



ANNUAL REPORT 2004

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GROUP PROFILE

Assore Limited is a mining holding company engaged principally in ventures involving base minerals and metals. The group's principal investment is a 45,66% interest in Assmang Limited (Assmang) which is also listed on the JSE and which it controls jointly with African Rainbow Minerals Limited (ARM) in terms of a long standing arrangement. The group, through its various joint venture entities and subsidiary companies, is involved in the mining of manganese, iron and chrome ores together with other industrial minerals and the manufacture of manganese and chrome alloys. Assore is also responsible for marketing all products produced, the bulk of which is exported and the remainder either used in the group's beneficiation processes or sold locally.

The company was incorporated in 1950 and its shares are listed on the JSE Securities Exchange South Africa (JSE) under "ASSORE" in the Other Mineral Extractors & Mines sector.



EXECUTIVE DIRECTORS



BACK: Phil Crous, Chris Cory

FRONT: Bob Carpenter, Desmond Sacco

DIRECTORS' PROFILES

Desmond Sacco

Chairman

BSc (Hons) (Geology) (Wits) (Unisa)

Des qualified as a geologist and joined the Assore group in 1968. He was appointed to the Assore Board in 1974 and, on retirement of his father in 1992, he was appointed Chairman and Managing Director of the Assore group. In that year, he was also appointed Deputy Chairman of Assmang Limited and in 1999, he became Chairman of Assmang. He is a fellow of the Institute of Directors (IOD) and of the Geological Society of South Africa (GSSA).

R J Carpenter

Deputy Chairman

BA, ACIS

Bob joined the Ore & Metal Company Limited in 1964 and was appointed Managing Director in 1991. Ore & Metal is a wholly owned subsidiary of the Assore group and acts as selling and shipping agent for products produced by the Assmang and Assore groups. He was appointed to the Assore Board in 1987, to the Assmang Board in 1989 and was made Deputy Chairman of Assore in 1993.

C J Cory

Chief Executive Officer

BA, CA(SA), MBA (Wits)

Chris completed articles with Alex. Aiken & Carter (now KPMG) and qualified as a Chartered Accountant in 1982. In 1989 he joined the Assore group as Group Accountant. In 1992 he was appointed to Group Financial Director and made Chief Executive Officer in June 2004 when the roles of Chairman and Managing Director were split. He was appointed to the Assmang Board as a non-executive director in 1993 and currently chairs the Assmang Audit Committee. He is a member of the South African Institute of Chartered Accountants (SAICA).

P C Crous

Group Technical Director

BSc (Eng), BComm, MBA

Phil trained as a mining engineer obtaining a BSc (Eng) at Pretoria University in 1975. Thereafter he joined Iscor, and in 1977 he took up a position with Assmang where he advanced to Mine Manager. In 1982 he joined Sasol as General Mine Manager and was subsequently promoted to Operations Manager at Secunda Collieries, responsible for four mechanised mines. In 1988 he joined manufacturing company Sandock-Austral as Managing Director. In 1991 he was invited to join Assore in his current position as Group Technical Director and was appointed to the Assmang Board in 1992. He is a member of the South African Institute of Mining and Metallurgy (SAIMM) and the Institute of Directors (IOD).

DIRECTORS' PROFILES (continued)

B M Hawksworth

Independent non-executive director

CA (SA), CFA

Brian qualified as a Chartered Accountant in Durban after attending the University of Natal. In 1964 he joined a predecessor firm of Ernst & Young in Pietermaritzburg and relocated to Johannesburg in 1973 where he held the positions of National Education, National Staff and National Development Partner in successive periods beginning in 1975. Since withdrawing as a partner of Ernst & Young, a position held for over 30 years, he holds non-executive directorships in various companies which operate mainly in the banking, mining and entertainment and leisure sectors.

He was appointed to the Assore Board as an independent non-executive director in 1996 and currently chairs the Assore Audit and Remuneration Committees.

He is a Life Member of the Institute of Commercial and Financial Accountants of Southern Africa. He is a member of the South African Institute of Chartered Accountants (SAICA) and was a past member of its Council and Executive Committee. He is also a fellow of the Institute of Directors (IOD) which he chaired in the early 1990s.

Dr J C van der Horst

Independent non-executive director

BA, LL D

Johannes studied at the universities of Stellenbosch and Hamburg (Germany) and Harvard Business School. He held various positions in Old Mutual from 1971 to 2002 where he was General Manager (Investments) from 1985 to 1997.

In September 1997, he was appointed to head up Old Mutual's demutualisation project which culminated in the listing of Old Mutual on the London Stock Exchange and the JSE Securities Exchange in July 1999.

Over the past 20 years, he has served on the boards of various companies listed on the JSE Securities Exchange. He served on the Assore Board between 1989 and 1997, and again since January 2003 when he was appointed as an independent non-executive director.

P N Boynton

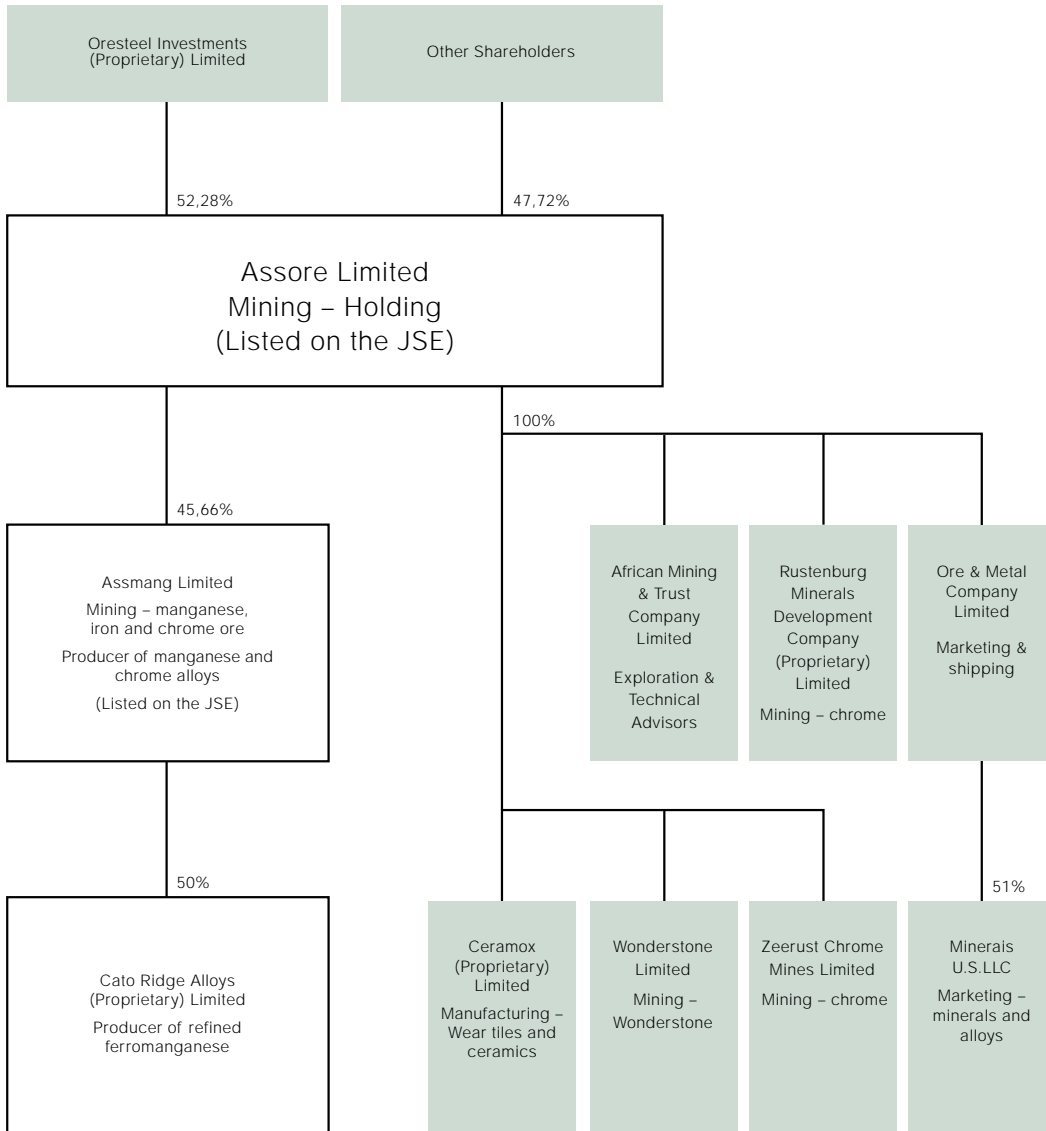
Non-executive director

BSc (Hons), BComm, CA(SA), ACMA, MBA

Paul joined Old Mutual's investment team in 1995, having previously worked as an Investment Banker in Johannesburg for seven years and before that for Deloitte for three years. He is currently joint head of Alternative Asset Management and an executive director of Old Mutual Asset Managers.

He joined the Assore Board as a non-executive director in July 2004.

GROUP STRUCTURE OF OPERATING COMPANIES



REVIEW BY THE CHAIRMAN

FOR THE YEAR ENDED 30 JUNE 2004

The year under review

The unpredictability of the South African rand/US dollar exchange rate has continued to exert a dominating influence upon the performance of Assore over the financial year under review.

As is the case with most South African resource companies, the Assore group, including its 45,7% held joint controlled associate Assmang, exports the bulk of its production and the proceeds are received in foreign currency (mainly US dollars), hence the influence of the exchange rate on the annual results.

These rates have fluctuated severely over recent years and Assore's performance has varied accordingly. In the financial year under review, the average dollar exchange rate realised on the group's products strengthened to a level of R6,77 compared to R8,97 realised in the previous year.

Fortunately the demand for many resources over these years has tended to be inverse to the relative strength of the dollar. In the 2002 year, during which the rand's value against the dollar approached a low of R13,8, demand and therefore US dollar prices of products was comparatively weak, tempering the high rand proceeds received.

Conversely, the demand for products, particularly iron and manganese ores, grew steadily through the year under review, in line with significant international demand, particularly from China. The US dollar prices rose significantly towards the year end and, coupled with strong marketing and strict cost controls, more than countered the effects of the strong rand.

Results

At the half year stage in December 2003, the influence of the stronger rand predominated and Assore reported a 71,1% decline in headline earnings to R23,8 million or 84,6 cents a share, largely influenced by an even larger drop of 97% in earnings at Assmang.

Although the rand remained firm in the second half, Assmang, riding on the back of strong demand and significantly higher US dollar prices for its products, particularly during the last quarter, and coming off a lower base, sharply reversed the situation.

In addition, Assore received R20,2 million (2003: R3,9 million) contribution to earnings from its US subsidiary, Minerais U.S.LLC, which benefited from its trading in a buoyant metals market and from the increased demand for Assmang's products.

The benefits flowed through to Assore, which achieved a 162,7% growth in headline earnings in the second half to end the year up by 20,9% at R163,4 million or 583,7 cents per share.

Turnover for the year grew by 27,1% to R2 228,1 million (2003: R1 753,0 million) while profit from operations rose by 39,3% to R312,7 million (2003: R224,5 million) and attributable earnings by 24,4% to R169,6 million (2003: R136,4 million).

Sales volumes

The steady growth which was achieved in both production and sales volumes for all products during the year is indicated in the table below:

	2004	2003	%
	Metric tons	Metric tons	Increase
	'000	'000	
Iron ore	5 460	5 263	3,7
Manganese ore	1 438	1 171	22,8
Manganese alloys	218	197	10,7
Charge chrome	295	244	20,9
Chrome ore	377	283	33,2

The increase in US dollar prices varied both in extent and timing across the year and exerted a variable impact upon the results of the individual divisions. While manganese alloy prices increased to unprecedented levels in the second half, the increase in dollar prices for manganese and iron ores was only effective in the last quarter and their contribution to earnings for the year was lower, despite higher tonnages.

Volumes and prices

World crude steel production rose by 7,8% to 502,3 million tons in the first half of calendar 2004, largely driven by China's continuing production expansion which rose by a further 21% from the first half of calendar 2003. This ensured continued high sales of iron ore which reached a record 5,5 million tons for the year from the previous year's 5,3 million tons.

However, the scope to achieve further benefit from the strong demand is limited by the railage and shipping capacity available through the port of Saldanha Bay. I have referred to this problem on previous occasions as have other interested parties and it remains a serious impediment to the further expansion of sales.

Exports of manganese ore were similarly constrained by limitations in rail and port facilities in Port Elizabeth, rising modestly to 1,44 million tons. Co-operation in resolving the problem is enjoying high priority from Department of Transport management and the mining companies.

REVIEW BY THE CHAIRMAN (continued)

Where the buoyant markets were able to exert favourable influence on Assmang was at the selling price level of iron ore with US dollar prices for both lumpy and fines increasing by an average of 19% between April 2004 and March 2005. Over the same period, manganese ore prices in Japan rose by 16% in US dollars.

Global stainless steel production has continued to show positive growth over the year and total production for calendar 2004 is likely to reach almost 24 million tons (2003: 22,5 million tons).

Sales volumes of charge chrome have increased by over 20% to a record 295 000 tons (2003: 244 000 tons) during the year.

Capital expenditure

The group is committed to a long-term capital expenditure programme, which has seen Assmang invest R2,1 billion over the past six years. The programme is focused on re-capitalising and enlarging the businesses of all the group's commodity divisions. An amount of R492,7 million (2003: R338,1 million) was spent at Assmang during the period under review, of which R182,3 million was incurred on the new shaft complex at the Nchwaning manganese mine. Production was commenced during May 2004 and is currently being raised in accordance with planned capacity. The total capital cost of this project is estimated at R748,1 million, excluding capitalised interest.

A total of R441,5 million (2003: R342,3 million) is committed in further capital expenditure as at 30 June 2004. This is targeted at current and additional enhancement projects. Among these are the completion of the Nchwaning shaft complex, the construction of an underground mine at Dwarsrivier chrome mine to replace the existing opencast mine and the development of exploitable reserves at the iron ore division.

The expenditure will be financed from the group's cash resources and through available borrowing facilities.

Borrowings

Interest bearing borrowings, which mainly concern Assmang, increased marginally from R308,6 million to R379,2 million and are well within the group's target levels.

Black Economic Empowerment (BEE)

In May of this year the Mineral and Petroleum Resources Development Act (MPRDA) came into force which requires *inter alia* that 'old order' mineral rights be converted to 'new order rights' and places all mineral rights under the curatorship of the State. A scorecard approach has been adopted towards conversion and the criteria include an empowerment objective which provides for:

- The substantial and meaningful expansion of opportunities for historically disadvantaged South Africans (HDSAs) to enter the minerals industry;
- The promotion of employment and the advancement of social and economic welfare for HDSAs in the mining community;

Anticipating the impact of the new legislation, the group was able to announce agreement on its first BEE venture, involving its chromite mine at Rustenburg, shortly after the change in legislation came into effect.

The agreement followed more than two years of negotiation with Mampa Investment Holdings Limited (MAMPA), which is the chromite mining arm of the Mankwe Development Foundation and is owned entirely by HDSAs.

The group assisted MAMPA in the acquisition of the chromite rights on the Farm Zandspruit, which adjoins the existing Rustenburg chrome mining operation (Rustenburg Minerals). In terms of the agreement, MAMPA will exchange these rights for a 44% interest in Rustenburg Minerals which transaction will be effected as soon as certain legal formalities have been completed.

The group has also secured a parcel of shares representing 9% of Assore's share capital, which is being warehoused at present as negotiations proceed for disposal to a BEE grouping. These discussions are at an advanced stage and on successful conclusion should contribute significantly to Assore achieving the 15% BEE ownership target required in terms of the Act.

Outlook

International demand for the group's products remains buoyant but in view of the constraints referred to above volumes are expected to approximate those of the year under review. US dollar prices for the group's products are expected to be higher than those achieved in the past financial year. As in the past, earnings growth will largely depend upon the rand/US dollar exchange rate and upon cost savings generated at the operating levels.

Constraints on railage and shipping capacity through the ports of Saldanha Bay and Port Elizabeth have left South African producers, including Assmang, unable to achieve optimal benefits from the increased demand for manganese and iron ore. As a result, sales volumes of manganese ore were only slightly higher than last year's levels..

