ANGLOVAAL MINING

AVMIN

Anglovaal Mining Limited

("Avmin" or "the Company")

REVIEWED RESULTS

for the year ended 30 June 2002

Salient features

- Exceptional performance from Assmang
- Iscor shareholding sold for significant gain
- Significant impairment of Chambishi Metals
- Substantial interest acquired by Anglo American

GROUP BALANCE SHEET

at 30 June

	2002 Rm	2001 Rm
ASSETS		
Non-current assets		
Tangible assets	**5 686**	5 987
Intangible assets	**7**	9
Deferred tax assets	**38**	47
Environmental rehabilitation trust funds	**64**	59
Investments	**176**	1 186
	5 971	7 288
Current assets		
Inventories	**976**	722
Trade and other receivables	**1 060**	664
Taxation	**–**	1
Deposits and cash	**779**	439
	2 815	1 826
Total assets	**8 786**	9 114
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary share capital	**6**	6
Share premium	**62**	56
Non-distributable reserves	**110**	679
Distributable reserves	**2 401**	3 267
Shareholders' interest in capital and reserves	**2 579**	4 008
Minority interest	**2 012**	1 483
Total shareholders' interest	**4 591**	5 491
Non-current liabilities		
Long-term borrowings	**1 181**	921
Deferred tax liabilities	**493**	360
Long-term provisions	**215**	196
	1 889	1 477
Current liabilities		
Trade and other payables	**637**	387
Provisions	**62**	116
Taxation	**45**	78
Derivative instruments	**47**	11
Overdrafts and short-term borrowings	**1 515**	1 554
	2 306	2 146
Total equity and liabilities	**8 786**	9 114

GROUP INCOME STATEMENT

for the year ended 30 June

	2002 Rm	2001 Rm
Revenue	**4 047**	2 806
Cost of sales	**2 985**	2 083
Gross profit	**1 062**	723
Other operating income	**215**	211
Other operating expenses	**478**	338
Profit from operations	**799**	596
Income from investments	**55**	108
Finance costs	**160**	132
Profit before taxation and exceptional items	**694**	572
Exceptional items	**(1 084)**	–
Profit/(Loss) before taxation	**(390)**	572
Taxation	**313**	167
Profit/(Loss) from ordinary activities	**(703)**	405
Minority interest	**163**	124
Earnings/(Loss)	**(866)**	281
Headline earnings	**204**	281
Basic earnings/(Loss) per share (cents)	**(780)**	259
Headline earnings per share (cents)	**184**	259
Number of shares in issue at end of year (thousand)	**111 444**	110 105
Weighted average number of shares in issue (thousands)	**110 977**	108 379

GROUP CASH FLOW STATEMENT

for the year ended 30 June

	2002 Rm	2001 Rm
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers	**3 823**	2 967
Cash paid to suppliers and employees	**3 204**	2 441
Cash generated from operations	**619**	526
Interest received	**55**	106
Interest paid	**(160)**	(132)
Dividends received	**2**	2
Dividends paid	**(23)**	(1 222)
Capital distribution	**–**	(1 697)
Taxation paid	**(197)**	(237)
Net cash inflow/(outflow) from operating activities	**296**	(2 654)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of joint venture and subsidiaries	**–**	6
Additions to fixed assets to maintain operations	**(122)**	(291)
Additions to fixed assets to expand operations	**(1 101)**	(1 793)
Proceeds on disposal of fixed assets	**6**	2
Proceeds on disposal of investments	**1 007**	12
Proceeds on dilution in subsidiaries	**139**	4
Other investments acquired	**–**	(497)
Net cash outflow from investing activities	**(71)**	(2 557)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in shareholder funding	**6**	–
Funding received from minority shareholders	**264**	182
Long-term borrowings raised	**314**	726
Long-term borrowings repaid	**(153)**	(4)
Increase/(Decrease) in short-term borrowings	**(316)**	599
Decrease in treasury liabilities	**–**	(13)
Net cash inflow from financing activities	**115**	1 490
Net increase/(decrease) in cash and cash equivalents	**340**	(3 721)
Cash and cash equivalents at beginning of year	**439**	4 160
Cash and cash equivalents at end of year	**779**	439
Cash generated from operations per share (cents)	**558**	**485**

HEADLINE EARNINGS

	Year ended 30 June 2002 Rm	Year ended 30 June 2001 Rm
Earnings/(loss) per income statement	**(866)**	281
Impairment of asset – Chambishi	**1 619**	–
Provisions for guarantees	**5**	–
Surplus on disposal of Investments	**(540)**	–
	218	281
Taxation	**52**	–
Minority interest	**(66)**	–
Headline earnings	**204**	281

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICY

The annual financial statements are prepared on the historical cost basis as adjusted for the revaluation of certain freehold land and buildings, and the fair value revaluation of non-current listed investments and are in accordance with South African Statements of Generally Accepted Accounting Practice and International Accounting Standards. The accounting policies are consistent with the prior year.

