

# CHAIRMAN'S REVIEW

FOR THE YEAR ENDED 30 JUNE 2006

## THE YEAR UNDER REVIEW

The 2006 financial year has, in certain respects, been a watershed year for the Assore group. Many changes have taken place in the South African mining industry over the past 10 years and it is incumbent upon the management of any group operating in this country to assess from a strategic point of view and, where considered appropriate, to make those changes that are calculated to benefit the group, its stakeholders and the industry.

As a South African mining group, Assore implicitly supports the terms and conditions of the Mineral and Petroleum Resources Development Act (the MRPD Act). In pursuit of this policy, the company, after due deliberations on the best way to achieve its purpose, concluded a Black Economic Empowerment transaction at group level in February 2006. This entailed the acquisition of 15,02% of the issued ordinary share capital of Assore by two Black Economic Empowerment (BEE) entities, namely:

- Shanduka Resources, which purchased an 11,76% equity interest in Assore;
- The Bokamoso Trust, a community trust, established to benefit broad-based community groupings in the areas in which the group's mines and beneficiation plants are located, and which purchased a 3,26% equity interest in Assore.

Shanduka Resources has a long-term strategy to develop a diversified resources group with operational capabilities and already has investments in the coal, diamond, paper and gold industries. The Bokamoso Trust was set up to house the interest of the community trust and the group is currently in the process of negotiating with potential beneficiaries who meet the requirements of the Trust Deed.

In a separate transaction which occurred at virtually the same time, Assore made an offer to minority shareholders in Assmang to acquire all of their shares in Assmang through a scheme of arrangement. This involved some 141 630 Assmang shares, amounting to approximately 4% of Assmang's share capital. The consideration payable in terms of the scheme was R2 600 per share in cash or a total consideration of R368 million, valuing Assmang at some R9,2 billion.

Simultaneously, Assore and African Rainbow Minerals (ARM) entered into an agreement whereby Assore would acquire from ARM, at the same offer price, all the Assmang shares held by ARM in excess of 50% of the total number of issued shares in Assmang. On completion of this transaction, Assore and ARM would each hold 50% of Assmang's share capital and the listing of Assmang's shares on the JSE Limited would be terminated. The scheme was subsequently approved by shareholders and the High Court of South Africa and Assmang's shares were delisted from the JSE on 28 February 2006. The buyout of the minorities and equalisation of the shareholding in Assmang has largely given legal recognition to a *de facto* joint venture which had existed for many years.

Details of these transactions are set out in the directors' report, and your board considers that the effect of these transactions has been to ensure that the group is well positioned to continue operating effectively and efficiently under the new dispensation created for mining companies in South Africa.

The future has been further catered for by the approval in Assmang to proceed with the development of the new Khumani open cast iron ore mine. Situated near Kathu in the Northern Cape, the initial estimated cost is R3,2 billion to achieve a commencing annual capacity of 8,4 million tons, and production is planned to start in the first half of 2008. It is the biggest, single capital investment decision the company has made and will eventually more than treble current iron ore capacity to 16 million tons, potentially making iron ore the group's largest profit contributor in the years to come.

The group's products are primarily traded on international markets in US dollars and while results were influenced by the strong demand referred to above, the rand/US dollar exchange rate continues to be one of the most significant factors in the group's business. The rand remained strong for most of the year averaging 6,41 (2005: 6,18) to the US dollar; but started weakening in the last two months of the year and by year-end was 7,11 (2005: 6,65). The stronger rand for most of the year impacted negatively on Assore's interim results which were 26,6% lower than the previous year at R146,7 million. However, the weakening in the currency towards the year-end resulted in an increase in

rand profit for the second half, a trend which has persisted up to the time of writing this report.

Turning to operational events, as in the previous year, international demand, spearheaded by China, was again the dominant influence exerted upon the markets in which the Assore group principally trades.

#### SALES VOLUMES

The market for iron ore remained strong throughout the year underpinned by the worldwide production of crude steel, which increased by 6% to 1,13 billion tons for calendar 2005, and the first six months of 2006 showed a continuation of this trend. China continued to be the main driver of this increase, producing 349 million tons in 2005, which was 24,6% above the previous year, as well as 199,5 million tons of the 598,5 million tons produced worldwide in the first six months of 2006.

Stainless steel production, which consumes the bulk of charge chrome produced in the world, also increased dramatically from the beginning of calendar 2006, reversing the significant cutbacks made by producers outside China in the second half of 2005. Production of stainless steel in the first half of 2006 was 13,3 million tons and total production for the year is likely to reach at least 27 million tons (2005: 24,6 million tons). Set against this background, sales volumes for Assmang products for the year were as follows:

	Tons '000	% increase/ (decrease)
	<b>2006</b>	2005
Iron ore	<b>5 926</b>	5 776
Manganese ore	<b>1 678</b>	1 811
Manganese alloys	<b>260</b>	197
Charge chrome	<b>210</b>	262
Chrome ore	<b>178</b>	34

#### RESULTS FOR THE YEAR

In contrast to the strong growth from almost all divisions in the previous year, markets in the current year produced a mixed performance with profit attributable to Assore shareholders reducing by 10,2% to R457,4 million against an almost 200% increase in the previous year to R509,5 million. The results were significantly affected by the gradual decrease in US dollar prices for manganese ore, caused by the

increase in supply which was triggered by the 63% increase in prices that occurred in the last quarter of the 2005 financial year. This oversupply saw manganese ore prices fall and a consequent reduction in volumes across the year.

In contrast, the robust carbon steel production referred to above resulted in a strong demand for manganese alloys. After the oversupply situation in early 2005, production cutbacks brought the market back into balance and manganese alloy prices firmed across the board during the year. However, the increased alloy profitability and volumes were unable to offset the lower ore price and volumes and the contribution for the year from the manganese division dropped substantially by 51,4% to R163,4 million (2005: R336,3 million).

Robust crude steel production also resulted in a strong demand for iron ore and the group benefited from the 71,5% increase in the international iron ore benchmark price effective from 1 April 2005. With a further increase of 19% for the period April 2006 to March 2007 and, the small increase in tonnage achieved from the already constrained railway capacity, the contribution from the iron ore business increased significantly to R199,5 million from R61,8 million in the previous year.

The adverse conditions, which prevailed for most of the year in the charge chrome market, caused Assmang to announce a reduction in charge chrome production to counter the oversupply which was causing instability in the market. As a result, charge chrome sales declined by 19,8% to 210 000 tons for the year and, while the initiative achieved its objective, it considerably affected profitability, resulting in a R29,6 million loss for the year against the previous year's R35,3 million profit. A combination of increased stainless steel production, a restoration in the balance of the charge chrome market and a weakening of the rand finally saw prices recover in the last quarter of the financial year after falling for the previous three quarters, a trend which is likely to last until at least the end of 2006.