Northern Cape iron ore assets

I mentioned last year that heads of agreement had been entered into with Kumba Resources Limited to exchange technical information regarding possible expansion of our respective iron ore assets in the Northern Cape. These discussions have proved unfruitful and alternative expansion scenarios are being investigated and discussed with Transnet.

Dividends

An interim dividend of 20 cents (2003: 25 cents) was declared and paid during the year and as referred to in this report, a final dividend of 45 cents (2003: 25 cents) per share was declared to shareholders on 27 September 2004 reflecting the stronger results achieved in the second half of the year. The final dividend is not included in the results for the year in accordance with the group's accounting policies for dividends.

REVIEW BY THE CHAIRMAN (continued)

Appreciation

As is evident from my comments on the group's performance, this has been another year in which many factors beyond the control of management and staff have played a significant part. Once again, it is to the credit of all our people that those factors which can be influenced have been managed and serviced to such an extent as to overcome the problems presented by those that cannot. On my own behalf and that of the Board, I thank the management and staff of the entire group for their contributions. I would also like to express our gratitude to all customers, suppliers, consultants and others who have played a part in our performance.

Management

The position of Chief Executive Officer was created during the year and I congratulate Mr Chris Cory, our Group Financial Director since 1992, who was appointed to that position with effect from 1 June of this year.

Desmond Sacco

Chairman

REVIEW OF OPERATIONS

REVIEW OF OPERATIONS

The activities of the group were conducted through its jointly controlled entities and subsidiary companies as illustrated in the group structure chart set out on page 5.

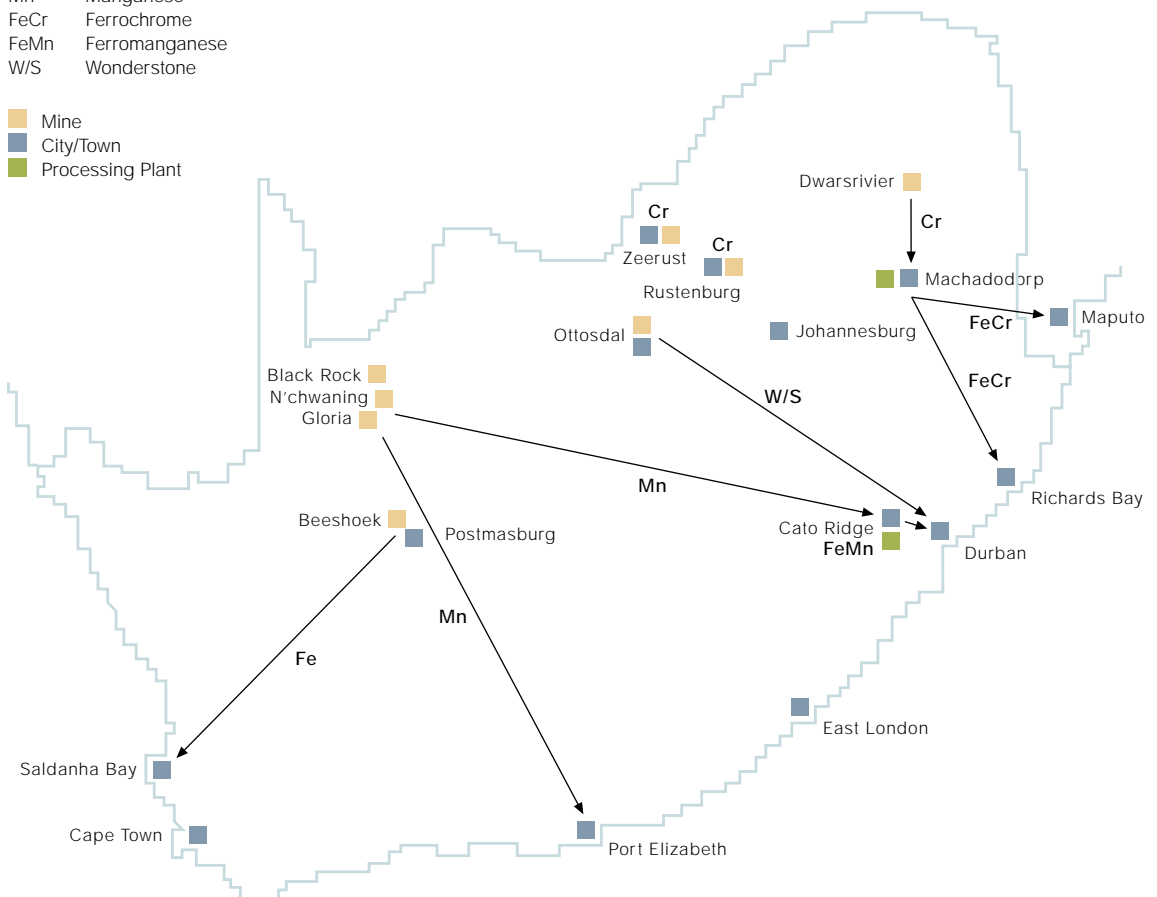
The net profit after taxation and States' share of profits to the various classes of business of the group was as follows:

	2004	2003
	R 000	R 000
Mining and beneficiation	99 693	93 079
Marketing and shipping	97 064	38 537
Consolidation adjustments	(6 565)	(2 066)
Other	19 018	11 895
	209 210	141 445

LOCATION OF OPERATIONS

- Products Produced
 Cr Chrome
 Fe Iron ore
 Mn Manganese
 FeCr Ferrochrome
 FeMn Ferromanganese
 W/S Wonderstone

- Mine
- City/Town
- Processing Plant



MINING AND BENEFICIATION

Manganese ore and alloys. Manganese ore is mined by Assmang in the Black Rock area of the Northern Cape province and manganese alloys are produced at its Cato Ridge Works in KwaZulu-Natal province. Cato Ridge Alloys, a joint venture between Assmang, Mizushima Ferroalloys Company Limited and Sumitomo Corporation Limited produces refined ferromanganese at the Cato Ridge Works. Feed for the Cato Ridge Works is derived from Assmang's manganese mines and the bulk of both ore and alloy production is exported.

World steel production increased by 7,8% to approximately 502,3 million tons in the first half of calendar 2004 largely driven by China's continuing production expansion and resulted in sales tonnages of both manganese ore and alloy increasing as follows:

	2004	2003
	'000 metric tons	
Manganese ore (excluding deliveries to Cato Ridge Works)	1 438	1 171
Manganese alloys	218	197

The increase in sales of manganese alloys was facilitated by higher levels of production and by reduced stock levels at the Cato Ridge works. Sales of high carbon ferromanganese rose to 143 000 tons (2003: 127 000 tons) while sales of refined ferromanganese reached 47 000 tons from the previous year's 45 000 tons. Silico manganese sales also improved to 28 000 tons (2003: 25 000 tons) following increased production volumes. Recently, manganese alloy prices have reached unprecedentedly high levels. This has been due to a combination of strong demand, the closure of a substantial high carbon ferromanganese facility in France and production cutbacks in China, mainly due to a shortage of electric power.

Despite the higher tonnages achieved and consistent dollar prices across the year, the contribution of this division to the earnings of Assore for the year was significantly lower at R107,6 million (2003: R130,5 million) due to the strengthening US dollar/SA Rand rate particularly towards the end of the financial year.

Capital expenditure in this division was incurred mainly on the new shaft complex at the Nchwaning manganese mine which is scheduled for completion in December this year at a total estimated cost of R748 million. Production commenced in May and is currently being ramped up in accordance with design capacity.

Chrome ore and alloys. The bulk of chrome ore mined world wide is converted to chrome alloy and used in the production of stainless steel. Global stainless steel production has continued to show positive growth over the year and total production for calendar 2004 is likely to reach almost 24 million tons (2003: 22,5 million tons). Chrome ore is mined at Assmang's Dwarsrivier mine near Lydenburg in Mpumalanga Province. Ore mined is used mainly to supply the group's Machadodorp Ferrochrome Works and a small tonnage is exported. Increased demand and corrective action taken during the year on the 54 MVA furnace have resulted in sales tonnages increasing by almost 30% to 295 000 tons (2003: 244 000 tons).

REVIEW OF OPERATIONS (continued)

MINING AND BENEFICIATION (continued)

Chrome ore and alloys (continued)

US dollar prices for charge chrome increased by some 75% on the previous year due to the strengthening of the South African exchange rate, higher production and transport costs and low charge chrome stocks worldwide. Although the price increases occurred across the four quarters of the financial year they were off a low base and were insufficient to prevent the division contributing a loss to Assore's earnings for the year of R11,3 million (2003: R62,0 million loss).

The group also mines chrome ore near Rustenburg (Rustenburg Minerals Development Company (Proprietary) Limited) (RMDC) in opencast operations and production is supplied to the local market. Approximately 377 079 tons (2003: 282 743 tons) of run of mine, lumpy and concentrate were produced during the year which resulted in a profit of R5,2 million (2003: R4,6 million). As the mine is operated with the use of contractors, capex was negligible.

On 30 April Assore announced that a black empowerment venture had been concluded with MAMPA Investment Holdings Limited (MAMPA) in terms of which MAMPA would become a 44% shareholder in RMDC in return for which it would cede to RMDC the chromite rights over the Farm Zandspruit which had recently been acquired from a third party. The Zandspruit rights are adjacent to the existing opencast and underground chromite mines owned by RMDC and will be mined using the RMDC infrastructure. The venture therefore brings new life to RMDC and results in broad based socio-economic empowerment to the Mankwe area in which the deposits are located. MAMPA is the chromite mining arm of the Mankwe Development Foundation which is owned entirely by historically disadvantaged groups. MAMPA is represented by Kgosi M J Pilane, Kgosi S P Shongoane and Mr Gabriel Mokgoko who have joined the Board of RMDC.



RMDC DIRECTORS

LEFT TO RIGHT: Frans Kalp, Phera Shongoane, Nyalala Pilane, Gabriel Mokgoko

Wonderstone. Since 1937, the group has mined a type of pyrophyllite which, for trade purposes, is referred to as Wonderstone. The deposit, which is located outside Ottosdal, approximately 300 kilometres west of Johannesburg, is of volcanic origin and displays unique corrosion, heat and abrasive resistant properties. The bulk of the material mined is exported to the United States of America, the United Kingdom and the Far East where it is utilised in various hi-tech industrial applications including the manufacture of synthetic diamonds and the welding and electronics industries.

MINING AND BENEFICIATION (continued)**Wonderstone (continued)**

During the year, sales of 601,0 tons (2003: 363,6 tons) of unbeneficiated material were concluded at prices slightly higher than in the previous year. In response to market demand, the company also supplies certain customers with a range of finished or partly finished components for use directly in their various manufacturing processes. Wonderstone is also produced in powder form to customer specified fraction and blend. In this way, the quantity of waste material exported is reduced considerably and customers benefit from the higher degree of technical support which the company is able to offer with regard to the material's performance characteristics.

**WONDERSTONE DIRECTORS**

LEFT TO RIGHT: Richard Burnand, John Connelly

Turnover increased to R26,0 million (2003: R18,3 million), mainly due to increased demand for blocks and powder products. The bulk of component products are utilised in the production of synthetic diamonds which are used mainly in the oil drilling industry and as a result demand is influenced strongly by movements in the crude oil price. As a result of the higher sales volumes, this business reflected an operating profit of R7,0 million (2003: R2,3 loss) for the year under review.

Both the mine and its manufacturing operations have been awarded ISO 9001:2000 accreditation with the mine also receiving ISO 14001 accreditation. Capital expenditure for the year amounted to R5,6 million, (2003: R2,6 million), most of which was spent on the expansion of manufacturing operations.

Wonderstone has also established a synthetic diamond production facility which operates from premises in Linbro Park on the outskirts of Johannesburg. A small number of sales were concluded both locally and for export during the year, but the main focus remains on process improvement work and market development.

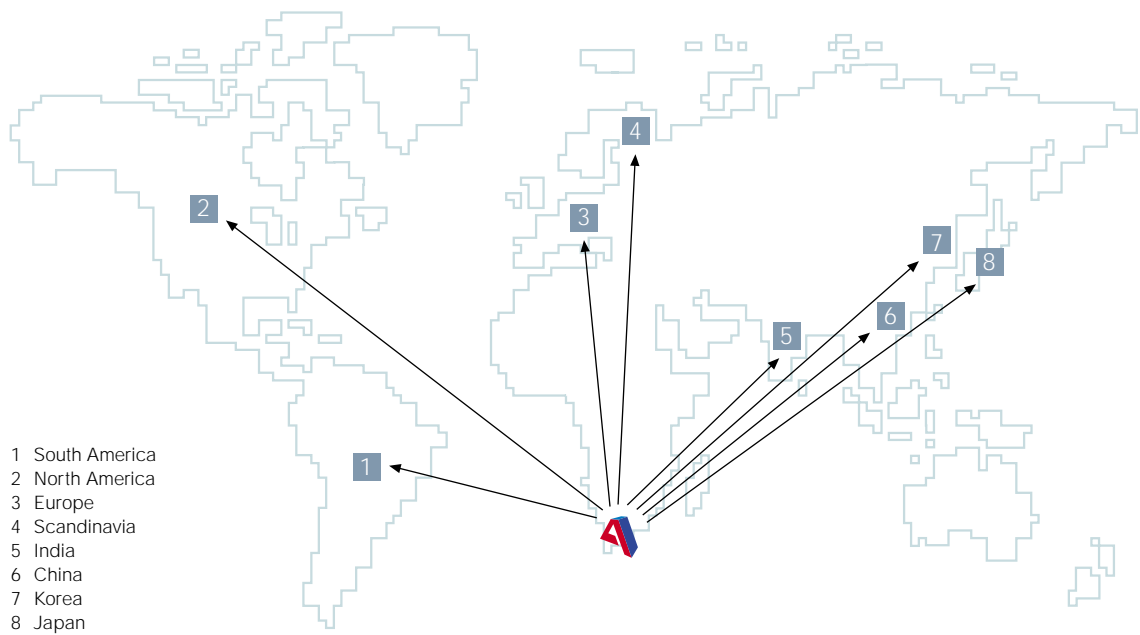
REVIEW OF OPERATIONS (continued)

MINING AND BENEFICIATION (continued)

Wonderstone (continued)

Process development work has resulted in a significant improvement in the quality of finished product which is gaining market acceptability. As sales are still not covering fixed costs a loss for the year was incurred of R12,2 million (2003: R8,5 million loss). Management believe that the quality of production which could be achieved on a sustainable basis would be competitive in the higher end of the market and it is planned to increase sales significantly during the forthcoming year.

EXPORT DESTINATIONS OF GROUP PRODUCTS



MARKETING AND SHIPPING

Wholly owned subsidiary Ore & Metal Company Limited is responsible for the marketing and shipping of all the group's products, including those produced by the three divisions of Assmang. Strong relationships have been established with customers in Europe, North America, South America, India and the Far East and products with a market value of approximately R3,3 billion (2003: R2,9 billion) were marketed and distributed in these regions during the year. The company is an established supplier to the steel and allied industries worldwide and has operated effectively in these markets for over 65 years. Commission income and contribution to group net income after taxation increased marginally in line with the increased sales of the group's commodities compared to the previous year.



ORE & METAL DIRECTORS

LEFT TO RIGHT: Alistair McAdam, Jaco Venter, Alastair Stalker, John Lewis

Minerais U.S.LLC. The group holds a 51% share in Minerais (U.S.) LLC (Minerais) which is a limited liability company registered in the state of New Jersey in the United States of America (USA). Minerais is responsible for marketing and sales administration of the group's products in the USA, in particular manganese and chrome alloys, and trades in various commodities related to the steel making industry. The company made a contribution to group earnings for the year of R20,2 million (2003: R3,9 million), benefiting from increased turnovers and expansion in existing product markets.

TECHNICAL ADMINISTRATION

African Mining and Trust Company Limited is technical adviser to Assmang and other group companies for which it receives fee income. As fee income is based on the levels of activity of group companies, both turnover and net income after taxation increased on the previous year.

REVIEW OF OPERATIONS (continued)

Investments

The group maintains a portfolio of listed shares which are selected and held in accordance with long-term investment criteria. During the year R2,4 million (2003: R32,2 million) was invested in the portfolio and disposals which realised R1,8 million (2003: R6,4 million), comprising mainly odd-lots and smaller holdings mainly acquired as a result of merger and take-over activity were made. The portfolio is valued in the financial statements at market value and the difference between cost and market value is transferred to a non-distributable reserve net of any capital gains tax which would arise on eventual disposal. At year end the market value of the portfolio was R165,6 million (2003: R147,0 million) based on a cost of R116,4 million (2003: R116,5 million). Dividends received for the year were R5,0 million (2003: R5,5 million) and a small loss was incurred (2003: R3,0 million profit) on the disposals referred to above.