SEGMENTAL INFORMATION

Rm	Precious metals	Cobalt/ Copper	Nickel	Ferrous metals	Corporate and other	Total
Year to 30 June 2002						
External revenue	364	548	326	2 809	–	**4 047**
Contribution to earnings	21	(2 175)	122	270	896	**(866)**
Contribution to headline earnings	21	(221)	122	270	12	**204**
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**
Year to 30 June 2001						
External revenue	218	326	327	1 926	9	**2 806**
Contribution to earnings	39	(64)	130	153	23	**281**
Contribution to headline earnings	39	(64)	130	153	23	**281**
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**

The financial information set out in the reviewed results has been reviewed by the Company's auditors Ernst & Young. Their unqualified opinion is available for inspection at the Company's registered office.

GROUP STATEMENT OF CHANGES IN EQUITY

Rm	Share capital and premium	Foreign currency translation	Revaluation surplus	Other	Retained earnings	Total
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 translation	–	(48)	–	–	–	**(48)**
Share options exercised	6	–	–	–	–	**6**
Unrealised loss on currency derivative contracts	–	–	–	(26)	–	**(26)**
Other	–	–	–	2	–	**2**
Balance at 30 June 2002	68	(42)	141	11	2 401	**2 579**
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**

COMMENTARY

INTRODUCTION

We have pleasure in submitting our report to shareholders on an eventful year. Three significant events occurred during the period under review: firstly, the Company disposed of its entire shareholding in Iscor Limited to Deutsche Bank and Stimela Mining Limited for a total consideration of R911 million, representing a gain of R417 million; secondly, on 29 January 2002, the Company announced a decision to write-down its Chambishi Metals plc (Chambishi) investment by R1 619 million; and thirdly Anglo American plc (Anglo American) acquired, subject to regulatory approvals, 34,9 per cent of Avmin from Arctic Resources Limited, effective 12 March 2002, which resulted in the elimination of Avmin's historical control structure.

All the divisions performed well during the year, particularly Assmang Limited (Assmang), but this was offset by the losses incurred at Chambishi. For the year ended 30 June 2002, Avmin recorded headline earnings of R204 million (30 June 2001: R281 million).

The Avmin Group has a 42 per cent net debt/equity ratio. A variety of options are being considered to reduce this level of debt.

REVIEW OF OPERATIONS

Assmang's headline earnings increased by 92 per cent to R443 million from R231 million. A weakening South African rand exchange rate was the main contributing factor to this increase. The restructuring of the businesses into three distinct operating entities; manganese, iron ore and chrome continued. Good cost containment and improving efficiencies also contributed to the higher earnings.

The manganese division, consisting of the manganese mines as well as an alloy smelter, once again had a pleasing year with a contribution to overall operating profit of R582 million. Manganese ore sales, excluding sales to the company's manganese smelter, were higher at 993 000 tons (979 000 tons). Manganese alloy sales were slightly lower at 187 000 tons (193 000 tons). Iron ore sales rose as a result of a full year's production from the new jig plant to 4,8 million tons (4,3 million tons). Chrome alloy sales, fed by Assmang's chrome mine, Dwarsrivier, were 190 000 tons (125 000 tons).

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

Avgold Limited's (Avgold) headline earnings for the year ended 30 June 2002 were R36 million (R39 million). The operating profit was R17 million (R28 million) and unrealised foreign exchange gains increased income before taxation to R41 million (R39 million). 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 company received an average gold price over the year of R86 794/kg (R76 586/kg), or US$306/oz (US$315/oz), which includes the results of hedging activities. Avgold's hedge book at year-end represented 60 per cent of forecast gold production for the next 48 months and had a negative mark-to-market value of R873 million. The hedge book continues to be actively managed and is not subject to margin calls.

The Target project was completed within budget during the year at a cost of R2,1 billion. The mine contributed to the income statement from 1 May 2002; during the two months the mine milled 172 500 tonnes to sell 1 374 kg of gold at a cash operating cost of US$156 per ounce. On start-up, Target experienced minor mill problems, which have been resolved, and grade dilution issues that are being addressed.

During the year, ETC finalised a restructuring process, at a retrenchment cost of R4,7 million. Following various infrastructure changes, planned mining grades were achieved on a consistent basis. ETC's three mines – Sheba, New Consort and Fairview – milled a total of 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 in rand terms to R69 805/kg (R58 698/kg), but declined in dollar terms to US$215/oz (US$241/oz).

The current Paradise surface exploration drilling programme in the Northern Free State has been completed. The results to date have proven that the Eldorado fan extends northwards and has delineated the important geological structures. The ore resource model is currently being updated and this information will be published during October 2002.

Two Rivers Platinum (Proprietary) Limited is jointly owned by Avmin (55 per cent) and Impala Platinum Holdings Limited (45 per cent). During the past year a R60 million feasibility study to mine and process the UG2 ores was undertaken. It will be completed by October 2002; initial results confirm the pre-feasibility work done prior to the purchase of this asset.

