 is to increase the Company's authorised share capital and to amend the Company's memorandum of association accordingly.

The reason for special resolution number 3 is to provide the Company with a memorandum of association that is up to date and correctly sets out the main business which the Company is to carry on and the main object of the Company. The effect of special resolution number 3 is to substitute the existing memorandum of association of the Company in its entirety.

Notice of annual general meeting (continued)

The reason for special resolution number 4 is to provide the Company with articles of association that are up to date, to authorise the Company to make payments to its shareholders (including distributing any amounts standing to the credit of or dealing with its share capital, stated capital or share premium accounts, its reserves or its capital redemption reserve fund), to provide for the directors to raise or borrow such sums as they think fit (without limitation) and, generally, for beneficial holders of securities, uncertificated securities and the settlement of uncertificated securities transactions through the STRATE system on the JSE Securities Exchange, South Africa, and to provide for the electronic communication of information to its shareholders by the Company and to the Company by its shareholders and directors.

A draft of the new memorandum and articles of association may be inspected at the registered offices of the Company, 56 Main Street, Johannesburg, South Africa, or at the London secretaries of the Company, St James's Corporate Services Limited, 6 St James's Place, London SW1A 1NP, England, during usual business hours on any day (excluding Saturdays, Sundays and public holidays) prior to the time fixed for the holding of the annual general meeting.

- 5 To transact such other business as may be transacted at an annual general meeting.

Voting and Proxies

Each shareholder of the Company who is registered as such and who, being an individual, is present in person or by proxy or which, being a company, is represented at the annual general meeting is entitled to one vote on a show of hands.

On a poll, each shareholder present in person or by proxy or represented shall have one vote for every share held by such shareholder.

Footnotes

Directors retiring by rotation and are seeking re-election

Richard Peter Menell, MA, MSc (47). Chairman of the board of directors, a director of the Company since September 1994. Board committee membership: Audit, environmental, remuneration, risk and nominations.

Donn Edward Jowell, BCom, LLB (61). Chairman: Jowell, Glyn & Marais Inc. An independent non-executive director appointed during January 1999. Board committee membership: Audit, environmental (chairman), nomination and risk (chairman).

Brian Michael Menell, BA (Hons) (37). Director of companies. Appointed to the board during September 1998. Previously an executive director of Avmin; currently a non-executive director. Member of environmental committee.

Dr Morley Zebulon Nkosi, PhD (Economics), MBA, BS (Economics) (67). Chairman: National Institute of Economic Policy. An independent non-executive director of the Company since December 1998. A member of the audit, environmental and nominations committees.

Confirmation of appointments of directors appointed since the last annual general meeting

David Duncan Barber, FCA (England and Wales), AMP (Harvard) (50). Financial director: Anglo American Corporation of South Africa Limited. Co-opted onto the board during April 2002. A non-executive director and is a member of the audit committee.

Philip Michael Baum, BCom, LLB, H Dip (Tax Law) (47). Chief operating officer, Anglo American Corporation of South Africa Limited. Appointed to the board during April 2002 as a non-executive director. Serves on the nominations and risk committees as a member.

Barry Erskine Davison, BA (Wits) (57). Executive director of Anglo American plc and executive chairman of Anglo American Platinum Corporation Limited. Joined the Avmin board during April 2002 as a non-executive director. He is a member of the remuneration committee.

Notice of annual general meeting (continued)

Certificated shareholders/dematerialised shareholders with own name registrations.

Shareholders who have not yet dematerialised their shares or who have dematerialised their shares with own name registration (entitled shareholders) may appoint one or more proxies to attend, speak and vote or abstain from voting in such shareholders' stead. The person so appointed need not be a member of the Company. A form of proxy is attached for the use of those entitled shareholders who wish to be so represented. Such entitled shareholders should complete the attached form of proxy in accordance with the instructions contained therein and return it to the **registered office** of the Company, namely 56 Main Street, Johannesburg, 2001, South Africa, (PO Box 62379, Marshalltown, 2107, South Africa) or the **transfer secretaries**, Computershare Investor Services Limited, 70 Marshall Street, Johannesburg 2001, South Africa (PO Box 1053, Johannesburg 2000, South Africa) or **United Kingdom share registrars**, Capita IRG Plc, Balfour House, 390/398 High Road, Ilford, Essex, England IG1 1NQ, to be received by 14:00 on Wednesday, 6 November 2002.

Dematerialised shareholders

Shareholders who have dematerialised their shares (other than those with own name registrations) should provide their Central Securities Depository Participant (CSDP) or broker with their voting instructions in terms of the custody agreement entered into with the relevant CSDP or broker. Should such shareholders wish to attend the annual general meeting or send a proxy to represent them at the annual general meeting, they should inform their CSDP or broker timeously and request their CSDP or broker to issue them with the necessary authorisation to attend.