Net profit on investments also includes interest received of R13,2 million (2003: R13,3 million) generated on cash in excess of current requirements which is invested on a short-term basis in the money market.



AFRICAN MINING AND TRUST DIRECTORS

LEFT TO RIGHT: Frans Olivier, Tiaan van Aswegan, Andries Mouton, Sally Venegas

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

The Assore Board believes that strong corporate governance not only enhances sustainable control of an organisation but is essential to preserving organisational reputation, investor confidence, access to capital, when required, and sustainable employee motivation. Consequently the Assore group subscribes, in all its activities, to a policy of best practice in business management and corporate governance for South African companies, which it implements in accordance with the following three dimensional framework:

- Installing a risk and control environment within the business where management is responsible for identifying, quantifying and managing risks to achieve the organisation's objectives;
- Creating an assurance process which provides executive management, through the Audit Committee, with assurance over the adequacy of internal control within the organisation, i.e. that the risk and control environment in place, is working as intended, and is appropriate for the business; and
- Establishing a challenge process to identify the effectiveness of both the risk management environment and the assurance processes. This is generally the role of the internal audit function and other independent assurance specialists used on a consultancy basis.

The company's shares are listed on the JSE which requires that all listed companies comply with the Code of Corporate Practices as set out in the King Report on Corporate Governance. "The King Report on Corporate Governance" was originally issued in November 1994 and updated in March 2002 as the "King II Report." The objective of the King Reports is to formulate recommendations for the maintenance and improvement of standards of corporate governance in South African companies in accordance with international best practice.

The group's practices are already in line with most of the requirements of these reports and ongoing consideration will be given to those peripheral practices recommended in the King II Report which have not yet been implemented by the group. Where it is not possible or it is impractical for the group to comply with the recommendations, the instances are referred to in this report and mention is made of the alternative procedures which the Board has agreed to implement.

BOARD OF DIRECTORS

The directors are committed to the principles of corporate discipline, transparency, independence, accountability, responsibility, fairness and social responsibility.

Composition

The holding company has a unitary board structure comprising seven directors, four of which are executive and three non-executive.

Of the three non-executive directors Mr. P N Boynton represents the Old Mutual Life Assurance Company (South Africa) Limited (Old Mutual), which has a significant interest in the group. The other two non-executive directors are regarded as independent and hold directorships in other listed and unlisted companies resident in South Africa.

The non-executive directors do not receive any benefits from the company other than their fee for services as directors, which, in the case of the director representing Old Mutual, is paid over to his employer.

The four executive directors are Messrs Desmond Sacco (Chairman), R J Carpenter (Deputy Chairman), C J Cory (Chief Executive Officer) and P C Crous (Group Technical Director) and each of these executives is also on the board of listed associate, Assmang.

Remuneration and election

Full details regarding emoluments paid to directors and directors' interests in shares of the company are disclosed on pages 34 and 35 of this report and none of the executive directors have signed contracts of service with the company requiring either notice for a specified period or additional compensation on termination.

All directors are subject to retirement by rotation and re-election by shareholders at least once every three years in accordance with the company's Articles of Association. In addition all directors are subject to re-election by shareholders at the first annual general meeting following their initial appointment. A brief *curriculum vitae* of each director is set out on pages 3 and 4.

Meetings

The Board retains full and effective control over the group, meeting at least four times per annum on predetermined dates with additional meetings convened when considered necessary. The Board met on four occasions in the year under review and attendance at these meetings was as follows:

	Possible	Attended
Desmond Sacco	4	4
R J Carpenter	4	4
C J Cory	4	4
P C Crous	4	4
B M Hawksworth	4	4
R A Chute	4	3 (Resigned 30 June 2004)
Dr J C van der Horst	4	4

Audit Committee

B M Hawksworth (Chair)
 P N Boynton (Appointed 1 July 2004)
 R A Chute (Resigned 30 June 2004)
 C J Cory
 Dr J C van der Horst

The Audit Committee is a sub-committee of the Board and is established in terms of a Charter setting out its duties and responsibilities. The Charter is reviewed on an annual basis for effectiveness and appropriateness and amended where necessary.

The majority of the members of the Audit Committee, including the Chairman (who will make himself available to take questions at the AGM), are non-executive directors and the Committee meets at least three times per annum. The prime objectives of the Audit Committee are to monitor the efficiency and effectiveness of the group's internal control environment, to review and approve the issue of financial reports and consider the appropriateness of the group's accounting policies. The Committee also provides a forum in which the external and internal audit functions can be managed and issues which arise from audit activities can be addressed. All audit work is undertaken based on programmes which result from an overall risk evaluation process (refer Risk Management and Internal Audit and Control below).

Representatives of the internal and external auditors are invited to attend all meetings of the Committee and, if necessary, have direct access to the Chairman of the Committee at all times during the year. The engagement partner of the external auditors is invited annually to address the full Board on the audit relationship and issues of concern arising from the annual audit.

CORPORATE GOVERNANCE REPORT (continued)

Remuneration Committee

B M Hawksworth (Chair)

Desmond Sacco

Dr J C van der Horst

The majority of the members are non-executive directors, including the Chairman, and the Committee meets at least once a year for the annual salary review which the Chief Executive Officer attends by invitation. Recommendations on the broad framework and cost of executive remuneration are made annually to the Board for approval and in order to do so the Committee is required to determine:

- The group's general policy on executive remuneration;
- Specific remuneration packages for executive directors;
- Criteria suitable to account for the performances of executive directors if required.

The remuneration of non-executive directors is determined by the executive and requires approval at a shareholders' meeting. Remuneration of other employees in the group is determined annually by the executive directors in conjunction with the human resources department.

Insider trading and closed periods

The group 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 of the group. The closed period extends from the 15th of the month following the end of a financial reporting period and expires on the day on which the results are published. Where appropriate, dealing is also restricted during sensitive periods where major transactions are being negotiated and a public announcement is imminent.

RISK MANAGEMENT

Risk is an everpresent feature of business in general, but in the mining industry it exists particularly as a result of the remote locations of operations, the physical danger inherent in the day to day activities of mining and smelting operations and the volume and complexity of legislation with which the industry has to comply. The most prominent financial risks to which the group is exposed, namely fluctuations in exchange rates and world commodity prices, are to a large extent outside of the Board's control.

Group risk management is achieved through the identification and control of all significant business risks including operational risks, which could adversely affect the achievements of the group's business objectives.

Risk is managed at group level through the appointment of various risk management committees, which comprise representatives from senior management. The committees report to the Board of Directors through the Audit Committee. An independent formalised process of identifying, recording and reviewing the management of major risk exposures has been implemented, assisted by specialised external consultants. Independent risk engineering consultants continue to grade each operation against international risk standards for fire, security, engineering, commercial crime, contingency planning, mining as well as environmental risk to monitor whether its practices meet the set criteria and are being maintained. The risk management committees are also responsible for ensuring that appropriate financial and insurance mechanisms comprehensively protect the group against catastrophic risk.

In addition, the group risk management process includes ongoing review of compliance with legislation in the areas of environmental rehabilitation, health and safety, and human resource management. This review is undertaken in conjunction with independent, specialist consultants and subjected to regular compliance audits. Reports, emanating from these independent reviews, are tabled at the Audit Committee where progress is monitored and issues raised at Board level where considered appropriate.

HEALTH, SAFETY AND ENVIRONMENT

Health

The HIV/AIDS pandemic is without doubt the most important health concern for all businesses in South Africa. It not only affects the productivity of all operations through illness, absenteeism and untimely death, but also has an effect on the working environment of employees and on the social conditions of both their families and communities.

Each of the larger operations in the group has devised a comprehensive strategy to control the impact of the disease on its operations and on its global competitiveness, and to provide humanitarian support to its employees and their families.

Current policies include, *inter alia*, the education of the work force in terms of HIV/AIDS by way of an extensive education programme. This programme has also been taken to the schools and other institutions within the rural areas of the operating divisions. Regular surveys are conducted to measure changing attitudes towards HIV/AIDS and voluntary education also takes place.

In addition, the group continues to work closely with organisations collaborating with the Centre for International Health at Boston University. Risk and prevalence surveys at various group operations have been conducted and have provided the group with a statistically viable measurement of the HIV/AIDS prevalence stratified into age, job skill, division and area categories. They have also provided a baseline for assessing any future growth of the epidemic and the effectiveness of future HIV/AIDS prevention efforts using strategic plans for each operation, which include two basic thrusts:

- The prevention of future infection;
- Support systems for affected employees, which are structured around counselling services and health care services.

Safety

Employees undergo stringent safety training on procedures, use of equipment and operation of machinery and furnaces. Attention is focused on supervision and direction in reducing workplace accidents, fatalities and occupational health and hygiene-related incidents. Activities in this regard include the application of regular measurement against legislated or regulatory requirements, reviews of accidents and compliance with current industry and international best practices.

Environment

The Assore group views its responsibility in terms of protecting the environment in a serious light and environmental management is regarded as a key performance area for all operations. Environmental management systems are based on internationally accepted standards and are implemented in conjunction with recognised consultants based on the following commitments:

- Ongoing assessment of environmental conditions surrounding mining activities with the view to reducing to a minimum pollution, waste and other environmental impacts;
- Recognition of rehabilitation as an essential part of the mining process;
- Developing awareness of environmental issues amongst staff through ongoing training programmes;
- Ascertaining the environmental needs of, and developing positive relationships with, stakeholders including shareholders, employees, neighbours and regulatory authorities.

It is a requirement that all mining companies in the group undertake environmental impact assessments and restoration work with regard to areas that have been disturbed by mining and prospecting activities. All companies in the group, which are currently involved with prospecting and mining activities, have submitted environmental management programmes to the relevant Regional Director of the Department of Minerals and Energy for approval and all the costs associated with the programmes are regarded as an integral part of the prospecting and mining operations concerned. These costs are either charged to the cost of mining when incurred or, where it is not possible to complete restoration work as an integral part of the mining operation, annual contributions are made to the Environmental Funds which have

CORPORATE GOVERNANCE REPORT (continued)

been established for this purpose. Annual contributions to these funds are calculated, based on the remaining life of the mining operations and the final estimated cost concerned, which includes decommissioning costs and the cost of restoration as required by the Department of Minerals and Energy. Notwithstanding the transfers made to the Trust, the full liability for rehabilitation is raised as a long-term provision and the investments of the Trust are recognised as an asset in the group's balance sheet.

INTERNAL AUDIT AND INTERNAL CONTROL

The Board, through its appointed Audit Committee, is accountable for the implementation of appropriate internal controls, which are reviewed regularly for effectiveness. These controls are designed to manage, rather than eliminate, the risk of failure, and provide reasonable, but not absolute, assurance that there is an adequate system of internal control in place.

Internal auditors monitor the operation of the internal control systems and report findings and recommendations to the Audit Committee and management. Corrective action is taken to address control deficiencies as and when they are identified. Nothing has come to the attention of the Board to indicate that any material breakdown in the effective functioning of these controls, procedures and systems has occurred during the year under review.

An internal audit function has been established making use, on an outsourced basis, of the specialised services offered by the group's external auditors. The independence of the internal audit function is reviewed on an ongoing basis *vis-à-vis* its relationship with the external auditors.

A risk review has been undertaken of the group's activities and areas are selected based on a relative risk basis, which are summarised each year in a programme of internal risk reviews. Reports on findings are submitted to the Audit Committee on an ongoing basis for its consideration and implementation of the recommendations made to improve internal control.

Representatives of the internal audit team are invited to attend Audit Committee meetings and, where areas of new risk are identified, separate independent investigations take place on an *ad hoc* basis in addition to the programmed reviews referred to above.

EMPLOYEE PARTICIPATION AND SOCIAL INVESTMENT

For many years, collective bargaining arrangements have been negotiated with workforce representatives but, where a workforce has elected not to be represented by a recognised union, it is encouraged to elect a Works Committee to achieve the same objectives. The forums so created are utilised in wage negotiations and to communicate information regarding operating performance and facilitate workforce participation in health, safety and educational issues.

The group is committed to promoting respect for the dignity of the individual, the maintenance of fair employment and the development, through education, of competent and committed employees. The group, in conjunction with the Assore Chairman's Fund, provides financial assistance for study purposes to all members of staff, including their dependants, based on defined performance criteria. A substantial proportion of the donations made annually by the Fund is made to a wide range of educational institutions ranging from selfhelp programmes and adult literacy training to financial assistance for study at tertiary level. The Fund also supports and provides sponsorship for a variety of sporting events, in particular, providing financial assistance and incentives for the participation of young sportsmen and women from disadvantaged backgrounds who display significant sporting talent.

EMPLOYMENT EQUITY

The Employment Equity Act imposes obligations *inter alia* on all companies to meet certain employment quotas with regard to certain employee groups which are designated by the Act.

The Board is of the view that the advancement of new and existing employees by means of employment equity can only succeed if this forms part of carefully managed succession and workforce plans which do not compromise the high standards of efficiency which the group seeks to attain.

Employment equity plans and reports for each operation have been, or are being, presented to the Department of Labour in accordance with legal requirements. These reports were developed in consultation with the recognised unions and other employees at each of the operations. An employment equity committee, representing management and employees, exists at each of the operations and progress in implementing the equity plans and revising targets is monitored on a regular basis. The following equity principles have been employed in formulating the policies referred to above:

- To ensure no unfair discrimination in employment;
- To treat all persons equally, fairly, with dignity and respect;
- To achieve a diverse, efficient workforce which aims to be equitably representative of the population in its operational areas;
- To create opportunities for, and remove barriers to, human resource development;
- To involve employees and their representatives in employment equity matters;
- To comply with legislative requirements;
- To be an effective corporate partner of communities, government and other social stakeholders.

The development of skills is a critical issue, which is being implemented rapidly and yet thoroughly at each operation in order to address the widening gap between the supply of, and demand for, skilled labour.

CODE OF ETHICS, RESPONSIBILITIES TO STAKEHOLDERS AND SUSTAINABLE DEVELOPMENT

The group has not developed a comprehensive Code of Ethics but the following principles have been adopted to guide various aspects of corporate behaviour to ensure the group remains committed to the highest standards of integrity in dealing with its stakeholders and developing its business activities in a sustainable way:

Investors

Dealing properly with all stakeholders in order to serve the best interests of shareholders on a sustainable basis.

Commitment to full compliance with relevant laws and rules, good corporate governance, transparency and fair dealing.

Employees

Employing only the most appropriately skilled individuals and to invest in their development in a non-discriminatory environment.

Communities

Promoting strong relationships with, and raising the capacity of, the communities in which the group's activities are located.

Customers and business partners

Seeking mutually beneficial long-term relationships with customers, business partners, contractors and suppliers based on fair and ethical practices.

Governmental bodies

Respect for laws of the countries in which the group operates, while seeking to observe within its operations the universal standards promulgated by leading inter-governmental organisations.

Non-governmental organisations

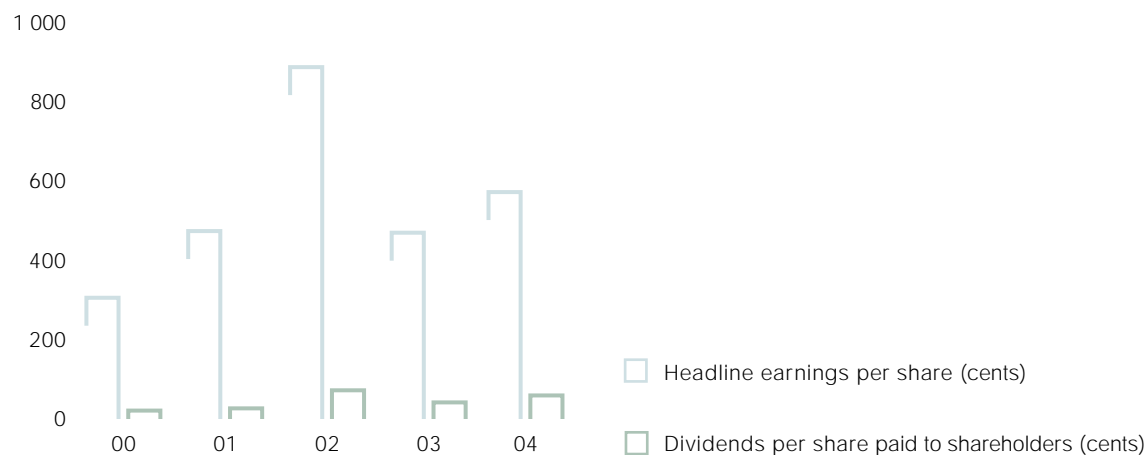
Maintenance of constructive relations with relevant non-governmental organisations.