Chambishi experienced a very challenging year with furnace availability of only 65 per cent. In November 2001, following a second refractory lining failure, the decision was made to contract a Canadian company to redesign the furnace cooling system and refractory lining. The redesigned furnace has been installed this quarter and recommissioned and full output levels are expected in December 2002.

During the year under review 3 700 tons of cobalt were produced from the toll refining roaster operation, which operated well, and from the smelter. The design smelter capacity exceeds 4 500 tons of cobalt per year. As a result of this poor output and a lower cobalt price 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 loss, post interest, of US$19 million (US$12 million – loss). Inclusive of the write-down, the overall loss was US$195 million.

Nkomati mine experienced lower US 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 yield enabled the mine to perform very much in line with the previous year. The mine milled 260 000 tons (280 000 tons) of ore, producing 46 000 tons (41 000 tons) of concentrate at an average nickel grade in concentrate of 9,33 per cent (10,47 per cent).

Nkomati sold a slightly lower 3 900 tons (4 000 tons) of nickel as well as 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). Excluding nickel, other metals 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. The mine's cash cost to produce nickel, net of by-products, was US$0,32/lb (minus – US$0,82/lb).

Operating profit declined to R209 million (R241 million) and after adding other income, mainly interest received, profit before tax was slightly lower at R221 million (R249 million).

A feasibility study to expand the mine, plant and infrastructure was completed in the last quarter. The study envisages the annual production of 16 000 tons of refined nickel, 9 000 tons of refined copper, 900 tons of cobalt oxides, and 100 000 ounces of PGMs for toll refining. The capital cost will exceed R2 billion. Environmental and mining permits are being processed.

SAFETY, HEALTH AND SUSTAINABLE DEVELOPMENT

Despite a generally improved safety performance, the board reports with regret that one fatal accident occurred within the Group during the year; Mr Aaron Ndhlovu died from a fall of ground at ETC. Mr Ndhlovu's death is viewed as a tragedy and the board extends its condolences to his family.

HIV/AIDS continues to be a concern. Prevalence testing was completed throughout the Group during the year and a comprehensive management plan was devised and is presently being implemented.

Over the last few years, Avmin has been involved in the Global Mining Initiative, which, through the Mining, Minerals and Sustainable Development grouping, is assessing the role that the mining, minerals and metals industries can play in contributing to a global transition towards a more sustainable future. The Avmin Sustainable Development Report, 2002, will soon be posted to all shareholders, together with the annual report. This report details the Group's activities in contributing to a sustainable future.

MINERALS AND PETROLEUM RESOURCES DEVELOPMENT BILL

The Avmin Group is continuing to work through the Chamber of Mines of South Africa and participating, along with all industry stakeholders, in constructive dialogue to arrive at practical legislative proposals for the new Minerals and Petroleum Resources Development Bill (the Bill) that was tabled in parliament in June 2002. All stakeholders are awaiting two additional pieces of legislation: the re-drafted Empowerment Charter and the Money Bill. Various Economic Empowerment initiatives are underway within the Avmin Group that will assist in dealing with issues arising from the Bill.

DIVIDENDS

No dividends were declared for the year ended 30 June 2002 in terms of bank covenants.

DIRECTORATE

During May 2002, the board announced the retirement of Mr Kennedy Maxwell 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. Mr David Murray, previously Avmin's chief operating officer, has succeeded Rick as the Company's chief executive officer. The board has appreciated Ken's expertise, guidance and commitment to the Company during his term of office as chairman.

Following the introduction of Anglo American as a major shareholder in Avmin, Messrs David Barber, Philip Baum and Barry Davison were appointed non-executive directors. We have welcomed their prudent guidance over the last few meetings and look forward to their continued involvement. Dr Vincent Maphai, a director 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.

OUTLOOK

The major challenges ahead for the Company are to deliver Chambishi's technical performance objectives and to ensure design output levels at the Target mine are achieved. Earnings growth for the current year will depend on meeting these challenges and also, to a large extent, on the rand/US dollar exchange rates remaining at current or weaker levels, recoveries in commodity markets and, in particular, a higher cobalt price than the current level of US$7,00/lb.

RICK MENELL *Chairman*
DAVID MURRAY *Chief executive officer*

Johannesburg
12 September 2002

Anglovaal Mining Limited, Registration No 1933/004580/06, incorporated in the Republic of South Africa, JSE Securities Exchange South Africa Share code: AIN ISIN: ZAE000017141 and London Stock Exchange 91CJ (Avmin or the Company)
Executive directors: R P Menell (chairman), D N Murray (chief executive officer). Non-executive directors: D D Barber, P M Baum, B E Davison (alt: W A Nairn), B Frank, D E Jowell, N Livnat, K W Maxwell, J R McAlpine, B M Menell, Dr M Z Nkosi, R Oron. Group company secretary: R H Phillips
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