While the increases in sales of chrome ore are significant in percentage terms, they are not significant in terms of tonnage, and are targeted only at the limited market which exists locally.

# CHAIRMAN'S REVIEW

CONTINUED

Profit for the year included two extraordinary items which will not recur and which were significant to the year-end result. Profit for the year, was increased by a surplus on the disposal of listed investments of R145,8 million and, was decreased by a discount of R35,8 million which occurred in the BEE transaction referred to above. The discount which arose on the BEE transaction is equity neutral and is more fully explained in note 21 to the financial statements. The disposal of the listed investments arose as part of the initiative to finance the acquisition of the minority shareholders of Assmang which, including the shares acquired from ARM, cost the group R398 million. Taking advantage of strong trading conditions on the JSE Limited, investments which cost the group R68,9 million were sold, realising some R214,6 million and generating a profit of R145,8 million which was reduced by capital gains tax of R16,9 million. At year-end, the market value of the remaining portfolio was R169,6 million based on a cost of R47,5 million and the group will continue to build this portfolio in accordance with the long-term investment criteria which applied in the past.

Given the mixed performance of the group's markets, commissions and fees on marketing and shipping of group products reduced to R146,5 million (2005: R158,0 million) which is stated before the accounting adjustment which arose on the partial consolidation of Assmang and which is more fully explained in note 20 of the financial statements.

Net profit on investments also included interest received of R18,8 million (2005: R16,9 million), generated on cash in excess of current requirements which is invested on a short-term basis in the money market.

## OUTLOOK

As I have commented above, markets for the principal products in which the group trades experienced considerable volatility in the year under review. Current indications are that the situation has stabilised, for the time being, but we do not ignore the significant role which Chinese demand has played and the need for this to be sustained if our markets are to continue to expand.

The manganese ore market, largely propelled by Chinese crude steel production, is showing some recovery from an oversupplied position in the previous year. Manganese alloys are primarily affected by carbon steel production, again strongly influenced by China. However, prices have now reached levels likely to attract marginal producers and supply is increasing to the extent that a reversal in the price trend may develop.

Stainless steel is enjoying a robust market and world sales for calendar 2006 are likely to reach at least 27 million tons against 24,6 million tons in calendar 2005, which augurs well for the charge chrome market.

The iron ore market is also performing well and seems likely to continue doing so into the current year. The sea-borne iron ore trade is expected to increase to at least 730 million tons in 2006 from 670 million tons in 2005 as the growth in world crude steel production continues. However, the group's scope to participate more than modestly in this growth remains constrained by South African rail and harbour capacity and it is improbable that the group will enjoy any significant increases in iron ore sales volumes until the Khumani Mine becomes operational which is planned for the end of 2008.

The most promising short-term indicator of a better performance in the 2007 financial year remains the rand/US dollar exchange rate, particularly as the rand has significantly weakened against the dollar in recent weeks. However, the factors which influence the exchange rate, such as the oil price, emerging market issues, relative interest rates, current account performance and inflation are themselves particularly volatile at present, and it would be imprudent to attempt any reliable longer term forecasts.

## CAPITAL EXPENDITURE

Capital expenditure during the year under review totalled R705,0 million and was spent as follows:

- Manganese division: R239,1 million (2005: R353,1 million) including R83,8 million which was spent on shaft development of the Nchwaning III project, with the balance spent mainly on replacement items.

- Chrome division: R1 19,8 million (2005: R152,7 million) including R57,2 million (2005: R82 million) spent on completion of the Dwarsrivier underground mine, which was achieved by the end of calendar 2005 at a total cost of R221,7 million.
- Iron ore division: R346,1 million (2005: R193,2 million) which included R64,3 million on the new Khumani iron ore mine and R143,7 million on waste stripping and replacement items at Beeshoek.

#### **BORROWINGS**

Assmang's borrowings were reduced at year-end to R87,6 million (2005: R156,8 million) due to strong cash flows during the year. The group cash position of Assore remains strong with cash resources of R148,9 million (2005: R275,6 million) and short-term borrowings of R253,5 million (2005: R226,7 million).

#### **DIVIDENDS**

An interim dividend of 80 cents (2005: 50 cents) per

share was declared on 15 March 2006 and paid to shareholders on 10 April 2006.

An unchanged final dividend of 150 cents, making an increased total dividend of 230 cents (2005: 200 cents) per share, was declared on 30 August 2006 and was paid to shareholders on 26 September 2006.

#### **APPRECIATION**

The vagaries of the markets during the year placed additional pressure on management and staff and I would like to thank them for being equal at all times to the task. As always, I also extend our gratitude to all other stakeholders, including customers, suppliers, shareholders and bankers.

I would also like to take this opportunity to welcome Mr Cyril Ramaphosa and his alternate, Mr Rowan Smith, of Shanduka, onto the board. My directors and I look forward to building a long-standing relationship with the Shanduka Group as our empowerment partners in the years to come.