FIVE YEAR SUMMARY

of the consolidated financial statements

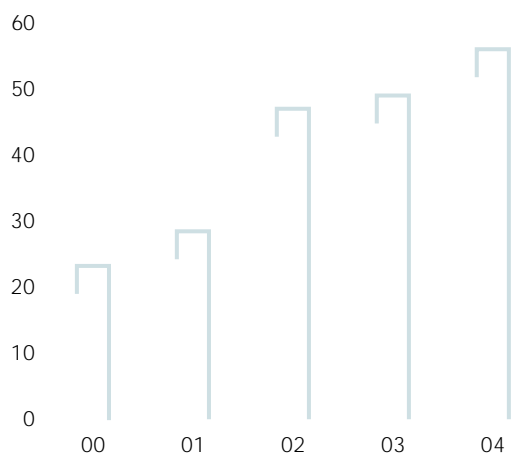
	2000	2001	2002	2003	2004
	R 000	R 000	R 000	R 000	R 000
Income Statements					
Turnover	963 614	1 146 082	1 514 406	1 753 027	2 228 091
Net profit before exceptional item	143 315	203 860	385 951	217 859	308 793
Exceptional item	–	–	248 278	–	–
Taxation and State's share of profits	52 248	67 265	131 894	76 414	99 583
Net profit after taxation and State's share of profits	91 067	136 595	502 335	141 445	209 210
(Profit)/loss attributable to minority interests	(1 476)	2 447	(381)	(5 073)	(39 603)
Net profit for the year	89 591	139 042	501 954	136 372	169 607
Dividends declared	11 200	8 960	16 800	18 200	12 600
Retained profit for the year	78 391	130 082	485 154	118 172	157 007
Number of ordinary shares in issue ('000)	28 000	28 000	28 000	28 000	28 000
Earnings per share (cents)	320	497	1 793	487	606
Headline earnings per share (cents)	317	484	903	483	584
Dividends per share paid to shareholders (cents)					
– Interim	10	12	40	25	20
– Final	20	20	40	25	45
	30	32	80	50	65
Average exchange rates for the year					
SA Rand to US\$	6,34	7,59	10,12	9,00	6,84
SA Rand to Euro	6,33	6,78	9,06	9,37	8,16

Headline earnings and dividends paid per share (cents)



	2000	2001	2002	2003	2004
Balance Sheets	R 000	R 000	R 000	R 000	R 000
ASSETS					
Non-current assets					
Property, plant, equipment and intangibles	569 313	836 060	956 950	1 056 281	1 206 192
Environmental rehabilitation trust funds	16 363	11 021	12 829	12 547	13 503
Investments	70 658	105 494	179 051	147 152	165 715
	656 334	952 575	1 148 830	1 215 980	1 385 410
Current assets					
Cash resources	84 017	78 023	84 633	96 623	166 263
Amounts owing by joint venture partners	–	–	–	–	9 529
Other current assets	488 090	527 567	769 176	827 341	996 476
TOTAL ASSETS	1 228 441	1 558 165	2 002 639	2 139 944	2 557 678
EQUITY AND LIABILITIES					
Share capital and reserves					
Ordinary shareholders' interest	654 421	802 680	1 325 020	1 382 513	1 549 073
Minority shareholders' interest	11 712	10 386	13 796	12 701	42 560
Shareholders' equity	666 133	813 066	1 338 816	1 395 214	1 591 633
Non-current liabilities					
Deferred taxation	84 635	115 452	173 261	198 251	240 576
Long-term liabilities	32 572	29 579	32 032	34 865	55 425
	783 340	958 097	1 544 109	1 628 330	1 887 634
Current liabilities					
Non-interest bearing	135 875	121 985	105 129	202 992	290 878
Interest bearing	309 226	478 083	353 401	308 622	379 166
TOTAL EQUITY AND LIABILITIES	1 228 441	1 558 165	2 002 639	2 139 944	2 557 678
Net asset value per share (rand)	24	29	48	50	57
Exchange rates at year end					
SA Rand to US\$	6,89	7,93	10,23	7,46	6,17
SA Rand to Euro	6,49	6,79	10,17	8,64	7,53

Net asset value per share (rand)



APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements were approved by the board of directors on 30 August 2004 and signed on its behalf by:

Desmond Sacco
Chairman

C J Cory
Chief Executive Officer

CERTIFICATE BY COMPANY SECRETARY

We 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 submitted to the Registrar of Companies and that such returns are true, correct and up to date.

African Mining and Trust Company Limited
Secretaries

per: **C D Stemmett**
30 August 2004

REPORT OF INDEPENDENT AUDITORS

To the members

Assore Limited

We have audited the annual financial statements and group annual financial statements of Assore Limited and its subsidiary companies set out on pages 29 to 72 for the year ended 30 June 2004. 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 of 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 these annual financial statements fairly present, in all material respects, the financial position of the company and the group at 30 June 2004 and the results of their operations and cash flow information for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act in South Africa.

Ernst & Young
Chartered Accountants (SA)
Registered Accountants and Auditors

Johannesburg
30 August 2004

DIRECTORS' REPORT

DIRECTORS' REPORT

NATURE OF BUSINESS

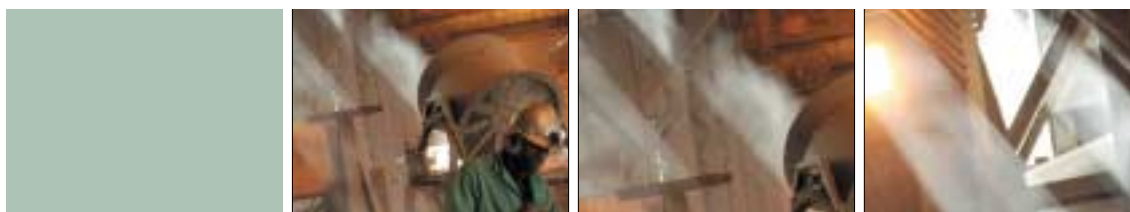
Assore Limited, which was incorporated in 1950, is a mining holding company principally engaged in ventures involving base minerals and metals. The company's shares are listed on the JSE Securities Exchange South Africa (JSE) under "Assore" in the "Other Mineral Extractors & Mines" sector and its ultimate holding company is Oresteel Investments (Proprietary) Limited.

The group's principal investment is a 45,66% interest in Assmang Limited (Assmang) which is also listed on the JSE and which it controls jointly with African Rainbow Minerals Limited (ARM) in terms of a long standing arrangement. Assmang is involved in the mining of manganese, iron and chrome ores and the production of manganese and chrome alloys. In addition the group mines chrome ore and Wonderstone (a type of pyrophyllite) for its own account and produces a range of ceramic products for use in specialised industrial applications.

The group is responsible for marketing all products produced by its joint venture entities and subsidiary companies, the bulk of which is exported and the remainder either used in the group's beneficiation processes or sold locally. Details of the group's activities are set out, by activity, in the 'Review of Operations'.

FINANCIAL RESULTS

The financial results of the group for the year ended 30 June 2004 are summarised below:



	2004 R000	2003 R000
Turnover	2 228 091	1 753 027
Profit after taxation and State's share of profits	209 210	141 445
Minority shareholder's interest of profit	39 603	5 073
Dividends declared	169 607	136 372
Retained profit for the year	12 600	18 200
	157 007	118 172

	2004 R 000	2003 R 000
The attributable interest of the company in the aggregate net profit and losses after taxation of group companies was as follows:		
Subsidiary companies		
– Profit	71 446	42 738
– Losses	5 741	6 287
Jointly controlled entity (45.66% share)		
- Profit from operations	87 541	93 079

CONTROL OVER FINANCIAL REPORTING

The directors of the company are responsible for the preparation and fair presentation of the annual financial statements and related financial information included in this report. The external auditors, whose report appears on page 28, are responsible for independently reviewing and expressing an opinion on the financial statements.

The financial statements included in this report are based on judgement and estimates which are intended to be both reasonable and prudent and have been prepared by management in accordance with generally accepted accounting practice based on appropriate accounting policies which, unless otherwise indicated, have been applied consistently with the previous year.

The annual financial statements have been prepared on a going concern basis and the directors have no reason to believe that any of the businesses in the group will not be a going concern in the year ahead. With regard to the valuation of assets, the directors are of the opinion that the book value of financial instruments approximates fair value, and that the carrying value of fixed assets is a reasonable estimate of their fair value.

In order to discharge their responsibilities with regard to the financial statements, the directors ensure, through their duly appointed Audit Committee, that management maintains adequate accounting records and systems of internal control which are developed and reviewed for effectiveness on an ongoing basis. In order to adequately safeguard the group's assets and prevent and detect material misstatement and loss, these systems are designed to provide reasonable, although not absolute, assurance as to the reliability of financial information. The systems of internal control are based on established organisational structures, policies and procedures, including budgeting and forecasting disciplines and are managed and controlled by suitably trained personnel who are organised with appropriate segregation of authorities and duties.

JOINTLY CONTROLLED ENTITY

The group owns 45,66% (2003: 45,66%) of the ordinary share capital of Assmang, which is listed on the JSE under the "Other Mineral Extractors and Mines" sector. The results of Assmang are accounted for by Assore using the proportionate consolidation method and set out below are extracts from the audited financial statements of Assmang and its subsidiary companies for the year ended 30 June 2004. The calculation of attributable earnings for consolidation purposes was based on the earnings of Assmang for the year ended 30 June 2004 and dividends declared during that period.

DIRECTORS' REPORT (continued)

JOINTLY CONTROLLED ENTITY (continued)

Abridged consolidated income statement of Assmang

	Year ended 30 June	
	2004	2003
	R000	R000
Turnover	3 304 537	2 904 483
Profit before taxation and State's share of profit	342 304	333 727
Taxation and State's share of profit	123 981	129 888
Earnings	218 323	203 839
Dividends declared	26 612	42 578
Retained profit for the year	191 711	161 261
Earnings per share (rands)		
– attributable	61,53	57,45
– headline	60,26	57,45
Dividends paid per share (rands)		
– interim	2,50	7,00
– final	5,00	5,00
	7,50	12,00

Abridged consolidated balance sheet of Assmang

	At 30 June	
	2004	2003
	R 000	R 000
Assets		
Non-current assets	2 418 920	2 097 272
Current assets	1 807 677	1 529 414
Total assets	4 226 597	3 626 686
Equity and liabilities		
Shareholders' funds	2 480 226	2 288 515
Non-current liabilities	605 702	483 616
Current liabilities		
– interest bearing	737 190	524 036
– non-interest bearing	403 479	330 519
Total equity and liabilities	4 226 597	3 626 686
Number of ordinary shares in issue (thousands)	3 548	3 548
Capital expenditure (Rm)	492	338
Capital commitments (Rm)	441	342

DIVIDENDS

An interim dividend of 20 cents (2003: 25 cents) per share was declared and paid during the year, and a final dividend of 45 cents (2003: 25 cents) per share was declared payable to shareholders on 27 September 2004. The interim dividend is not comparable with the previous year which included an exceptional distribution of the surplus realised on the disposal of Assmang's Dwarsrivier PGM mineral rights.

In accordance with the group's accounting policy, the following dividends which were declared during the accounting period have been disclosed in the financial statements:



	2004 R 000	2003 R 000
Final dividend No. 93 of 25 cents (2003: No. 91 of 40 cents) declared on 15 September 2003	7 000	11 200
Interim dividend No. 94 of 20 cents (2003: No. 92 of 25 cents) per share declared on 9 March 2004	5 600	7 000
	12 600	18 200

DIRECTORATE

The names of the directors in office at the date of this report and the name of the secretary including its business and postal addresses are set out on the inside back cover of this report.

On 30 June 2004, Mr R A Chute resigned as a non-executive director representing the interests of major shareholder, Old Mutual, and Mr P N Boynton was appointed in his place with effect from 1 July 2004. As Mr Boynton was appointed subsequent to the past annual general meeting he is obliged to resign and offer himself for re-election by shareholders' resolution at the forthcoming annual general meeting.

In addition, in terms of the company's Articles of Association, Messrs R J Carpenter and C J Cory are required to retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' REPORT (continued)

DIRECTORS' EMOLUMENTS AND INTERESTS IN SHARES OF THE COMPANY

Emoluments paid to directors for the year were as follows, details of which are set out in note 19 of the financial statements.

	2004 R 000	2003 R 000
Executive directors	14 749	11 483
Alternate director	1 751	1 632
Non-executive directors	180	108
	16 680	13 223

Interests of the directors in the ordinary shares of the company at 30 June 2004 were as follows, and the company is unaware of any material change in these interests between year end and the date of this report.

	Number of shares	
	2004	2003
Beneficial		
<i>Executive directors</i>		
Desmond Sacco	54 000	100 000
R J Carpenter	22 400	22 400
C J Cory	10 000	10 000
P C Crous	2 000	2 000
<i>Non-executive directors</i>		
P N Boynton	-	-
B M Hawksworth	-	-
Dr J C van der Horst	-	-
<i>Alternate director</i>		
J W Lewis	2 500	2 500
	90 900	136 900

DIRECTORS' EMOLUMENTS AND INTERESTS IN SHARES OF THE COMPANY (continued)

	Number of shares	
	2004	2003
Non-beneficial		
<i>Executive directors</i>		
Desmond Sacco	8 000	8 000
R J Carpenter	8 000	8 000
P C Crous	8 000	8 000
C J Cory	8 000	8 000
<i>Non-executive directors</i>		
P N Boynton	8 000	–
R A Chute	–	8 000
B M Hawkworth	–	–
Dr J C van der Horst	–	–
<i>Alternate directors</i>		
J W Lewis	–	–
	40 000	40 000

None of the directors or their families hold any options to acquire shares in the company nor are they entitled to any gains by way of commissions, profit sharing arrangements or contracts entered into with group companies.

LEGISLATION

Assore is supportive of the broad-based economic imperatives contained in the Minerals and Petroleum Resources Development Act (the Act), and has embarked on initiatives aimed at meeting these requirements at its mining operations, as set out below. The Act has changed the current common law and statutory position in South Africa whereby mineral rights can be held privately. Instead, with effect from 1 May 2004, the State has assumed sovereignty and custodianship of all mineral rights in South Africa and will grant prospecting rights and mining rights to applicants, based on the merits of their applications. A transitional period is provided during which holders of existing mineral rights, upon meeting certain requirements, may convert existing in-use mining or prospecting rights, or in the case of unused rights may apply for new rights.

DIRECTORS' REPORT (continued)

LEGISLATION (continued)

The Act also contains a provision intended to develop a broad based socio-economic empowerment charter facilitating the entry of historically disadvantaged South Africans (HDSAs) into the mining industry. The scorecard which the State has issued pursuant to the charter requires, *inter alia*, that mining companies achieve 15% HDSA ownership of mining assets within five years and 26% within ten years. The charter also requires *inter alia* that mining companies provide plans for achieving employment equity at management level and procure 40% of their goods and services from black empowered organisations.

In view of meeting the charter's requirements Assore has:

- Initiated an audit of current compliance with the requirements of the charter. To this end a scorecard, which evaluates the current position of the Assore group relative to the required position five years after the Act is proclaimed, is in the process of being compiled. This evaluation will highlight the areas where the group needs to concentrate its efforts in order to meet the charter's requirements.
- Commenced with the introduction of a preferential procurement policy.
- Concluded the MAMPA deal on RMDC (refer Review of Operations – chrome ore and alloys)
- Developed a social and labour plan for RMDC which supports the Integrated Development Plan of the local authority. The plan which has received the approval of the relevant departments includes the development and finance of a school, maintenance and upgrading of roads, and presentation of programmes on adult education, health and safety and environmental awareness.