By order of the board



RH Phillips

Group company secretary

Johannesburg

27 September 2002



Printed by Ince (Pty) Ltd

Form of proxy

Shareholders who have dematerialised their shares (other than those with own name registrations) should provide their Central Securities Depository Participant (CSDP) or broker with their voting instructions in terms of the custody agreement entered into with their relevant CSDP or broker. Should such shareholders wish to attend the annual general meeting of Anglovaal Mining Limited (the Company), they should inform their CSDP or broker timeously and request their CSDP or broker to issue them with the necessary authorisation to attend.

FOR COMPLETION BY SHAREHOLDERS WHO HAVE NOT YET DEMATERIALISED THEIR SHARES OR WHO HAVE DEMATERIALISED THEIR SHARES WITH OWN NAME REGISTRATION

Shareholders who have not yet dematerialised their shares or who have dematerialised their shares with own name registration (entitled shareholders) may appoint one or more proxies to attend, speak and vote or to abstain from voting in such shareholder's stead. The person so appointed need not be a member of the Company. This form of proxy is for the use of those entitled members who wish to be so represented. Such entitled shareholders should complete this form of proxy in accordance with the instructions contained herein and return it to the registered office or the transfer secretaries or the United Kingdom share registrars of the Company, to be received by the time and date stipulated herein.

If you are unable to attend the sixty-ninth annual general meeting of shareholders of Anglovaal Mining Limited convened for Friday, 8 November 2002 at 14:00, you should complete and return this form of proxy as soon as possible, but in any event to be received by not later than 14:00 on Wednesday, 6 November 2002.

I/We _____ (name in block letters)

of _____ (address)

being the holder of _____ shares in the issued share capital of **Anglovaal Mining Limited**, do hereby appoint

_____ or failing him/her,

_____ or failing him/her, the chairman of the Company, or failing him/her the chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the Company to be held at 14:00 on Friday, 8 November 2002 and at any adjournment thereof and in particular in respect of the following resolutions:

*Indicate with an X in the spaces below how votes are to be cast. Unless otherwise directed, the proxy will vote or abstain as he thinks fit in respect of the member's holding.

Resolutions	For	Against	Abstain
1 To re-elect the following directors, who retire by rotation: RP Menell			
DE Jowell			
BM Menell			
Dr MZ Nkosi			
2 To confirm the appointments of the following directors made during the year: DD Barber			
PM Baum			
BE Davison			
3 Ordinary resolution number 1: To increase directors' fees.			
4 Special resolution number 1: To cancel the compulsorily convertible preference shares authorised share capital.			
5 Special resolution number 2: To increase the authorised share capital: Ordinary share capital.			
6 Special resolution number 3: To adopt a new memorandum of association.			
7 Special resolution number 4: To adopt new articles of association.			

Number of shares	Unless this section is completed for a lesser number, the Company is authorised to insert in the said section the total number of shares registered in my/our name(s) one business day before the meeting.

Signed at _____ on _____ 2002

Signature _____

Assisted by me (where applicable) _____

Please see notes overleaf

Instructions on signing and lodging forms of proxy

Please read the notes below:

1. The completion and lodging of this form of proxy will not preclude the entitled member who grants this proxy from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should he or she wish to do so.
2. Every member present in person or represented by proxy and entitled to vote shall, on a show of hands, have only one vote and upon a poll every member shall have a vote for every ordinary share held.
3. You may insert the name of any person(s) whom you wish to appoint as your proxy in the blank space(s) provided for that purpose. The person whose name appears first on the form of proxy and who is present at this meeting will be entitled to act as proxy to the exclusion of those whose names follow.
4. When there are joint holders of shares, only that holder whose name appears in the register need sign this form of proxy.
5. If the form of proxy is signed under the authority of a power of attorney or on behalf of a company or any other juristic person, then it must be accompanied by such power of attorney or a certified copy of the relevant enabling resolution or other authority of such company or other juristic person, unless proof of such authority has been recorded by the Company.
6. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration must be signed, not initialled.
7. The chairman of the meeting may, in his absolute discretion, reject any form of proxy which is completed other than in accordance with these instructions.
8. Forms of proxy, powers of attorney or any other authority appointing a proxy shall be deposited at the **registered office** of the Company, 56 Main Street, Johannesburg 2001 South Africa (or posted to PO Box 62379, Marshalltown 2107 South Africa), or at the **transfer secretaries**, Computershare Investor Services Limited, 70 Marshall Street, Johannesburg 2001 South Africa (or posted to PO Box 1053, Johannesburg 2000 South Africa) or the **United Kingdom share registrars**, Capita IRG Plc, Balfour House, 390/398 High Road, Ilford, Essex, England IGI INQ, so as to be received not later than 14:00 on Wednesday, 6 November 2002 (in respect of the meeting) or 48 hours, excluding Saturdays, Sundays and public holidays, before the time appointed for holding of any adjourned meeting.
9. No form of proxy shall be valid after the expiration of six months from the date when it was signed except at an adjourned meeting in cases where the meeting was originally held within six months from the aforesaid date.