**Desmond Sacco**  
Chairman

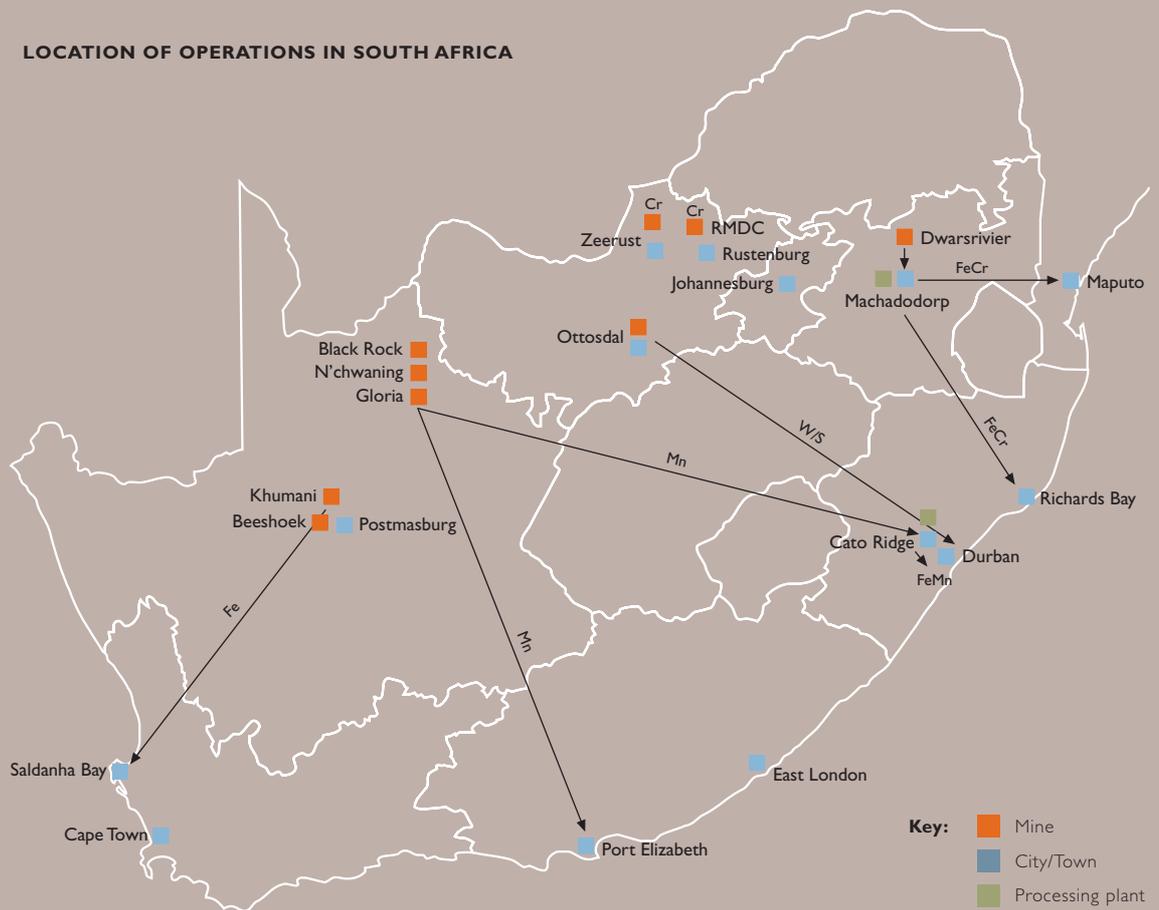
# REVIEW OF OPERATIONS

The activities of the group were conducted through its jointly controlled entities and subsidiary companies which are illustrated in the group structure chart set out on page 3.

The profit contributions for the various classes of business of the group were as follows:

	<b>2006</b>	2005
	<b>R 000</b>	R 000
Mining and beneficiation	<b>310 868</b>	417 875
Marketing and shipping	<b>92 706</b>	94 618
Profit after taxation on disposal of available-for-sale investments	<b>129 086</b>	–
Other	<b>(52 838)</b>	28 569
Profit per income statement	<b>479 822</b>	541 062

## LOCATION OF OPERATIONS IN SOUTH AFRICA



### PRODUCTS PRODUCED

- Cr** – Chrome – see page 11
- Fe** – Iron ore – see page 13
- Mn** – Manganese – see page 11
- FeCr** – Ferrochrome – see page 12
- FeMn** – Ferromanganese – see page 11
- W/S** – Wonderstone – see page 13

## 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 the Cato Ridge Works in KwaZulu-Natal. Cato Ridge Alloys, a joint venture between Assmang, Mizushima Ferroalloys Company Limited and Sumitomo Corporation Limited, both of Japan, 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.

Sales tonnages of manganese ore and alloy for the year were as follows:

	<b>2006</b>	2005
	<b>tons</b>	tons
	<b>'000</b>	'000
Manganese ore (excluding deliveries to Cato Ridge Works)	<b>1 678</b>	1 811
Manganese alloys	<b>260</b>	197

World crude steel production continued to increase in the year under review and, for the 2005 calendar year, increased by 5,9% to a record 1 129,3 million tons (2004: 1 066,5 million tons) of which China produced 349 million tons representing an increase over the previous year of 24,6%. However, due to the substantial increase in prices for manganese ore in April 2005 the manganese ore market was oversupplied in the first half of the financial year and sales reduced on market weakness to 1 678 000 tons (2005: 1 811 000 tons). Prices also reduced significantly in the second half of the year as a result of the oversupplied position.

The robust carbon steel production did result, however, in strong demand for manganese alloys during the year under review. After the oversupply situation in early 2005, production cutbacks brought the market back into balance and prices for manganese alloys increased across the board. Unfortunately, they have now reached levels that are attractive to marginal producers and supply is increasing to the extent that prices could be negatively affected going forward.

High carbon ferromanganese sales volumes achieved record levels during the year and increased to 188 000 tons (2005: 134 000 tons). In addition, sales from the new metal recovery plant were 13 000 tons. The demand for refined ferromanganese was particularly strong and sales were a record 58 000 tons (2005: 47 000 tons).

Despite the increased sales achieved for manganese alloys the reduction in US dollar prices weighed heavily on the result of the division and the contribution to the profit for the year of Assore reduced to R163,4 million for the year (2005: R336,3 million).

Capital expenditure during the year on the manganese mines was R239,1 million (2005: R353,1 million) including R83,8 million which was spent on underground development of the Nchwaning 3 project with the balance spent mainly on replacement items.

### Chrome and chrome alloys

Chrome ore is mined at Assmang's Dwarsrivier mine near Lydenburg in Mpumalanga province and production is used mainly to supply the group's Machadodorp Ferrochrome Works. The group also mines chrome ore near Rustenburg (Rustenburg Minerals Development Company (Proprietary) Limited) (RMDC) in open cast operations and production is supplied mainly to the local market (refer Black Empowerment in Assore).



#### RUSTENBURG MINERALS DIRECTORS

**Top (l to r):** Frans Kalp, Phera Shongoane

**Bottom (l to r):** Willie Modise, Gabriel Mokgoko

# REVIEW OF OPERATIONS

CONTINUED



The bulk of chrome ore mined worldwide is converted to ferrochrome and utilised in the production of stainless steel. Global stainless steel production increased dramatically from the beginning of calendar 2006, reversing the significant cutbacks made by producers outside China in the second half of 2005. The first half of calendar 2006 has seen very strong production of stainless steel at 13,3 million tons and total production for calendar 2006 is likely to reach at least 27 million tons (2005 calendar year: 24,6 million tons).

As announced during the year, Assmang deemed it advisable during the past financial year to temporarily reduce charge chrome production due to adverse market conditions resulting from oversupply. As a result charge chrome sales declined by 19,8% to 210 000 tons for the financial year (2005: 262 000 tons). However, as a result of strong stainless steel production, the subsequent balancing of the ferrochrome market and a strengthening

rand, prices for ferrochrome finally increased in the last quarter of the financial year after falling for the previous three quarters.

While the group believes that the temporary reduction in production contributed to the restabilisation of the market, it also had an effect on profitability of this division and the result for the year was a loss of R29,6 million (2005: R35,3 million profit).

During the year R57,2 million (2005: R82 million) was spent on completion of the Dwarsrivier underground mine which was achieved by the end of calendar 2005 at a total expected cost of R221,7 million.

Approximately 313 389 tons (2005: 418 970 tons) of run of mine, lumpy and concentrate were produced by RMDC during the year which resulted in a net profit of R3,7 million (2005: R8,8 million). As the mine is operated using contractors, capex was negligible at R1,9 million (2005: R3,5 million).