EVENTS SUBSEQUENT TO YEAR END

On 1 September 2004 the Board declared a final dividend of R0,45 cents per share which will be paid to shareholders on 27 September 2004.

ANALYSIS OF SHAREHOLDING

In accordance with the Listing Requirements of the JSE, the following analysis has been established, based on an examination of the company's share register at 30 June. The directors are not aware of any material changes to these percentages between the year end and the date of this report.

ANALYSIS OF SHAREHOLDING (continued)



Shareholder spread	2004	2003
	%	%
Shares held by the public/non-public		
Non-public*		
– Holders which individually hold in excess of 10% of the share capital	75,1	75,1
– Directors of the company	0,3	0,5
	75,4	75,6
Public (289 shareholders 2003: 165)	24,6	24,4
*As defined by Rule 4.25 of the JSE Listing Requirements	100,0	100,0
Major shareholders		
Oresteel Investments (Proprietary) Limited	52,28	52,28
Old Mutual Nominees (Proprietary) Limited	22,92	22,92
Standard Bank of South Africa Limited	9,32	–
African Rainbow Minerals Limited	–	9,32
	84,52	84,52
Others – less than 5%	15,48	15,48
	100,00	100,00

HOLDING COMPANY

The company's holding company is Oresteel Investments (Proprietary) Limited.

Johannesburg

30 August 2004

BALANCE SHEETS

AT 30 JUNE 2004

	Note	Group 2004 R 000	Group 2003 R 000	Company 2004 R 000	Company 2003 R 000
ASSETS					
Non-current assets					
Property, plant, equipment and intangibles	2	1 206 192	1 056 281	–	–
Environmental rehabilitation trust funds	3	13 503	12 547	–	–
Investment in group companies	4			63 250	62 980
Other investments	6	165 715	147 152	165 715	147 152
		1 385 410	1 215 980	228 965	210 132
Current assets					
Inventories	7	520 892	469 132	–	–
Amounts owing by joint venture partners		9 529	–	–	–
Loans from group companies				2 652	–
Trade and other receivables		475 584	358 209	1 163	911
Cash resources		166 263	96 623	6	6
		1 172 268	923 964	3 821	917
TOTAL ASSETS		2 557 678	2 139 944	232 786	211 049
EQUITY AND LIABILITIES					
Share capital and reserves					
Share capital	8	700	700	700	700
Non-distributable reserves	9	38 312	28 759	42 209	26 875
Distributable reserve		1 510 061	1 353 054	138 380	134 619
		1 549 073	1 382 513	181 289	162 194
Minority shareholders' interest		42 560	12 701	–	–
		1 591 633	1 395 214	181 289	162 194
Non-current liabilities					
Deferred taxation	10	240 576	198 251	6 952	4 222
Long-term provisions	11	48 902	34 864	–	–
Long-term borrowings	12	6 523	1	–	–
Loans from group companies				44 000	44 000
		296 001	233 116	50 952	48 222
Current liabilities					
Trade and other payables	13	247 467	181 833	514	106
Provisions	14	15 735	12 161	–	–
Amounts due to group companies				4	309
Taxation		27 676	8 998	27	218
Overdrafts and short-term borrowings	15	379 166	308 622	–	–
		670 044	511 614	545	633
TOTAL EQUITY AND LIABILITIES		2 557 678	2 139 944	232 786	211 049

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	Note	Group 2004 R 000	Group 2003 R 000	Company 2004 R 000	Company 2003 R 000
Revenue	16	2 331 324	1 843 769	17 199	27 883
Turnover		2 228 091	1 753 027	–	–
Cost of sales		1 850 832	1 418 915	–	–
Gross profit		377 259	334 112	–	–
Other operating income		92 822	71 081	–	35
Other operating expenses		(153 865)	(180 672)	(821)	(1 357)
Profit/(loss) from operations		316 216	224 521	(821)	(1 322)
Income from investments		18 342	21 750	17 199	27 848
Finance costs	17	(25 765)	(28 412)	–	–
Profit before taxation and State's share of profits	18	308 793	217 859	16 378	26 526
Taxation and State's share of profits	20	99 583	76 414	17	241
Profit after taxation and State's share of profits		209 210	141 445	16 361	26 285
Minority shareholders' share of profit		39 603	5 073		
Net profit		169 607	136 372	16 361	26 285
Earnings per share (cents)	22	606	487		
Headline earnings per share (cents)	22	584	483		
Dividends declared per share (cents)	21	45	65	45	65

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	Note	Group 2004 R 000	Group 2003 R 000	Company 2004 R 000	Company 2003 R 000
Cash retained from operating activities		224 618	257 030	785	5 877
Cash generated by/(utilised in) operations	23.1	411 538	308 391	(817)	(707)
Investment income	23.2	5 191	5 238	17 343	24 680
(Utilised to increase)/generated by decrease in working capital	23.3	(125 727)	41 073	(2 941)	117
Cash generated by operating activities		291 002	354 702	13 585	24 090
Interest income		13 285	13 346	2	2
Finance costs		(25 765)	(28 412)	-	-
Taxation paid	23.4	(41 310)	(64 415)	(208)	(24)
Cash available from operating activities		237 212	275 221	13 379	24 068
Dividends paid	23.5	(12 594)	(18 191)	(12 594)	(18 191)
Cash utilised in investing activities		(230 931)	(198 276)	(785)	(25 739)
Acquisition of additional shares in subsidiary company	23.6	-	-	(400)	-
Acquisition of listed investments		(2 406)	(32 174)	(2 406)	(32 174)
Additions to property, plant and equipment		(237 029)	(174 287)	-	-
Net movement in environmental rehabilitation trust funds		(956)	282	-	-
Proceeds on disposal of					
- property, plant and equipment		4 047	1 467	-	-
- subsidiary company		-	-	130	-
- listed investments		5 413	6 436	1 891	6 435
Cash generated by/(utilised in) financing activities		75 953	(46 764)	-	19 850
Overdrafts and short-term borrowings raised/(repaid)		70 544	(44 779)	-	-
Long-term borrowings raised/(repaid)		9 501	(290)	-	-
Dividends paid to minority shareholders		(4 092)	(1 695)	-	-
Movement in group company balances				-	19 850
Increase/(decrease) in cash resources for the year		69 640	11 990	-	(12)
Cash resources at beginning of year		96 623	84 633	6	18
Cash resources at end of year		166 263	96 623	6	6

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2004

Note	Group 2004 R 000	Group 2003 R 000	Company 2004 R 000	Company 2003 R 000
Share capital				
Balance at beginning and end of year	700	700	700	700
Non-distributable reserves				
Balance at beginning of year	28 759	89 438	26 875	82 897
Net increase/(decrease) in the market value of listed investments	18 064	(59 976)	18 064	(59 976)
Deferred capital gains taxation provided on revaluation of listed investments to market value	(2 730)	3 954	(2 730)	3 954
Foreign currency translation reserve arising on consolidation	(5 781)	(4 657)		
Balance at end of year	38 312	28 759	42 209	26 875
Distributable reserve – retained earnings				
Balance at beginning of year	1 353 054	1 234 882	134 619	126 534
Earnings per income statement	169 607	136 372	16 361	26 285
Ordinary dividends declared				
No's 93 and 94 aggregating 45 cents per share (2003: 65 cents per share)	(12 600)	(18 200)	(12 600)	(18 200)
	1 510 061	1 353 054	138 380	134 619
Per balance sheet	1 549 073	1 382 513	181 289	162 194

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

1. ACCOUNTING POLICIES

The financial statements are prepared on the historical cost basis with the exception of certain assets which are valued at market value as explained in the individual policy notes. Set out below are significant features of the company's and the group's accounting policies which are consistent with those applied in the previous year. These policies comply with the accounting standards issued by the International Accounting Standards Committee and the South African Institute of Chartered Accountants.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its joint venture and subsidiary companies. The results of joint venture entities and subsidiary companies are included from the effective dates of acquisition and up to the effective dates of disposal.

Investments in jointly controlled entities are accounted for using the proportionate consolidation method. Entities are regarded as joint ventures where the group, in terms of contractual agreements, 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 incorporated on a line-by-line basis in the group financial statements.

Subsidiaries are defined as those companies in which the group, either directly or indirectly, has more than half of the voting rights, has the right to appoint more than half the board of directors or otherwise has the power to control the financial and operating activities of the entity. Subsidiaries are reflected at cost less provision for any permanent impairment in value.

At the date of acquisition of a subsidiary, the cost of the investment is allocated to the fair value of individual identifiable assets and liabilities. The excess of the purchase price over net asset value is capitalised as goodwill on consolidation (refer intangible assets). Goodwill arising on the consolidation of a foreign entity is calculated at the exchange rate applicable at the date of acquisition.

The carrying value of subsidiaries is compared with their attributable net asset or market value and, where appropriate, provision is made for any perceived impairment in value.

Capitalisation of 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 until such time that the asset is commissioned. Thereafter, these costs together with other borrowing costs are expensed. Discounts or premiums relating to borrowings are deferred and amortised over the terms of the respective borrowing.

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 expenditure is capitalised and amortised in the same way as mining assets (refer below). Where it is subsequently found that no potential exists to develop a mine, the capitalised costs are written off in full.

Intangible assets

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

1. ACCOUNTING POLICIES (continued)

Intangible assets (continued)

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Research and development costs

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 all of the following conditions are present:

- 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.

Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of a subsidiary, associate or joint venture at the date of acquisition. Goodwill is amortised on a straight-line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Goodwill is stated at cost less accumulated amortisation and any impairment in value.

Property, plant and equipment and depreciation

Property, plant and equipment is stated at cost less accumulated depreciation. Impairments to the value of property, plant and equipment are recognised at the time the recoverable amount of an asset is below its book value. If the circumstances leading to the impairment no longer exist, the appropriate portion of the impairment loss previously recognised is written back. Depreciation of the various types of assets is determined on the following bases:

Mineral and prospecting rights

Mineral rights which are being depleted are amortised over their estimated useful lives using the units-of-production method based on proven 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 which are not being depleted are not amortised. Mineral rights which have no commercial value are written off in full.

Land, buildings and mine properties

Land and township property are not depreciated. Owner occupied properties which are designed for a specific use are depreciated to an estimated residual value on a straight-line basis over their estimated useful lives. The annual depreciation rates used vary between 2% and 10%.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2004

1. ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.

Mine properties, including houses, schools and administration blocks, are depreciated to estimated residual values at the lesser of life of mine and expected useful life of the asset on the straight-line basis over their expected useful lives.

Plant and equipment

Mining plant and equipment is amortised over the lesser of its estimated useful life which is estimated at five years, and the units-of-production method based on estimated proven and probable ore reserves. Where ore reserves are not determinable, due to their scattered nature, the straight-line method of depreciation is applied.

Industrial plant and equipment is depreciated over its useful life up to a maximum of 25 years.

Prospecting, exploration, 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, are capitalised and amortised over a maximum period of 25 years using the straight-line method of depreciation. Development costs to maintain production are expensed as incurred.

Mine development and decommissioning assets are amortised using the lesser of its estimated useful life or the units-of-production method based on proven and probable ore reserves. Proven 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. Where the reserves are not determinable due to their scattered nature, the straight-line method of amortisation is applied based on the estimated life of the mine. The maximum period of amortisation using these methods is 25 years.

Vehicles, furniture and office equipment

Vehicles, furniture and office equipment are reflected at cost less accumulated depreciation calculated on the straight-line basis over their expected useful lives, to estimated residual values.

Vehicles, furniture and office equipment are depreciated at rates varying between 10% and 33%.

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 leases are capitalised as property, plant and equipment at fair value of the leased assets at inception of the lease, 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 where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

1. ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised when both of the following conditions are met:

- a present legal or constructive obligation exists as a result of past events where it is probable that a transfer of economic benefits will be required to settle the obligation;
- a reasonable estimate of the obligation can be made.

A present obligation is considered to exist when the group has 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 to the provision.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings, are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised or impaired, as well as through the amortisation process.

Inventories

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

- Raw materials are valued at weighted average cost.
- Consumables and maintenance spares are valued at weighted average cost.
- Finished products are valued at weighted average cost including an appropriate allocation of direct overhead costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Deferred taxation

Deferred tax liabilities and assets are recognised on temporary differences between the book value and tax base of balance sheet items, including items with a tax base but no book value, using the balance sheet liability method.

Deferred tax is not recognised when the transaction involves the initial recognition of an asset or liability which 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2004

1. ACCOUNTING POLICIES (continued)

Deferred taxation (continued)

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

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The following specific recognition criteria are also considered in the recognition of revenue.

Turnover

Turnover represents the F.O.B. or C.I.F. sales value of ores and alloys exported and the F.O.R. sales value of ores and alloys sold locally.

Technical fees and commissions on sales

Revenue from technical fees and commissions on sales are recognised on the date when the risk passes in the underlying transaction.

Ores and alloys

Revenue from the sale of ores and alloys is recognised on the date when the significant risks and rewards of ownership in the goods have passed to the buyer.

Interest

Interest is recognised as the interest accrues.

Dividends received

Dividends received are recognised when the shareholders' right to recover the payment is established.

Dividends paid

Dividends paid are only reflected in the financial statements if they were declared in the current financial period.

Foreign currencies

Foreign currency balances

Transactions in foreign currencies are converted to South African rand at the rate of exchange ruling at the date of these transactions. Monetary items denominated in a foreign currency are translated to rand at the approximate rates of exchange at the end of the financial year. Gains and losses arising on these translations at year end are dealt with through the income statement.

Foreign entities

The assets and liabilities of overseas subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The income statements of overseas subsidiaries are translated at weighted average exchange rates for the year. The exchange differences arising on the retranslation are taken directly to equity. On disposal of a foreign entity, accumulated exchange differences are recognised in the income statement as a component of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the acquiring company and are recorded at the exchange rate at the date of the transaction.

1. ACCOUNTING POLICIES (continued)

Financial instruments

The group's financial instruments consist primarily of cash on hand, balances with banks, deposits on call, money-market instruments, derivative instruments, trade and other receivables, trade payables, borrowings and investments other than those in subsidiary, associate or joint venture companies. The initial recognition of financial instruments is at cost and subsequent recognition is at fair value or amortised cost. Recognition methods adopted are disclosed in the policy statements for each item.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

Listed investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, listed investments, other than investments in jointly controlled entities, are classified as available-for-sale-financial assets and are disclosed at fair value which equates with market value. Gains and losses on subsequent measurement are recognised against non-distributable reserves until the investment is disposed of, or its original cost considered to be impaired, at which time the cumulative gain previously reported in equity and the impairment of the cost where considered permanent are taken in the income statement.

Financial investments

The book value of cash deposits with banks and money-market instruments approximates their fair value. Negotiable instruments are recorded initially at cost and marked to market at reporting intervals. Any gain or loss arising from marking to market or a change from cost to fair value is included in the determination of other net income.

Accounts receivable

Accounts receivable is stated at the gross invoice value adjusted for payments received and, where appropriate, provision for doubtful debts to reflect the fair value of the expected economic benefit.

Accounts payable

Accounts payable is stated at the initial recognised obligation less payments made and any adjustments made to reflect the fair value of the expected economic outflow of resources.

Derivative instruments

In the ordinary course of its operations, the group is exposed to fluctuations in metal prices, volatility of exchange rates and changes in interest rates. The group engages at times in activities to manage these risks. These activities include hedging a portion of these exposures through the use of derivative financial instruments. Forward sales contracts are utilised to manage currency exposures. The group does not speculate, acquire, hold or issue derivative instruments for trading purposes. Derivatives are initially measured at cost, which includes associated transaction costs which are charged to the income statement when incurred. Subsequently these instruments are measured as set out below. All forward and option contracts are marked to market at financial reporting intervals and any changes in their fair value are included in net income. Gains and losses arising on contracts not spanning a reporting interval are recognised and included in the determination of other net income at the time that the contract expires.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2004

1. ACCOUNTING POLICIES (continued)

Post employment benefits

Retirement benefit plans operated by the group are of both the defined benefit and defined contribution types. Contributions to defined benefit plans are determined actuarially based on best estimates of service costs and are charged to income as incurred. Past service costs and the effects of amendments to defined benefit plans are charged to income over the remaining working lives of current employees and are charged immediately in the case of retired employees. Actuarial gains and losses are accounted for in the period of origination. Current contributions in respect of defined contribution plans are expensed as incurred.