#### Iron ore

Iron ore is mined by Assmang at the Beeshoek open cast operations which are located outside Postmasburg in the Northern Cape.

Sea borne iron ore trade in 2005 was 670 million tons and this is expected to increase to at least 730 million tons in 2006 as the growth in world crude steel production continues.

During the year the board approved the development of the new Khumani, open cast, iron ore mine near Kathu region of the Northern Cape at an estimated cost of R3,2 billion and commencing at an annual capacity of 8,4 million tons. Initial production from the new mine is expected to occur in the first half of 2008.

The group's sales of iron ore increased to 5,93 million tons during the year (2005: 5,78 million tons) and although a slight improvement in export volumes is expected in 2006 it is unlikely there will be any significant increases in sales volumes until the Khumani mine becomes operational.

As reported last year US dollar prices increased significantly by some 71,5% with effect from 1 April 2005. Prices were maintained at these levels for the first nine months after which a further 19% increase was

achieved with effect from 1 April 2006. Based on the higher prices the contribution of the iron ore division to Assore profit was significantly higher at R199,5 million (2005: R61,8 million).

Capital expenditure for the year was R346,1 million (2005: R193,2 million) which included R64,3 million on the new Khumani iron ore mine and R143,7 million on waste stripping and replacement items at Beeshoek.

#### 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 km 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 consumable products for the welding and electronics industries.

During the year, sales of 677,6 tons (2005: 951,8 tons) of natural pyrophyllite were concluded at US dollar prices slightly higher than the previous year. In response to market demand, the company also supplies certain customers with a range of high precision components for use directly in their manufacturing processes.



#### WONDERSTONE DIRECTORS

**Top (l to r):** Sam Matsimela, Richard Burnand

**Bottom:** John Connelly

# REVIEW OF OPERATIONS

CONTINUED

Last year 1 242 000 (2005: 1 644 436) components were produced and sold on this basis. Wear tiles are produced by the company's technical ceramics division, Ceramox, which it acquired in 2002. Turnover has increased by 39% per annum since that date and should increase significantly following the capital expansion project scheduled for completion by the year-end. Wonderstone is also produced in powder form to customer specific, particle size distribution requirements. This specified powder can be supplied in natural, calcined or spray dried form. Customers benefit from the higher degree of technical support with regard to the material's performance characteristics and technical applications.

Turnover reduced to R26,4 million (2005: R32,3 million) due to reduced demand for natural pyrophyllite and the lower sales, increased overheads and the stronger South African rand resulted in a loss for the year of R2,5 million (2005: R4,5 million profit).

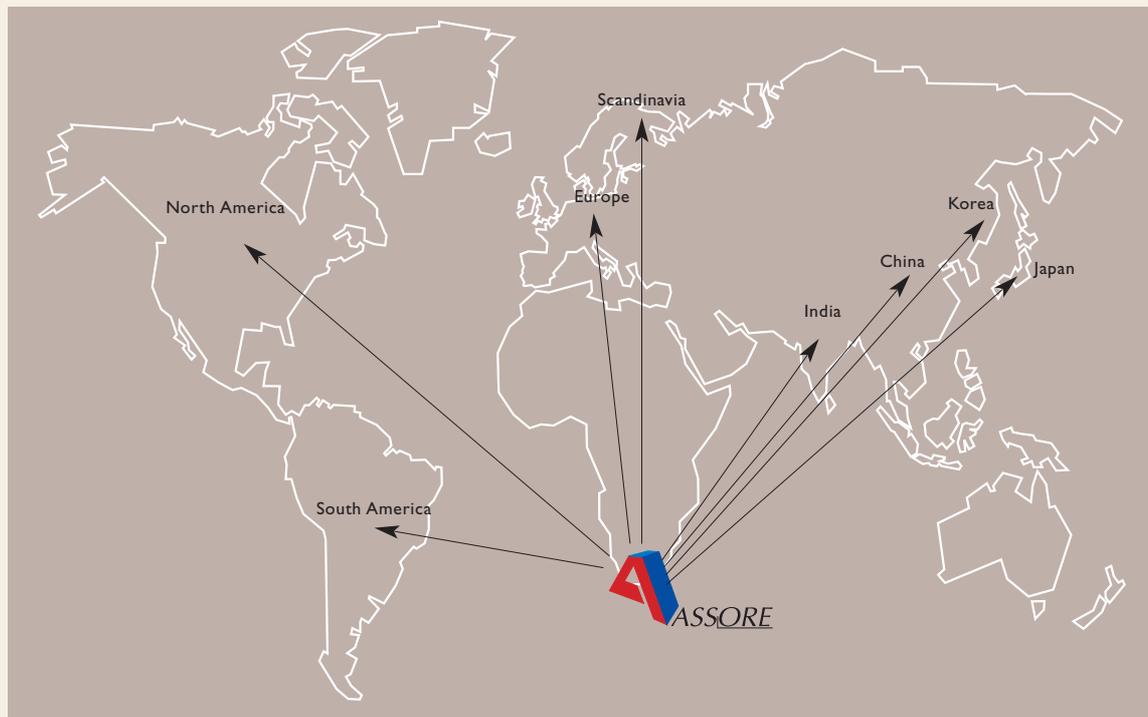
Both the mine and its manufacturing operations have been awarded ISO 9001: 2000 and ISO 14001 accreditation.

Capital expenditure for the year amounted to R9,0 million (2005: R11,8 million), most of which was spent on the expansion of the manufacturing operations.

## Synthetic diamonds

The group has also established a synthetic diamond production facility which operates from premises in Linbro Park on the outskirts of Johannesburg under the name of Xertech. Sales were concluded both locally and for export during the year and a sales agency agreement has been finalised with an established supplier in Europe. Process development work during the year 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 of R19,8 million (2005: R15,8 million loss) was incurred for the year. The quality of production which has been achieved on a sustainable basis is competitive in the higher end of the market and it is planned to increase sales significantly during the forthcoming year with the facility now operating on a 24/7 shift basis. Orders have been placed for two additional 14 000 ton presses which will be installed by February 2007 and will increase capacity significantly and reduce average cost of production but only with effect from 2007/8 year.

## EXPORT DESTINATIONS OF GROUP PRODUCTS



## MARKETING AND SHIPPING

Wholly owned subsidiary Ore and 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 R4,5 billion (2005: R4,4 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 70 years. Commission income and contribution to group net income after taxation reduced in line with the changes in selling prices of the group's commodities compared to the previous year.



### ORE & METAL DIRECTORS

**Top (l to r):** Alistair McAdam, Jaco Venter

**Bottom (l to r):** 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 net profit for the year of R15,3 million (2005: R17,4 million), reflecting the lower US dollar prices for alloys towards year-end.

### 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 profit after taxation figures increased on the previous year.

### Investments

The group maintains a portfolio of listed shares which are selected and held in accordance with long-term investment criteria. No additional investment was made in the portfolio during the year but there were significant disposals of shares to fund the acquisition of the additional 3,34% investment in Assmang at a cost of R368 million (refer Directors' Report). The disposals generated a profit after capital gains tax of R129,1 million. The investments concerned had been accumulated over a number of years at a cost of R68,9 million and taking advantage of the recent strong trading conditions on the JSE Limited realised some R214,6 million on disposal. The portfolio is valued in the financial statements at market value and the difference between cost and market value is transferred to other reserves net of any capital gains tax which would arise on eventual disposal. At year-end the market value of the remaining portfolio was R169,6 million (2005: R232,0 million) based on a cost of R47,5 million (2005: R116,3 million). Dividends received on the portfolio for the year were R3,9 million (2005: R5,4 million).

Other income also includes interest received of R18,8 million (2005: R16,9 million) generated from cash in excess of current requirements which is invested on a short-term basis in the money market.



### AFRICAN MINING AND TRUST DIRECTORS

**Top (l to r):** Frans Olivier, Sally Venegas

**Bottom (l to r):** Andries Mouton, Tiaan van Aswegan

# MINERAL RESOURCES AND RESERVES



Set out below are details of the groups mineral resources and reserves as required by section 8.62(m) of the JSE Listings Requirements. Based on materiality, disclosure for Assmang is presented in the form of a Competent Persons Report whereas details for other group companies are set out in summarised format.

## **ASSMANG – JOINT VENTURE ENTITY**

### **General statement**

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

The convention adopted in this report is that mineral resources are reported inclusive of that portion of the total mineral resource converted to a mineral reserve. Underground resources are *in situ* tonnages at the postulated mining width, after deductions for geological losses. Underground mineral reserves reflect milled tonnages while surface (dumps) mineral reserves are *in situ* tonnages without dilution. Both are quoted at the grade reporting to the mill. Consulting firms routinely audit the resources and reserves of most operations.

Underground resources are *in situ* tonnages at the postulated mining width, after deductions for geological losses. Underground mineral reserves reflect milled tonnages while surface (dumps) mineral reserves are *in situ* tonnages without dilution. Both are quoted at the grade fed to the plant. Open cast mineral resources are quoted as *in situ* tonnages and mineral reserves are tonnages falling within an economic pit-shell.

The evaluation method is generally ordinary "Kriging" with mining block sizes ranging from 10\*10 m<sup>2</sup> to 100\*100 m<sup>2</sup> to 250\*250 m<sup>2</sup> in the 2-D plain. The blocks vary in thickness from 2,5 m to 50 m. Inverse distance is used in a few instances and with similar block sizes. The Sichel-t and log-mean estimation methods are occasionally used for global estimation of resources, so is the weighted polygonal method. The evaluation process is fully computerised and generally decentralised. The software package utilised is mostly Datamine with the resource/reserve volumes being wireframed.

In order to satisfy the requirements of the Minerals and Petroleum Resources Development Act, Assmang's operations will have to obtain new order Mining Rights for all of its properties required to support the planned operations over the next 30 years. The Act is effective from 1 May 2004 and the new Rights must be obtained within five years from then. The operations are at various stages of application.

The group consists of the following operating divisions and assets. A locality map showing the major producers is reflected on page 10 of the annual report.

Operating division	Operating assets	Type of operation
Iron ore division	Beeshoek Mine	Mines and concentrators
	Khumani Mine	Construction in progress
Manganese division	Nchwaning Mine	Mines and concentrator
	Gloria Mine	Mine and concentrator
	Cato Ridge Works	Ferromanganese smelter and metal recovery plant
	Cato Ridge Alloys (Proprietary) Limited	Ferromanganese refinery
Chrome division	Dwarsrivier Mine	Mine and concentrator
	Machadodorp Works	Charge chrome smelter and metal recovery plant

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

#### **MANGANESE ORE OPERATIONS**

The manganese mines are situated in the Northern Cape province, Republic of South Africa, approximately 80 km west of the town of Kuruman. Located at latitude 27°07'50"S and longitude 22°50'50"E, the site is accessed via the national N14 route between Johannesburg and Kuruman, and the provincial R31 road.

In 1940, the company acquired a manganese ore outcrop on a small hillock known as Black Rock. Several large properties underlain by ore were subsequently found and acquired. Today the Black Rock area is considered the largest and richest manganese deposit in the world. Manganese ore operations were extended and today include the Gloria and Nchwaning underground mines. Manganese ore is supplied locally to Assmang-owned smelters, but is mainly exported through the port of Port Elizabeth to Asia and Europe.

# MINERAL RESOURCES AND RESERVES

CONTINUED

## Mining Authorisation

Nchwaning Mining Lease – The Nchwaning Mining Lease (ML10/76) comprises an area of 1 877,0587 hectares and is located on the farms Nchwaning (267), Santoy (230) and Belgravia (264). An application for the conversion to a new order mining right, will be submitted during the 2007 financial year:

Gloria Mining Lease – The Gloria Mining Lease (ML11/83) comprises an area of 1 713,1276 hectares and is located on portion 1 of the farm Gloria (266). An application for the conversion to a new order mining right, will be submitted during the 2007 financial year:

## Geology

The manganese ores of the Kalahari Manganese field are contained within sediments of the Hotazel Formation of the Griqualand West Sequence, a subdivision of the Proterozoic Transvaal Supergroup. At Black Rock, Belgravia and Nchwaning, the Hotazel, Mapedi and Lucknow Formations have been duplicated by thrusting. The average thickness of the Hotazel Formation is approximately 40 m.

The manganese ore bodies exhibit a complex mineralogy and more than 200 mineral species have been identified to date. The hydrothermal upgrading has resulted in a zoning of the ore body with regard to fault positions. Distal areas exhibit a more original and low-grade kutnohorite+braunite assemblages, while areas immediately adjacent to faults exhibit a very high grade hausmannite ore. The intermediate areas exhibit a very complex mineralogy, which includes bixbyite, braunite and jacobsite amongst a host of other manganese bearing minerals. A similar type of zoning also exists in the vertical sense. At the top and bottom contacts it is common to have high iron (Fe) and low manganese (Mn) contents while the reverse is true towards the centre of the seam. This vertical zoning has given rise to a mining practice where only the centre 3,5 m high portion of the seam is being mined. At the Gloria Mine the intensity of faulting is much less, resulting in lower grades.

## Resources/reserves

Measured Resources are classified as material available up to 50 m in front of the mining faces. Material situated further than 50 m from current development is classified as Indicated Resources. Geological losses are built into the grade model. Measured Resources are converted to

Proved Reserves taking a 20% pillar loss (Nchwaning) into account (23% for Gloria). In the same way Probable Reserves are obtained from the Indicated Resources. The Manganese seam is up to 6 m thick, of which 3,5 m is mined, using a manganese marker zone for control. There is therefore minimum dilution.