Environmental rehabilitation expenditure

The estimated cost of final rehabilitation, comprising liability for decommissioning and restoration, is based on current legal requirements and existing technology and is reassessed annually.

Decommissioning costs

The present value of estimated future decommissioning obligations at the end of the operating life of a mine is included in long-term provisions. The related decommissioning asset is recognised in fixed assets when the decommissioning provision gives access to future economic benefits. The unwinding of the obligation is included in the income statement. The estimated cost of decommissioning obligations is reviewed annually and adjusted for legal, technological and environmental circumstances that affect the present value of the obligation for decommissioning. Decommissioning costs capitalised are amortised using the units-of-production method based on estimated proven and probable ore reserves.

Restoration costs

The estimated cost of restoration at the end of the operating life of a mine is included in long-term provisions and charged to the income statement based on the units-of-production mined during the current year, as a proportion of the estimated total units which will be produced over the life of the mine. Cost estimates are not reduced by the potential proceeds from the sale of assets. Expenditure on ongoing rehabilitation is charged to the income statement as incurred.

Environmental rehabilitation trust funds

Payments are made annually with regard to all mining and prospecting operations to a rehabilitation trust fund in accordance with statutory requirements. The assets and liabilities of the trust funds concerned are disclosed on the balance sheet.

Definitions

Cost of sales

Cost of sales includes the historical costs of inventory expensed during the period and stock losses.

Earnings and headline earnings per share

The calculation of earnings per share is based on net income after taxation and State's share of profits, after adjusting for outside shareholders' interests but before extraordinary items, divided by the weighted number of shares in issue during the period.

Headline earnings comprise earnings for the year, adjusted for profits and losses on items of a capital nature. Headline earnings have been calculated in accordance with circulars issued by South African Institute of Chartered Accountants in 2002. Adjustments against earnings are made after taking into account 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.

Cash resources

The cash resources disclosed in the cash flow statement comprise cash on hand, deposits held on call with banks and highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant changes in value. Bank overdrafts have been separately disclosed with current liabilities on the balance sheet.

	Accumulated		Book	Accumulated		Book
	Cost	depreciation	value	Cost	depreciation	value
	2004	2004	2004	2003	2003	2003
	R 000	R 000	R 000	R 000	R 000	R 000
2. PROPERTY, PLANT, EQUIPMENT AND INTANGIBLES						
At year end (group only)						
Mining assets						
Mineral and prospecting rights	82 880	7 305	75 575	82 880	5 368	77 512
Land, buildings and mine properties	150 342	36 236	114 106	127 878	29 012	98 866
Plant and equipment	629 669	215 586	414 083	588 915	188 882	400 033
Prospecting, exploration and development	489 791	64 158	425 633	374 449	56 977	317 472
Vehicles, furniture and office equipment	134 384	75 196	59 188	132 781	76 054	56 727
Leased assets capitalised	9 877	432	9 445	176	138	38
	1 496 943	398 913	1 098 030	1 307 079	356 431	950 648
Other assets						
Land and buildings	52 786	–	52 786	53 359	–	53 359
Township property	7 318	7 318	–	7 318	7 318	–
Industrial property	9 830	1 559	8 271	9 830	1 167	8 663
Plant and equipment	52 768	16 216	36 552	45 310	11 867	33 443
Vehicles, furniture and office equipment	19 060	12 089	6 971	15 899	9 941	5 958
Intangible assets	6 463	2 881	3 582	7 980	3 770	4 210
	148 225	40 063	108 162	139 696	34 063	105 633
	1 645 168	438 976	1 206 192	1 446 775	390 494	1 056 281

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2004

	Cost			Accumulated depreciation			Book value 2004 R 000
	Opening balance R 000	Acquisitions R 000	Reclassi- fications, impairments and disposals R 000	Opening balance R 000	Current charge R 000	Reclassi- fications and disposals R 000	
2. PROPERTY, PLANT, EQUIPMENT AND INTANGIBLES (continued)							
Movement for the year (group only)							
Mining assets							
Mineral and prospecting rights	82 880	–	–	5 368	1 937	–	75 575
Land, buildings and mine properties	127 878	23 691	(1 227)	29 012	7 968	(744)	114 106
Plant and equipment	588 915	52 036	(11 282)	188 882	37 986	(11 282)	414 083
Prospecting, exploration and development	374 449	119 353	(4 011)	56 977	11 192	(4 011)	425 633
Vehicles, furniture and office equipment	132 781	21 745	(20 142)	76 054	18 983	(19 841)	59 188
Leased assets capitalised	176	9 701	–	138	294	–	9 445
	1 307 079	226 526	(36 662)	356 431	78 360	(35 878)	1 098 030
Other assets							
Land and buildings	53 359	308	(881)	–	–	–	52 786
Township property	7 318	–	–	7 318	–	–	–
Industrial property	9 830	–	–	1 167	392	–	8 271
Plant and equipment	45 310	7 457	1	11 867	4 349	–	36 552
Vehicles, furniture and office equipment	15 899	2 738	422	9 941	2 537	(390)	6 971
Intangible assets	7 980	–	(1 516)	3 770	628	(1 516)	3 582
	139 696	10 503	(1 974)	34 063	7 906	(1 906)	108 162
	1 446 775	237 029	(38 636)	390 494	86 266	(37 784)	1 206 192

Mobile mining equipment with a net book value of R9 445 372 (2003: R37 444) is encumbered as security for the finance lease agreements referred to in note 12.

A register containing details of land and buildings is available for inspection during business hours at the registered address of the company by shareholders or their duly authorised agents.

Exchange differences for the year arising on the translation at year end of the property, plant and equipment of a foreign subsidiary amounted to R131 003 (2003: R190 496).

Borrowing costs

Borrowing costs amounting to R8 338 960 were capitalised in respect of the year to 30 June 2004 (2003: R2 838 406). Borrowing costs are capitalised at prime overdraft rates applicable on group borrowings during the year.

	Group 2004 R 000	Group 2003 R 000	Company 2004 R 000	Company 2003 R 000
3. ENVIRONMENTAL REHABILITATION TRUST FUNDS				
Balance at beginning of year	12 547	12 829		
Contributions received during the year	2 002	590		
Interest received	1 080	1 629		
Withdrawals made	(2 126)	(2 501)		
Balance at end of year	13 503	12 547	–	–
4. INVESTMENT IN GROUP COMPANIES				
Investment in joint venture entity (refer note 5)				
1 620 214 (2003: 1 620 214) ordinary shares in Assmang Limited			60 810	60 810
At cost				
Market value			1 782 235	2 025 268
Investment in subsidiary companies (refer note 30)				
Shares at cost			2 440	2 170
Current accounts receivable			2 652	–
Current accounts payable			(4)	(309)
Loan accounts payable			(44 000)	(44 000)
			(41 352)	(44 309)
The loans due to subsidiary companies are interest free and have no fixed repayment dates.				
Joint venture entity (as above)			60 810	60 810
Subsidiary companies (as above)			2 440	2 170
Per balance sheet			63 250	62 980
5. INVESTMENT IN JOINT VENTURE				
A 45,66% interest in Assmang Limited (refer note 4), which is controlled jointly with African Rainbow Minerals Limited (ARM).				
Included in the group financial statements are the following amounts relating to the joint venture which were proportionately consolidated.				
Income statement				
Revenue	1 455 973	1 271 011		
Turnover	1 508 948	1 326 270		
Retained profit for the year	87 541	73 637		

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2004

	Group 2004 R 000	Group 2003 R 000	Company 2004 R 000	Company 2003 R 000
5. INVESTMENT IN JOINT VENTURE (continued)				
Balance sheet				
Property, plant, equipment and intangibles	1 093 778	946 226		
Environmental rehabilitation trust funds	8 501	5 967		
Current assets	801 489	693 369		
Current liabilities – interest bearing	336 622	239 290		
– non-interest bearing	160 291	145 918		
Long-term borrowings – interest bearing	6 523	1		
Deferred taxation	238 641	198 982		
Long-term provisions	29 147	16 368		
Distributable reserves	1 071 733	984 193		
Cash flows				
Cash retained from operating activities	115 094	172 698		
Cash utilised in investing activities	(206 345)	(153 616)		
Cash generated by/(utilised in) financing activities	94 351	(24 431)		
Cash and cash equivalents	4 544	1 444		
Commitments and contingent liabilities				
Company's interests in future capital expenditure:				
– contracted for	51 435	49 920		
– not contracted for	150 157	106 401		
	201 592	156 321		
Other contingent liabilities relating to the group's interest in the joint venture are referred to in note 27.				
6. OTHER INVESTMENTS				
Listed – at market value	165 590	147 027	165 590	147 027
Unlisted – at cost	125	125	125	125
	165 715	147 152	165 715	147 152
Listed – at cost	116 429	116 545	116 429	116 545
Unlisted – at directors' valuation	125	125	125	125
A register containing details of investments held by the group is available for inspection at the registered office of the holding company.				

	Group 2004 R 000	Group 2003 R 000	Company 2004 R 000	Company 2003 R 000
7. INVENTORIES				
Raw materials	242 722	197 822		
Consumable stores	32 099	31 200		
Finished goods	246 071	240 110		
	520 892	469 132	-	-
8. SHARE CAPITAL				
Authorised				
40 000 000 (2003: 40 000 000) ordinary shares of 2,5 cents each	1 000	1 000	1 000	1 000
Issued				
28 000 000 (2003: 28 000 000) ordinary shares of 2,5 cents each	700	700	700	700
9. NON-DISTRIBUTABLE RESERVES				
At year end				
Foreign currency translation reserve	(3 897)	1 884	-	-
Arising on the revaluation of listed investments	42 209	26 875	42 209	26 875
Surplus on revaluation to market value	49 161	31 097	49 161	31 097
Less: Deferred capital gains taxation on revaluation	(6 952)	(4 222)	(6 952)	(4 222)
	38 312	28 759	42 209	26 875

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2004

	Group 2004 R 000	Group 2003 R 000	Company 2004 R 000	Company 2003 R 000
10. DEFERRED TAXATION				
At year end				
Raised on the following differences:				
Accelerated capital allowances	254 498	208 715		
Assessed losses utilised	(4 373)	(2 184)		
Provisions	(16 367)	(11 061)		
Valuation of inventories	23	(1 478)		
Valuation of investments	6 952	4 222	6 952	4 222
Other	(157)	37		
	240 576	198 251	6 952	4 222
Movements				
Balance at beginning of year	198 251	173 261	4 222	8 176
– Deferred tax assets	11 183	8 598	–	–
– Deferred tax liabilities	209 434	181 859	4 222	8 176
	42 325	24 990	2 730	(3 954)
Originating temporary difference on fixed assets	45 783	26 535		
Originating temporary difference from assessed loss	(2 189)	2 932		
Temporary differences on provisions made	(5 306)	(272)		
Temporary difference on valuation of inventories	1 501	(287)		
Temporary difference on re-valuation of investments	2 730	(3 954)	2 730	(3 954)
Other	(194)	36		
	240 576	198 251	6 952	4 222
– Deferred tax assets	12 736	11 183	–	–
– Deferred tax liabilities	253 312	209 434	6 952	4 222
11. LONG-TERM PROVISIONS				
Provision for decommissioning and restoration	26 340	12 741		
Balance at beginning of year	12 741	11 135		
Amounts claimed from the fund relating to work undertaken	–	(818)		
Provision for the year (net of interest earned in fund)	13 599	2 424		
Post-retirement health care benefits (refer note 31)	22 562	22 123		
Balance at beginning of year	22 123	20 581		
Provision for the year	439	1 542		
Balance at end of year	48 902	34 864		

	Group 2004 R 000	Group 2003 R 000	Company 2004 R 000	Company 2003 R 000
12. LONG-TERM BORROWINGS				
South African long-term borrowings				
Secured loans	9 502	26	-	-
Finance lease liabilities over mobile mining equipment with a cost of R9 445 372 (2003: R37 444) repayable in varying monthly instalments over 60 months (2003: 24 months) and which bear interest at 1,75% (2003: 1,0%) below the prime overdraft rate.				
Less: repayable within one year included in short-term borrowings (refer note 15)	2 979	25	-	-
	6 523	1	-	-

Interest rates and repayments

Group 2004	Rate of interest %	Total borrowings 2004 R 000	Repayable during the year ending 30 June				
			2005 R 000	2006 R 000	2007 R 000	2008 R 000	2009 R 000
Finance lease liabilities	1,75 % below prime	9 502	2 979	1 801	1 986	2 188	548

Interest rates and repayments

Group 2003	Rate of interest %	Total borrowings 2003 R 000	Repayable during the year ending 30 June				
			2004 R 000	2005 R 000	2006 R 000	2007 R 000	2008 R 000
Finance lease liabilities	1% below prime	26	25	1	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2004

	Group 2004 R 000	Group 2003 R 000	Company 2004 R 000	Company 2003 R 000
13. TRADE AND OTHER PAYABLES				
Trade payables	202 371	179 714	514	106
Other payables	45 096	2 119	-	-
	247 467	181 833	514	106
14. PROVISIONS				
Balance at beginning of year	12 161	11 405	-	-
Provisions raised for the year	6 089	2 182	-	-
Payments made during the year	(2 515)	(1 426)	-	-
Balance at end of year	15 735	12 161	-	-
Made up as follows:				
Bonuses				
Balance at beginning of year	1 266	1 157	-	-
Provisions raised	1 520	1 266	-	-
Payments made during the year	(1 266)	(1 157)	-	-
Balance at end of year	1 520	1 266	-	-
Leave-pay				
Balance at beginning of year	8 834	8 187	-	-
Provisions raised	4 080	916	-	-
Payments made during the year	(1 249)	(269)	-	-
Balance at end of year	11 665	8 834	-	-
Pension fund contributions				
Balance at beginning of year	2 061	2 061	-	-
Provisions raised	489	-	-	-
Balance at end of year	2 550	2 061	-	-
	15 735	12 161	-	-
15. OVERDRAFTS AND SHORT-TERM BORROWINGS				
Overdrafts and short-term borrowings	376 187	308 597	-	-
Current portion of long-term borrowings (refer note 12)	2 979	25	-	-
	379 166	308 622	-	-

	Group 2004 R 000	Group 2003 R 000	Company 2004 R 000	Company 2003 R 000
16. REVENUE				
Revenue comprises:				
Sale of products	2 228 091	1 753 027		
Technical fees and commissions on sales	74 954	62 688		
Income from investments	18 342	21 750	17 199	27 848
Other	9 937	6 304	–	35
	2 331 324	1 843 769	17 199	27 883
17. FINANCE COSTS				
Finance costs incurred	34 104	31 250		
Less: amounts capitalised	8 339	2 838		
	25 765	28 412	–	–
18. PROFIT BEFORE TAXATION AND STATE'S SHARE OF PROFITS				
Profit before taxation and State's share of profits is stated after taking into account the following items of income and expenditure:				
Income				
Dividends received	5 057	5 451	17 209	24 893
Listed joint venture entity			12 152	19 442
Other listed investments	5 057	5 451	5 057	5 451
Income from subsidiary companies				
– administration fees			–	35
Interest received	13 285	13 346	2	2
Profit/(loss) on disposal of				
– listed investments	3 506	2 953	(16)	2 953
– property, plant and equipment	3 196	476	–	–
Realised foreign exchange gains	5 672	1 613	–	–