The Nchwaning Mine was diamond drilled from surface at 330 m centres and the data captured in Excel spreadsheets. The core is logged and 0,5 m long half-core diamond-saw cut samples were submitted to Assmang's laboratory at Black Rock for XRF analyses. Mn and Fe values were checked by Wet Chemical analyses. Several standards were used to calibrate XRF equipment, and results were compared with other laboratories on a regular basis.

A total of 341 boreholes for the No. 1 Ore body and 372 holes for the No. 2 Ore body, as well as a total of 17 301 face samples were considered in the grade estimation. The available data for an area was optimised over a thickness of 3,5 m and exported into data files for computerised statistical and geostatistical manipulation to determine the average grades of manganese (Mn), iron (Fe), silica (SiO<sub>2</sub>), calcium (CaO) and magnesium (MgO).

Ordinary Kriging interpolation within Datamine was used to estimate the grade of each 50 m x 50 m x 3,5 m block generated within the geological model. Subcell splitting of the 50 m x 50 m blocks was allowed to follow the geological boundaries accurately. The relative density of Nchwaning manganese ore was taken as 4,3 t/m<sup>3</sup>.

The 2006 mineral reserves for the Nchwaning 1 Ore body changed slightly from 2005 to 1 16,8 Mt from 1 16,6 Mt as a result of the ore body being remodelled. The remodelling therefore compensated for the production drawdown. Similarly the mineral resources at Nchwaning 1 Ore body stayed approximately the same at 146,0 Mt (145,6 Mt). The mineral resources at Nchwaning 2 Ore body increased slightly to 184,7 Mt (182,9 Mt).

Procedures for drilling and assaying at Gloria Mine are the same as at Nchwaning. A total of 103 boreholes were considered in the evaluation of the Gloria Mine. The wide-spaced borehole interval puts some limitation on the evaluation in areas away from current mining faces. A total of 4 493 underground sampling values were used in evaluating areas close to current mining.

The boreholes were optimised over a stoping width of 3,5 m and the relative density was taken as 3,8 t/m<sup>3</sup>. The seams were evaluated by means of statistical and geostatistical methods to determine the average grades of manganese (Mn), iron (Fe), silica (SiO<sub>2</sub>), calcium (CaO) and magnesium (MgO).

Ordinary Kriging interpolation within Datamine was used to estimate the grade of each 50 m x 50 m x 3,5 m block generated within the geological model. Subcell splitting of the 50 m x 50 m blocks was allowed to follow the geological boundaries.

The 2006 mineral reserves at Gloria 1 Ore body increased by 2,7 Mt to 75,3 Mt (72,6 Mt in 2005). The 2006 evaluation reported a slightly higher tonnage after the block model was rebuilt. The Measured and Indicated mineral resources at Gloria 1 Ore body showed an increase from 94,3 Mt to 97,7 Mt. Only limited production took place at Gloria for the year under review. The mineral resources at Gloria 2 Ore body stayed the same at 138,2 Mt.

Trackless mechanised equipment is used in the bord-and-pillar mining method. Mining in the eastern extremity of Nchwaning occurs at a depth of 200 m while the deepest (current) excavations can be found at a depth of 519 m below surface. Gloria Mine is extracting manganese at depths that vary between 180 m and 250 m below surface.

Ore from Nchwaning 2 Mine is crushed underground before being hoisted to a surface stockpile via a vertical shaft. Similarly, ore from the Nchwaning 3 Mine is crushed underground before being conveyed to a surface stockpile via a declined conveyor system. Ore is withdrawn from the surface stockpile and forwarded to two stages of crushing, dry screening and wet screening to yield lumpy and fine products.

At the Gloria Mine, ore is crushed underground before being conveyed to a surface stockpile via a decline shaft. Ore is withdrawn from the surface stockpile and forwarded to crushing, dry screening and wet screening to yield lumpy and fine products.

At both plants the finer fractions are stockpiled while the coarser fractions are extracted from the respective product boxes into road haulers, sampled, weighed and stored on stacks ahead of despatch. Samples from each

stack were analysed for chemical content and size distribution. This ensures good quality control and enables the ore control department to blend various stacks according to customer demand.

At current production rates and an annual increase of 1,5% the Nchwaning life of mine on No. 1 Ore body is expected to be 30 years. This will include blending in ore from the No. 2 Ore body, to supply a Fe-rich product. The Gloria life of mine on No. 1 Ore body is estimated at more than 30 years.

#### **IRON ORE**

The iron ore division is made up of the Beeshoek Mine located on the farms Beeshoek 448 and Olynfontein 475. The iron ore resources on the farms Bruce 544, King 561, and Mokaning 560, which were formerly known as the BKM Project, are now being developed into what in future will be known as the Khumani iron ore mine. All properties are in the Northern Cape approximately 200 km west of Kimberley. The Beeshoek open pit operations are situated 7 km west of Postmasburg and the new Khumani open pits will be adjacent to and south-east of the Sishen Mine, which is operated by Kumba Resources. Located at latitude 28°30'00"S/longitude 23°01'00"E, and latitude 27°30'00"S/longitude 22°20'00"E respectively, these mines supply iron ore to both the local and export markets. Exports are railed to the iron ore terminal at Saldanha Bay.

Mining of iron ore (mainly specularite) was undertaken as early as 40 000 BC on the farm Doornfontein, which is due north of Beeshoek. The potential of iron ore in this region was discovered in 1909, but due to lack of demand and limited infrastructure, this commodity was given little attention. In 1929 the railway line was extended from Koopmansfontein (near Kimberley) to service a manganese mine at Beeshoek. In 1935 the Associated Manganese Mines of South Africa Limited (Assmang) was formed, and in 1964 the Beeshoek iron ore mine was established, with a basic hand sorting operation and in 1975 a full washing and screening plant was installed and production increased to over a million tons per annum. Over the years, production has increased to the current level of approximately six million tons per annum.

# MINERAL RESOURCES AND RESERVES

CONTINUED

## Mining Authorisation

Beeshoek Mining Lease – The Beeshoek Mining Lease (ML3/93) comprises an area of 5 685,64 hectares and is located on the farms Beeshoek (448) and Olynfontein (475). An application for the conversion to a new order mining right will be submitted during the 2007 financial year.

Khumani Mining Lease – The Khumani Mining Lease comprises an area of 7 388,02 hectares and is located on the farms Bruce (544), King (561), Mokaning (560) and McCarthy (559). An application for mining rights was submitted in December 2005.

## Geology

The iron ore deposits are contained within a sequence of early Proterozoic sediments of the Transvaal Supergroup deposited between 2 500 and 2 200 million years ago. In general two ore types are present, namely laminated hematite ore forming part of the Manganore Iron Formation and conglomerate ore belonging to the Doornfontein Conglomerate member at the base of the Gamagara Formation.

The older laminated ore types occur in the upper portion of the Manganore Iron Formation as enriched high-grade hematite bodies. The boundaries of high-grade hematite ore bodies crosscut primary sedimentary bedding, indicating that secondary hematitisation of the iron formation took place. In all of these, some of the stratigraphic and sedimentological features of the original iron formation are preserved.

The conglomeratic ore is found in the Doornfontein Conglomerate Member of the Gamagara Formation and is lenticular and not persistently developed along strike. It consists of stacked, upward fining conglomerate-gritstone-shale sedimentary cycles. The lowermost conglomerates and gritstones tend to be rich in subrounded to rounded hematite ore pebbles and granules and form the main ore bodies. The amount of iron ore pebbles decreases upwards in the sequence so that upper conglomerates normally consist of poorly sorted, angular to rounded chert and banded iron formation pebbles.

The erosion of the northern Khumani deposit is less than that in the southern Beeshoek area. The result is that Khumani is characterised by larger stratiform bodies and prominent hanging wall outcrops. The down dip

portions are well preserved and developed, but in outcrop the deposits are thin and isolated. Numerous deeper extensions occur into the basins due to karst development. A prominent north-south strike of the ore is visible. The southern Beeshoek ore bodies were exposed to more erosion and are more localised and smaller. Outcrops are limited to the higher topography on the eastern side of the properties. Down dip to the west the ore is thin and deep. The strike of the ore bodies is also in a north-south direction, but less continuous.

## Resources/reserves

In the iron ore operations the following table shows how the search ellipse (i.e. the ellipsoid used by the Kriging process to determine if a sample is used in the estimation of a block) is used to classify the mineral resource:

	Mineral Resource Classification Criteria		
	Minimum number of samples	Maximum number of samples	Search ellipse settings XYZ (m)
Measured	6	30	100x100x10
Indicated	5	30	200x200x20
Inferred	4	30	400x400x40

Only Measured and Indicated resources are converted to Proved and Probable reserves respectively. Modifying factors were applied to these resources and financially optimised. The financial outline is used to define the optimal pit by means of the Lersch-Grossman algorithm. The resources within this mining constraint are defined as reserves. These are categorised into different product types, destined for the different plant processes and scheduled for planning.

The methodology followed to identify targets is initiated with geological mapping, followed by geophysics (ground magnetics and gravity). Percussion drilling is used to pilot holes through overlying waste rock down to the iron ore bodies. Diamond drilling is the next phase, which is usually on a 200 m x 200 m grid. Further infill drilling is carried out at spacing ranging from 100 m x 100 m to 25 m x 25 m depending on the complexity of the structures. Numerous exploration programmes were completed in the last 40 years. A total of 2 832 holes (1 315 holes on Khumani and 1 517 holes on Beeshoek) were drilled. Core samples were logged and split by means of a diamond saw and the half core is sampled

every 0,5 m. Before submission for assaying, the half cores were crushed, split and pulverised. Samples with values  $\geq 60\%$  are included in the definition of the ore bodies. Any lower grade samples inside the ore body are defined as internal waste and modelled separately. Each zone is modelled per section, and then wireframed to get a 3-dimensional model.

Ordinary Kriging interpolation within Datamine was used to estimate the grade of each 10 m x 10 m x 10 m block generated within the geological model. Density in the resource model is calculated using a fourth degree polynomial fit applied to the estimated Fe grade. Densities range from 4,38 t/m<sup>3</sup> (60% Fe) to 5,01 t/m<sup>3</sup> (68% Fe). A default density of 3,2 is used for waste.

At Beeshoek all blast holes are sampled per metre, but composited per hole. All holes are analysed for density and blast holes in ore are sampled and analysed for Fe, K<sub>2</sub>O, Na<sub>2</sub>O, SiO<sub>2</sub>, Al<sub>2</sub>O<sub>3</sub>, P, S, CaO, MgO, Mn, BaO. Every fifth blast hole is geologically logged per metre, which is used to update the geological model. The chemical results of these holes are used to update the ore block model. Approximately 45 000 blast holes are drilled per annum and 9 000 blast holes annually are used to update the models. The major analytical technique for elemental analyses is XRF spectroscopy. Volumetric titration is used as verification method for the determination of total iron in the ore. International standards (e.g. SARM11) and in-house iron standards are used for calibration of the XRF spectrometer. The Beeshoek laboratory participates in a Round Robin group that includes seven laboratories for verification of assay results.

The 2006 mineral resources at Beeshoek Mine decreased from 153,3 Mt to 147,8 Mt, due to the annual production drawdown. The mineral reserves at Beeshoek decreased substantially mainly due to the now exclusion of the Village deposit. The high stripping ratio of 4,5 t waste to one ton ore militates against the inclusion of this in reserve. Ore reserves were also depleted at the GF, HH Ext, HL and West pits. Other pits such as East Pit and the BF pit were also drawn down heavily to meet production. Of the 37 Mt of mineral reserves available, only about 40% is suitable for the ordinary wash-and-screen process, limiting the life of mine at Beeshoek to approximately two to three years, for the current export ore qualities.

At Khumani Mine the 2006 Measured and Indicated mineral resources and ore reserves remain the same. The Inferred mineral resources increased from 671,5 Mt to 685,5 Mt due to an addition of resources on both the King and the Mokaning properties. The mineral reserves amount to 444,7 Mt at a Fe grade of 64,7%. Resources/reserves were audited and signed off by Snowden Mining Consultants in February 2005. Infrastructure construction is in progress, and production will start in 2008.

Mining operations are all open pit based on the conventional drill and blast, truck and shovel operations. Run of mine ore is crushed and stored as high or normal grade on blending stockpiles. Ore from the stockpiles is either sent to the wash and screen plant or if contaminated to the beneficiation plant. The washing and screening plant consists primarily of tertiary crushing, washing, screening, conveying and stacking equipment. The beneficiation plant consists of tertiary crushers, scrubbers, coarse and fine jigs or Larcodems, fine crushing, elutriators and upward flow classifiers, lumpy, fines and medium size product stockpiles and a rapid load-out facility. No chemical is being used in any of the treatment plants.

As stated previously the life of mine at Beeshoek is limited to three to seven years if the current product specification of a 65,5% Fe product is maintained. Investigations into marketing a lower grade Fe product are under way and if feasible would increase the life of mine. The new Khumani Mine has a life of mine of approximately 30 years.