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2004

	Group 2004 R 000	Group 2003 R 000	Company 2004 R 000	Company 2003 R 000
18. PROFIT BEFORE TAXATION AND STATE'S SHARE OF PROFITS (continued)				
Expenditure				
Amortisation of intangible assets	392	307	–	–
Auditors' remuneration	2 610	2 442	45	38
Audit fees	2 302	2 017	45	38
Other services	308	425		
Consumables stores written off	1 166	5 687	–	–
Depreciation of mining assets	78 360	66 539	–	–
Mineral and prospecting rights	1 937	2 142		
Land, buildings and mining properties	7 968	5 292		
Plant and machinery	37 986	34 412		
Prospecting, exploration and development	11 192	10 136		
Vehicles, furniture and office equipment	18 983	14 530		
Leased assets capitalised	294	27		
Depreciation of other assets	7 278	5 544	–	–
Industrial property	392	390		
Plant and machinery	4 349	2 907		
Vehicles, furniture and office equipment	2 537	2 247		
Directors' emoluments (refer note 19)			16 680	13 223
– directors' fees			578	406
– other services			16 102	12 817
Exploration expenditure	2 733	1 330	–	–
Amortisation of goodwill	236	236	–	–
Impairment of goodwill	303	–	–	–
Impairment of book value of mineral rights	–	1 363	–	–
Loss on disposal and scrapping of property, plant and equipment	–	9	–	–
Operating lease expenses (refer note 25)	594	787	–	–
Professional fees	5 466	2 487	–	–
Provision for doubtful debts and bad debts written off	854	489	–	–
Provision for impairment of listed investments	–	615	–	615
Realised foreign exchange loss	12 135	46 081	–	–
Transfer secretary fees	172	155	172	155
Staff costs				
– salaries and wages	247 496	203 260	–	–
– medical aid contributions	10 385	8 120	–	–
– pension fund contributions	15 726	15 086	–	–
– post retirement health care provisions	439	1 501	–	–
Unrealised foreign exchange losses	5 043	7 391	–	–

	Directors' fees (refer note 1) R 000	Salaries R 000	Bonuses (refer note 2) R 000	Other fringe benefits (refer note 3) R 000	Contributions to pension scheme R 000	Total R 000
19. DIRECTORS' EMOLUMENTS						
2004						
Executive						
D Sacco (Chairman)	110	2 160	1 013	136	–	3 419
R J Carpenter (Deputy Chairman)	96	1 749	3 031	106	404	5 386
C J Cory (Chief Executive Officer)	96	1 354	1 091	156	314	3 011
P C Crous (Technical and Operations)	96	1 286	1 091	149	311	2 933
Alternate						
J W Lewis	–	751	651	170	179	1 751
Non-executive						
R A Chute*	60					60
B M Hawsworth	60					60
J C van der Horst	60					60
	578	7 300	6 877	717	1 208	16 680
2003						
Executive						
D Sacco (Chairman)	85	1 524	1 011	191	–	2 811
R J Carpenter (Deputy Chairman)	71	1 521	1 292	79	271	3 234
C J Cory (Financial)	71	1 118	1 170	153	201	2 713
P C Crous (Technical and Operations)	71	1 118	1 170	159	207	2 725
Alternate						
J W Lewis	–	677	704	133	118	1 632
Non-executive						
R A Chute*	31					31
J S de Wet*	1					1
B M Hawsworth	46					46
J C van der Horst	30					30
	406	5 958	5 347	715	797	13 223

*Fees paid to Old Mutual

Notes:

1. Directors' fees paid to executive directors include fees received from Assmang Limited.
2. Due to the shareholding structure, the company is unable to offer directors remuneration by way of share incentive or option arrangements and bonuses are determined based on results for the year and where applicable, include long-term service awards. Directors owning shares in the group do so in their own right and disclosure thereof is made in the directors' report.
3. Other fringe benefits include medical aid contributions, car scheme allowances, life insurance contributions, leave paid out, study loan benefits and unemployment insurance fund contributions.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2004

	Group 2004 R 000	Group 2003 R 000	Company 2004 R 000	Company 2003 R 000
20. TAXATION AND STATE'S SHARE OF PROFITS				
South African normal tax				
– current year	57 720	34 212	46	242
– prior year underprovisions/(overprovisions)	89	(450)	(29)	(1)
State's share of profits	658	11 278		
Deferred taxation				
– temporary differences	39 597	28 944		
Secondary tax on companies	1 519	2 430		
	99 583	76 414	17	241
The current tax charge is affected by non-taxable investment income, capital redemption allowances and assessed tax losses in certain subsidiary companies and trading losses in other subsidiary companies for which there was no tax relief in the current year.				
Estimated losses available for the reduction of future taxable income arising in certain joint venture and subsidiary companies	32 718	33 677		
Estimated unredeemed capital expenditure available for reduction of future taxable income on mining operations in certain joint venture and subsidiary companies	273 076	233 516		
Reconciliation of tax rate (%)				
Nominal tax rate	30,00	30,00	30,00	30,00
Adjusted for:				
Dividend income	(0,49)	(0,75)	(31,52)	(28,15)
Exempt income	(1,28)	(1,66)	–	(3,34)
Under/(over) provisions of ordinary taxation in prior years	0,03	(0,21)	(0,18)	–
State's share of profits	0,21	3,62	–	–
Disallowable expenditure	0,61	0,85	1,36	1,54
Secondary tax on companies	0,49	1,12	–	–
Other	2,68	2,10	0,43	0,86
Effective tax rate	32,25	35,07	0,09	0,91

	Group 2004 R 000	Group 2003 R 000	Company 2004 R 000	Company 2003 R 000
21. DIVIDENDS				
Ordinary – declared	12 600	18 200	12 600	18 200
Per share (cents)	45	65	45	65
Ordinary – paid	18 200	14 000	18 200	14 000
Per share (cents)	65	50	65	50
22. EARNINGS AND HEADLINE EARNINGS PER SHARE				
Calculation of earnings, and headline earnings per share was determined using the following information:				
Earnings				
Net income after taxation and State's share of profits per income statement	169 607	136 372		
Headline earnings				
Earnings as above	169 607	136 372		
Adjusted for:				
Profit on disposal of:				
– property, plant and equipment	(3 196)	(476)		
– listed investments	(3 506)	(2 953)		
Impairment of book value of mineral rights	–	1 363		
Provision for impairment of listed investments	–	615		
Amortisation of goodwill	236	236		
Impairment of goodwill	303	–		
Headline earnings	163 444	135 157		
Number of shares in issue	28 000	28 000		
Earnings per share (cents)	606	487		
Headline earnings per share (cents)	584	483		

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2004

	Group 2004 R 000	Group 2003 R 000	Company 2004 R 000	Company 2003 R 000
23. NOTES TO THE CASH FLOW STATEMENTS				
23.1 Cash generated by/(utilised in) operations				
Profit before taxation and State's share of profits	308 793	217 859	16 378	26 526
Adjusted for:	102 745	90 532	(17 195)	(27 233)
– Dividends received	(5 057)	(5 451)	(17 209)	(24 893)
– Interest received	(13 285)	(13 346)	(2)	(2)
– Profit on disposal of property, plant and equipment	(3 196)	(476)		
– Profit on disposal of investments	(3 506)	(2 953)	16	(2 953)
– Provision for bad debts and bad debts written off	854	489	–	–
– Consumables stores written off	1 166	5 687	–	–
– Depreciation on property, plant and equipment	85 638	72 083		
– Impairment of book value of mineral rights	–	1 363		
– Loss on disposal and scrapping of property, plant and equipment	–	9	–	–
– Unrealised foreign exchange losses	5 043	7 391	–	–
– Interest paid	25 765	28 412	–	–
– Provision against listed investments	–	615	–	615
– Movements in long-term provisions	14 038	3 148		
– Movements in short-term provisions	6 089	2 182	–	–
– Amortisation of intangibles and goodwill	628	542		
– Foreign currency translation reserve	(11 336)	(9 130)		
– Other non-cash flow items	(96)	(33)	–	–
	411 538	308 391	(817)	(707)
23.2 Investment income				
Dividends receivable at beginning of year	351	138	351	138
Credited to the income statements	5 057	5 451	17 209	24 893
Dividends receivable at end of year	(217)	(351)	(217)	(351)
	5 191	5 238	17 343	24 680

	Group 2004 R 000	Group 2003 R 000	Company 2004 R 000	Company 2003 R 000
23. NOTES TO THE CASH FLOW STATEMENTS (continued)				
23.3 Cash generated by/(utilised in) working capital				
Increase in inventories	(52 926)	(26 489)	–	–
Increase in accounts receivable	(118 363)	(37 639)	(386)	(204)
Increase in amounts owing by joint venture partners	(9 529)	–	–	–
(Decrease)/increase in amounts owing to group companies	–	–	(2 957)	309
Increase in accounts payable	57 606	106 627	402	12
Payments against provisions	(2 515)	(1 426)	–	–
	(125 727)	41 073	(2 941)	117
23.4 Taxation paid				
Unpaid at beginning of year	(8 998)	(25 943)	(218)	(1)
Charged to the income statements	(99 583)	(76 414)	(17)	(241)
Movement in deferred taxation	39 595	28 944	–	–
Unpaid at end of year	27 676	8 998	27	218
	(41 310)	(64 415)	(208)	(24)
23.5 Dividends paid				
Unpaid at beginning of year	(62)	(53)	(62)	(53)
Paid during the year	(12 600)	(18 200)	(12 600)	(18 200)
Unpaid at end of year	68	62	68	62
	(12 594)	(18 191)	(12 594)	(18 191)
23.6 Acquisition of additional shares in a subsidiary company				
Purchase price			400	–
Less: cash			(12)	–
			388	–
Represented by:				
Goodwill			394	
Property plant and equipment			42	
Inventories			127	
Accounts receivable			96	
Accounts payable			(10)	
Provisions			(36)	
Group companies			(225)	
			388	–

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2004

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The group is exposed to various financial risks related to the use of financial instruments in the normal course of its operations, however it does not acquire, hold or issue any derivative instruments for speculative purposes. Treasury risk management committees have been established in the group which manage these risks in accordance with the policies itemised below:

Currency risk

The group's markets are predominantly priced in US dollars and to a lesser extent Euro, which exposes the group's cash flows to foreign exchange currency risks where settlement is made in a foreign currency. The difference on exchange between the date on which the sale is recorded and the payment is received is disclosed as a realised foreign exchange profit/(loss) (refer note 18). Where considered appropriate, these risks are hedged using foreign exchange contracts. The extent to which foreign currency receivables are hedged by forward exchange contracts is continuously reviewed in the light of changes in operational forecasts and current market conditions. Set out below is a summary of foreign debtors at the year end which are included in trade and other receivables in the balance sheet, none of which were covered by foreign exchange contracts.

	2004 R 000	2003 R 000
Foreign debtors at year end		
US dollar denominated	231 252	230 445
Euro denominated	166 154	102 114
	397 406	332 559

Credit risk

Credit risk arises from possible defaults on payments by customers or bank counterparties where letters of credit have been issued. The group minimises credit risk by careful evaluation of the ongoing credit worthiness of the customers and bank counterparties before transactions are concluded. Only banking institutions with exceptional credit rankings are considered, and where amounts are material, the amounts are distributed appropriately among these institutions to minimise credit risk by diversification.

At year end, the group did not consider that there was any significant concentration of credit risk which had not been adequately provided for.

Fair value risk

The estimated fair value of the group's financial instruments which is based on relevant market information is compared with the book value on an ongoing basis, and as at 30 June 2004, book value approximated fair value. As market information is involved in making assumptions, estimated fair value is determined as accurately as the relevant market information will permit.

Interest rate risk

Interest rate risk arises through the impact which interest rate fluctuations have on the return on short-term cash investments and the cost of financing activities. Interest rates are continually monitored based on relevant updated information. Cash is managed to ensure that surplus funds are invested in a manner which is aimed at achieving maximum returns, while minimising risks, and borrowing rates are optimised.

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The group was exposed to the following interest rate risks at year end.

	Book value at year end R 000	Maturity date	Effective interest rate	
Financial assets				
<i>Year ended 30 June 2004</i>				
Cash – financial institutions	166 263	Current	Overnight call deposit	
<i>Year ended 30 June 2003</i>				
Cash – financial institutions	96 623	Current	Overnight call deposit	
	Foreign currency amount US\$ 000	Book value at year end R 000	Maturity date	Effective interest rate
Financial liabilities				
<i>Year ended 30 June 2004</i>				
Local long-term borrowings				1,75% below the
– Finance leases	–	6 523	2009	prime interest rate
Local short-term borrowings				Linked to
– Financial institutions	–	336 622	Current	money market
Foreign short-term borrowings				Linked to
– Financial institutions	6 900	42 544	Current	LIBOR
	6 900	385 689		
<i>Year ended 30 June 2003</i>				
Local long-term borrowings				1% below the
– Finance leases	–	1	2005	prime interest rate
Local short-term borrowings				Linked to
– Financial institutions	–	239 290	Current	money market
Foreign short-term borrowings				Linked to
– Financial institutions	9 300	69 332	Current	LIBOR
	9 300	308 623		

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2004

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the group will be unable to meet a financial commitment in any location or currency as they fall due. This risk is controlled and monitored by the preparation of detailed cash flow forecasts and budgets which are regularly reviewed by management. Banking facilities are established in advance with reputable banks to ensure that any forecast cashflow shortfalls can be met from borrowings.

	Group 2004 R 000	Group 2003 R 000	Company 2004 R 000	Company 2003 R 000
25. COMMITMENTS				
Capital expenditure				
Expenditure authorised but not contracted for	150 242	106 401		
Expenditure authorised and contracted for	53 945	65 505		
	204 187	171 906	-	-
It is anticipated that this expenditure which relates wholly to plant and equipment will be incurred over a two year period and will be financed from own resources and borrowing facilities.				
Operating leases				
Future minimum rentals payable under non-cancellable operating leases over premises and equipment are payable as follows:				
Within one year	592	765		
After one year but not more than five years	1 199	2 165		
	1 791	2 930		
Other				
Forward commitments entered into by a foreign subsidiary with regard to its inventory of ores, alloys and metals:				
Purchases US \$14 100 (2003: US \$7 000)	96 027	61 886		
Sales US \$46 900 (2003: US \$19 400)	319 408	171 513		

	Group 2004 R 000	Group 2003 R 000	Company 2004 R 000	Company 2003 R 000
26. BORROWING CAPACITY				
The borrowing capacity of the company and its subsidiaries, in terms of its Articles of Association are as follows:				
Assore Limited				
Authorised in terms of the Articles of Association	200 000	200 000	200 000	200 000
External borrowings at year end	-	-	-	-
Assmang Limited				
Authorised in terms of the Articles of Association	1 132 543	1 045 002		
External borrowings at year end				
- long-term borrowings	6 523	1		
- overdrafts and short-term	379 166	308 622		
	385 689	308 623	-	-
27. CONTINGENT LIABILITIES				
Holding company guarantees issued to bankers as security for facilities provided to subsidiary companies	166 477	263 578	166 477	263 584
Performance guarantees issued by bankers on behalf of group companies	18 869	7 402	-	-
	185 346	270 980	166 477	263 584

The holding company has also issued guarantees to bankers to secure a short-term export finance agreement facility of R180 million (2003: R180 million). The facility is utilised for and on behalf of a principal in which the group holds a 45,66% interest (refer note 5) and which in turn has provided a back-to-back guarantee against any claims made by bankers in terms of this facility.

28. SEGMENT INFORMATION

The group's primary segment reporting format is by business segment and its secondary reporting format by the geographical location of customers. This reflects the predominant risks and rates of return that affect the group.

Business segments:

The business of the group is principally mining of ore and beneficiation of alloys. In addition, the group earns revenue from other sources which have been consolidated under a separate heading for one of the following reasons:

- the majority of its revenue is earned from internal sales and
- its revenue from total sales is less than 10% of the total revenue, external and internal, of all segments or
- its segment result is less than 10% of the combined result of all segments in profit or loss whether on absolute amounts or
- its assets are less than 10% of the total assets of all segments.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2004

28. SEGMENT INFORMATION (continued)

Primary segmental information	Mining & beneficiation			Subtotal	Marketing and shipping	Other, individually less than 10%	Consolidation adjustment	Total
	Iron ore Division	Manganese Division	Chrome Division					
Year to 30 June 2004								
Revenue	295 584	729 142	493 062	1 517 788	719 865	164 125	(70 454)	2 331 324
Contribution to earnings	5 062	105 991	(11 360)	99 693	58 422	18 057	(6 565)	169 607
Contribution to headline earnings	3 658	105 451	(11 472)	97 637	58 962	13 413	(6 568)	163 444
Other information								
Consolidated total assets	416 257	853 601	660 129	1 929 987	484 469	500 771	(357 549)	2 557 678
Consolidated total liabilities	143 711	182 485	471 248	797 444	193 283	276 632	(301 314)	966 045
Capital expenditure	67 759	122 308	34 904	224 971	604	11 454	-	237 029
Depreciation and amortisation	24 863	28 416	23 357	76 636	583	9 047	-	86 266
Year to 30 June 2003								
Revenue	314 893	685 039	331 309	1 331 241	441 956	135 640	(65 068)	1 843 769
Contribution to earnings	24 517	130 575	(62 013)	93 079	33 527	11 832	(2 066)	136 372
Contribution to headline earnings	24 517	130 565	(62 013)	93 069	33 763	10 391	(2 066)	135 157
Other information								
Consolidated total assets	360 488	712 024	583 538	1 656 050	359 616	458 852	(334 574)	2 139 944
Consolidated total liabilities	93 004	134 746	383 298	611 048	161 860	267 690	(295 868)	744 730
Capital expenditure	46 690	83 707	23 997	154 394	-	19 969	-	174 363
Depreciation and amortisation	18 900	25 705	20 259	64 864	374	7 388	-	72 626

Note: Earnings include Secondary Tax on Companies (STC) amounting to R1 519 205 (2003: R2 429 723).

28. SEGMENT INFORMATION (continued)

Geographical segment: by location of customers:

An analysis of the geographical locations to which product is supplied is set out below:

	Group revenue by segment 2004 R 000	Group revenue by segment 2003 R 000	Group debtors by segment 2004 R 000	Group debtors by segment 2003 R 000
<i>Customers by locations</i>				
USA	912 567	638 198	125 352	95 263
Far East	602 427	542 077	104 602	129 345
Europe	500 231	427 955	166 154	102 114
South Africa	272 890	211 074	78 178	25 650
Other	43 193	24 465	1 298	5 837
	2 331 308	1 843 769	475 584	358 209

29. RELATED PARTY TRANSACTIONS

	Group 2004 R 000	Group 2003 R 000	Company 2004 R 000	Company 2003 R 000
Related party transactions are concluded at arm's length and under terms and conditions that are no less favourable than those arranged with third parties.				
The following significant related party transactions occurred during the year:				
Joint venture company				
Assmang Limited				
– commissions received	59 096	48 536	–	–
– amounts payable at year end	17 858	5 957	–	–
– amounts receivable at year end	10 641	7 680	–	–
Foreign subsidiary				
Minerais U.S. LLC				
– commissions paid	11 728	8 201	–	–
– amounts receivable at year end	13 814	12 800	–	–

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2004

	Issued share capital 2004 R	Issued share capital 2003 R	Direct interest in share capital 2004 %	Direct interest in share capital 2003 %	Shares at cost 2004 R 000	Shares at cost 2003 R 000	Amounts due by/(to) subsidiary companies 2004 R 000	Amounts due by/(to) subsidiary companies 2003 R 000
30. INTEREST OF HOLDING COMPANY IN ITS SUBSIDIARY COMPANIES								
Incorporated in South Africa								
African Mining and Trust Company Limited	1 000 000	1 000 000	100	100	1 200	1 200	(26 348)	(29 309)
Ceramox (Proprietary) Limited	100	100	100	75	1 124	724	(4)	-
General Nominees (Proprietary) Limited*	4	4	100	100	-	-	-	-
Erven 40 & 41 Illovo (Proprietary) Limited	1 000	1 000	100	100	-	-	-	-
Erven 27 & 28 Illovo (Proprietary) Limited	1 000	1 000	100	100	-	-	-	-
Ore & Metal Company Limited	100 000	100 000	100	100	105	105	(15 000)	(15 000)
Rustenburg Minerals Development Company (Proprietary) Limited	130 000	130 000	100	100	-	130	-	-
Wonderstone Limited	10 000	10 000	100	100	10	10	-	-
Wonderstone 1937 Limited*	45 940	45 940	100	100	35	35	-	-
Zeerust Chrome Mines Limited	1 300 000	1 300 000	100	100	1 114	1 114	-	-
Incorporated in Namibia								
Krantzberg Mines Limited*	500 000	500 000	100	100	-	-	-	-
Incorporated in Mozambique								
Amhold Limitada*	2	2	100	100	-	-	-	-
Incorporated in United States of America								
Minerais U.S. LLC	17 756 100	17 756 100	51	51	11 418	11 418	-	-
					15 006	14 736	(41 352)	(44 309)
Less – held indirectly – provided against					(11 452)	(11 452)		
					(1 114)	(1 114)		
Per note 4					2 440	2 170	(41 352)	(44 309)

* Dormant companies

31. RETIREMENT BENEFIT INFORMATION

31.1 Pensions

The group sponsors two defined benefit pension funds (Funds 1 and 2) and a defined contribution plan.

Defined benefit plans

The last statutory actuarial valuation of Fund 1 was performed as at 1 July 2002. This valuation revealed a 95,8% funding level. Although this funding level is acceptable to the Registrar of Pension Funds, the company has committed to paying additional contributions over the three years ending 30 June 2005 in order to amortise this deficit. An updated funding check has been performed as at 1 July 2004. This revealed that the funding level has reduced to 82% over the 24 months following the statutory valuation date, almost entirely as a result of higher-than-anticipated salary increases over that period, but in accordance with recommendations by the fund's actuaries, contribution rates have not been amended at this stage. The impact of the Pension Funds Second Amendment Act 2001 has been taken into account in the aforementioned actuarial valuations, and had little material financial impact on the Fund. The next statutory actuarial valuation of Fund 1 will be performed as at 1 July 2005.

The last statutory actuarial valuation in Fund 2 was performed as at 1 September 2003. This valuation revealed a deficit of R1,6 million corresponding to a reported 65,4% funding level. As this is a closed fund with only a small number of remaining pensioners, the company intends to transfer these remaining pensioners to Fund 1 following formal approval from the Registrar, whereafter Fund 2 will be deregistered. Provision has been made at year end (refer note 14), to make good the reported deficit before approving the said transfer and deregistration.

There have been no major changes in the structure of the defined benefit Funds nor have any unusual events taken place since the date of the last statutory actuarial valuations which would otherwise materially affect the financial position of the Funds which are as follows:

	Fund 1 R 000	Fund 2 R 000
Actuarial present value of assets	64 285	2 949
Actuarial present value of liabilities	67 080	4 509
	(2 795)	(1 560)
Funding level	95,8%	65,4%

Contributions to the funds by the group which were expensed amounted to R5 997 200 (2003: R4 280 475).

The principal actuarial assumptions include:

Economic:

Investment returns per annum	10%	9%
Salary inflation per annum	7%	6%
Pension increases per annum	5,25%	4,50%

Other:

Active mortality SA 72/77 Ultimate Table

Pensioner mortality PA(90) Ultimate Table

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2004

31. RETIREMENT BENEFIT INFORMATION (continued)

31.1 Pensions (continued)

Defined benefit plans (continued)

Merit salary increases as per sliding scale depending on age starting at 5% per annum below age 25, and reducing to zero above age 50.

Spouses' benefits for active members – on average, husbands are two years older than their wives, and all married at date of retirement.

For current pensioners, the actual marital statuses and the exact ages of the spouses have been taken into account.

Defined contribution plan

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

The amount expensed in the current year was R9 728 482 (2003: R8 624 810).

31.2 Medical aid

The group has obligations to fund the post employment medical aid costs of certain employees and pensioners. The anticipated liabilities arising from these obligations are assessed annually by an independent actuarial valuation which uses assumptions consistent with those adopted in determining pension costs and, in addition, includes long-term estimates of the increases in medical costs at appropriate discount rates.

For purposes of this valuation, the benefit is assumed to accrue uniformly since the date that employment commenced until the expected date of retirement. The accrual of the benefit in this way is consistent with the Projected Unit Credit Method of valuation referred to in AC116.

The principal actuarial assumptions include:

Investment returns – 10% per annum, compounded

Rate of consumer price inflation – 6% per annum

General medical aid inflation will exceed general price inflation by 2% per annum in future.

Mortality (active members) – Nil

Mortality (pensioners) – PA (90) Tables for Pensioners (ultimate rates)

Spouses' benefits – on average, husbands are three years older than their wives. Eighty percent of the active members will be married at their respective dates.

Contributions that are paid for dependant children of pensioners will cease when the children turn 25.

No active members were assumed to have dependant children when they retire.

The actuarially determined liability in respect of the current retirees and active employees is R14 546 248 (2003: R13 038 863), which has been fully provided for at year end (refer note 18).

NOTICE TO MEMBERS

Notice is hereby given that the fifty fourth Annual General Meeting of members of Assore Limited will be held at 15 Fricker Road, Illovo Boulevard, Johannesburg on Friday, 26 November 2004 at 10h30 for the following purposes:

- To receive and consider the annual financial statements for the year ended 30 June 2004.
- To elect directors in place of those retiring in accordance with the provisions of the company's Articles of Association (refer footnotes for directors' *Curriculum Vitae*).
- To consider, and if deemed fit, to pass with or without modification the following resolutions:

SPECIAL RESOLUTION

"Resolved that the Articles of Association of the company be amended by the addition of a new article which will read as follows:

42.(j) 'acquire its own shares and make payments to shareholders subject to the provisions of Section 85 to 90 of the Companies Act 1973 (as amended) and the JSE Listing Requirements';"

The reason for the passing of the special resolution is to bring the Articles of Association of the company into line with the Companies Amendment Act No. 37 of 1999 whereby a company is now allowed to purchase its own shares under certain circumstances.

The effect of the special resolution will be to amend the Articles of Association of the company, accordingly, thereby:

- authorising the company to acquire its own shares; and
- authorising the company to make payments, as described in the Companies Act, to its shareholders.

ORDINARY RESOLUTION

Whereas in terms of the Articles of Association the remuneration of directors shall be determined from time to time by the shareholders in general meeting and is currently R60 000 per annum for each director.

"Resolved that the independent non-executive directors, Mr B M Hawksworth and Dr J C van der Horst, shall be paid out of the funds of the company as remuneration for their services as such at the rate of R120 000 and R100 000 per annum respectively with effect from 1 July 2004 until otherwise determined by the company in general meeting. The remuneration shall be paid quarterly in arrears."

- To transact any other business which may be transacted at an Annual General Meeting.

Members holding certificated shares and members who have dematerialised their shares and have elected own name registration in the sub-register maintained by the Central Securities Depository Participant ("CSDP"), may attend, speak and vote at the Annual General Meeting or may appoint one or more proxies (who need not be members of the company) to attend, speak and vote at the Annual General Meeting on behalf of such shareholder. A proxy form is attached to this notice of Annual General Meeting. Duly completed proxy forms must be returned to the transfer secretaries of the company or the registered office of the company to be received by no later than 10h30 on Wednesday, 24 November 2004.

Members who have dematerialised their shares through a CSDP or broker and who have not elected own name registration in the sub-register maintained by a CSDP and who wish to attend the Annual General Meeting, should instruct their CSDP or broker to issue them with the necessary authority to attend, or if they do not wish to attend the Annual General Meeting, but wish to be represented thereat, they may provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP or broker.

By order of the Board

African Mining and Trust Company Limited
Secretaries

Johannesburg
19 October 2004

NOTICE TO MEMBERS (continued)

Directors retiring by rotation and available for re-election:

P N BOYNTON

BSc (Hons), BComm, CA(SA), ACMA, MBA

Paul joined Old Mutual's investment team in 1995, having previously worked as an investment banker in Johannesburg for seven years. Before that he was with Deloitte for three years.

He joined the Assore Board as a non-executive director in July 2004 and as Joint Head : Alternative Asset Management currently holds the position of executive director of Old Mutual Asset Managers (South Africa) (Proprietary) Limited.

R J CARPENTER

Deputy Chairman

BA, ACIS

Bob joined the Ore & Metal Company Limited in 1964 and was appointed Managing Director in 1991. Ore & Metal is a wholly owned subsidiary of the Assore group and acts as selling and shipping agent for products produced by the Assmang and Assore groups. He was appointed to the Assore Board in 1987, to the Assmang Board in 1989 and was made Deputy Chairman of Assore in 1993.

C J CORY

Chief Executive Officer

BA, CA(SA), MBA (Wits)

Chris completed articles with Alex, Aiken & Carter (now KPMG) and qualified as a Chartered Accountant in 1982. In 1989 he joined the Assore group as Group Accountant. In 1992 he was appointed to Group Financial Director and made Chief Executive Officer in June 2004 when the roles of Chairman and Managing Director were split. He was appointed to the Assmang Board as a non-executive director in 1993 and currently chairs the Assmang Audit Committee. He is a member of the South African Institute of Chartered Accountants (SAICA).

FORM OF PROXY

Assore Limited

(Incorporated in the Republic of South Africa)

(Registration number: 1950/037394/06)

Share code: ASR_ISIN:ZAE 000017117

("Assore" or "the Company")

For use only by members holding certificated shares and members who have dematerialised their share certificates and have elected own name registration in the sub-register maintained by the Central Securities Depository Participant ("CSDP"), at the Annual General Meeting to be held at 10h30 on Friday, 26 November 2004.

Members who have dematerialised their share certificates through a CSDP or broker and who have not elected own name registration in the sub-register maintained by a CSDP who wish to attend the Annual General Meeting, should not complete this form of proxy, but should instruct their CSDP or broker to issue them with the necessary authority to attend, or if they do not wish to attend the Annual General Meeting, but wish to be represented thereat, they may provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP or broker.

Form of proxy for Annual General Meeting

I/We

(Name in block letters)

of

(Address)

being the holder/s of

ordinary shares

in the Company, hereby appoint (see note 1)

1.

of

or failing him

2.

of

or failing him

3. the chairman of the Company, or failing him, the chairman of the annual general meeting

as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the Company to be held at 15 Fricker Road, Illovo Boulevard, Johannesburg on Friday, 26 November 2004 at 10h30 or at any adjournment thereof.

I/We desire to vote as follows (see note 2):

	For	Against	Abstain
Adoption of annual financial statements			
Election of retiring directors			
Special resolution: Amendment of articles of association to authorise share repurchases			
Ordinary resolution: Determination of remuneration for independent non-executive directors			

Signed at

on

2004

Signature

Assisted by me (where applicable)

Please see notes overleaf

NOTES

- 1 A member is entitled to appoint one or more proxies (none of whom need be a member of the Company) to attend, speak and vote in the place of that member at the annual general meeting. A member may therefore insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the chairman of the Company, or failing him, the chairman of the annual general meeting". The person whose name stands first on the proxy form and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
- 2 A member's instructions to the proxy must be indicated by the insertion of an 'X' in the appropriate box provided. Failure to comply with the above will be deemed to authorise the chairman of the annual general meeting, if he is the authorised proxy, to vote in favour of the resolutions at the annual general meeting, or any other proxy to vote or abstain from voting at the annual general meeting as he deems fit, in respect of the member's total holding.
- 3 The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
- 4 Every member present in person or by proxy and entitled to vote shall, on a show of hands, have only one vote and, upon a poll, every member shall have one vote for every ordinary share held.
- 5 In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders for which purpose seniority will be determined by the order in which the names stand in the register of members in respect of joint holding.
- 6 Documentary evidence establishing the authority of the person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries or waived by the chairman of the annual general meeting.
- 7 Forms of proxy must be lodged at, or posted to, the registered office of the Company or the transfer secretaries, Computershare Investor Services 2004 (Proprietary) Limited, 70 Marshall Street, Johannesburg (P O Box 61051, Marshalltown, 2107) to be received by not later than 10h30 on Wednesday, 24 November 2004.

Executive directors

Desmond Sacco (Chairman)#
R J Carpenter (Deputy Chairman)
C J Cory (Chief Executive Officer)*
P C Crous (Technical and operations)

Non-executive directors

P N Boynton *
B M Hawksworth*†#
Dr J C van der Horst*†#

Alternate director

J W Lewis (British)

#Member of the Remuneration Committee

**Member of the Audit Committee*

†Independent

Secretary and Registered Office

African Mining and Trust Company Limited
Assore House
15 Fricker Road
Illovo Boulevard
Johannesburg 2196

Postal address

Private Bag X03
Northlands 2116
e-Mail: info@assore.com

Transfer secretaries and share transfer office

Computershare Investor Services 2004
(Proprietary) Limited
70 Marshall Street
Johannesburg 2001

Attorneys

Deneys Reitz
82 Maude Street
Sandton 2196

Webber Wentzel Bowens
10 Fricker Road
Illovo Boulevard
Johannesburg 2196

Auditors

Ernst & Young
Wanderers Office Park
52 Corlett Drive
Illovo
Johannesburg 2196

Bankers

The Standard Bank of South Africa Limited
88 Commissioner Street
Johannesburg 2000

Corporate Information

Company registration number: 1950/037394/06
Incorporated in South Africa