#### **CHROMITE**

Chromite operations at Dwarsrivier Mine form part of the company's chrome division. The mine is situated on the farm Dwarsrivier 372KT, approximately 30 km from Steelpoort and 60 km from Lydenburg in the Mpumalanga province, South Africa. Located at latitude 30°05'00"S/longitude 24°59'00"E, Assmang purchased the farm from Gold Fields Limited, together with all surface and mineral rights in October 1998.

Neighbouring properties to the north and south of Dwarsrivier had existing chrome mining operations at the time of purchase. The feasibility study of the plant, tailings dam and designs for the open cast and underground mines then commenced. After the completion of the consolidated assessment, approval to proceed with the final design and construction work was given in July 1999.

# MINERAL RESOURCES AND RESERVES

CONTINUED

Chromite was obtained from the open cast mining areas at a rate of approximately 0,9 Mt per annum and these areas were mined out within five years. Underground mining commenced in 2005 at a rate of 1,2 Mt per annum. Dwarsrivier Mine is specifically geared to deliver high quality metallurgical grade chromite to the Machadodorp Smelter. In addition, the plant has been designed to produce chemical and foundry grade products.

## Mining Authorisation

An old order Mining Licence 21/99 was granted in October 1999. It was granted for the mining of chrome and platinum group metals. An application for the conversion to a new order mining right, will be submitted during the 2007 financial year.

## Geology

Dwarsrivier Mine is situated in the eastern limb of the Bushveld Complex, which comprises persistent layers of mafic and ultramafic rocks, containing the world's largest known resources of platinum group metals, chromium and vanadium. The mafic rocks termed the Rustenburg Layered Suite, are approximately 8 km thick in the eastern lobe and are divided formally into five zones.

The rocks of the Marginal Zone at the base of the succession consist mainly of pyroxenites with some dunites and harzburgites. Above the Marginal Zone, the Lower Zone comprises mainly pyroxenites, harzburgites and dunite. The Lower Zone is present only in the northern part of the Eastern Lobe, and only as far south as Steelpoort. The appearance of chromitite layers marks the start of the Critical Zone, economically the most important zone. The layers are grouped into three sets termed the Lower, Middle and Upper Groups. The sixth chromitite seam in the Lower Group (LG6) is an important source of chromite ore and is the ore body being mined at Dwarsrivier Mine. In the Eastern Lobe, in the vicinity of Dwarsrivier, the strike is nearly north-south, with a dip of approximately 10° towards the west. Average thickness of the LG6 seam is about 1,86 m in the Dwarsrivier area. Pipe-like dunite intrusions are evident in the area, as well as dolerite dykes that on average strike northeast-southwest. No significant grade variation is evident, especially not vertically in the ore seam. Small (insignificant) regional variations do, however, exist.

## Resources/reserves

Information was obtained from boreholes with a 300 m to 150 m grid spacing. Resources were determined with a decreasing level of confidence.

Measured resource (150 m drill grid spacing),  
Indicated resource (300 m drill grid spacing), and  
Inferred resource (drill grid spacing greater than 300 m)

All possible resources down to a mineable depth of 350 m below ground level have been considered.

A strategy to ensure the availability of adequate information ahead of mining activities is in place. The strategy is to ensure all mining areas, falling within the first five years of the life of mine plan contain Proved Reserves. Vertical diamond drilling holes are used, except where information is needed to clarify large scale fault planes. The mineral resource at Dwarsrivier Mine is based on a total of 219 diamond drill holes that have been used for grade estimation and ore body modelling purposes. The drill core is NQ size and is geologically and geo-technically logged. The collar position of the drill holes is surveyed, but no down-hole surveys are done, and the holes are assumed to have minimal deflection.

The chromitite seam is bounded above and below by pyroxenites. As such, the ore horizon is clearly defined. The core is sampled from the top contact downwards at 0,5 m intervals. The core is split and half is retained as reference material in the core sheds. The other half is crushed and split into representative samples, which are crushed and pulverised for chemical analysis. The samples are analysed fusion/ICP-OES for Cr<sub>2</sub>O<sub>3</sub>, SiO<sub>2</sub>, FeO, Al<sub>2</sub>O<sub>3</sub>, MgO and CaO. Three laboratories, all ISO 17025 accredited for this method are used. Every tenth sample is analysed in duplicate. SARM 8 and SARM 9 standards as well as in-house reference material (CRI) are included every 20 to 30 samples in each batch. The density for each sample is measured using a gas pycnometer.

Datamine software is used to construct a 3-D geological model (wireframe) of the LG6 chromite seam, based on borehole and other geological data. A cut-off value of 35% Cr<sub>2</sub>O<sub>3</sub> was used to distinguish between ore and waste. Mineral resources have been calculated using ordinary Kriging, where Cr<sub>2</sub>O<sub>3</sub>-, FeO-, Al<sub>2</sub>O<sub>3</sub>-, MnO and MgO-contents of the LG6 seam and densities were determined, using block sizes of 50 m x 50 m x 5 m.

When compared to 2005, the 2006 mineral reserves decreased by 0,8 Mt or 2,6% to 30,2 Mt (31,0 Mt) and the mineral resources show a limited decrease of 1 Mt or 1% to 87,3 Mt (88,3 Mt). The reason for the change is that no additional exploration drilling was conducted to increase the resource base, so the 2005 resources became depleted by the year's production.

During mining a slightly diluted run of mine ore is fed to the beneficiation plant. This decreases the average grade from approximately 40% Cr<sub>2</sub>O<sub>3</sub> to 37% Cr<sub>2</sub>O<sub>3</sub>. An addition of approximately 9% waste material results in this 3% Cr<sub>2</sub>O<sub>3</sub> grade decrease. In the dense media separation part of the plant, the coarse fraction is

upgraded to 40% Cr<sub>2</sub>O<sub>3</sub>, with a yield of 80%. In the spiral section of the plant the finer fraction is upgraded to 44% Cr<sub>2</sub>O<sub>3</sub> and 46% Cr<sub>2</sub>O<sub>3</sub> respectively for metallurgical grade fines and chemical grade fines. Foundry sand is also produced with a similar grade to that of the chemical grade fines. A 67% yield is achieved in the spiral circuit.

The current life of mine of the Dwarsrivier Chrome Mine is 25 years. Excluded from this plan are the inferred mineral resources and material situated deeper than 350 m below the ground level.

**P J van der Merwe**, BSc (Hons) (Geology), PrSciNat

### Competence

The competent person with overall responsibility for the compilation of the Mineral Reserves and Resources is Paul J van der Merwe, PrSciNat, an ARM employee. He consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Paul van der Merwe graduated with a BSc (Hons) in Geology from Free State University. He spent four years as an exploration geologist for Fokor. He then joined the Uranium Resource Evaluation Group of the then Atomic Energy Corporation of South Africa for 12 years. While employed there he studied geostatistics and spent some time at the University of Montreal, Canada. In 1991 he joined Anglovaal Mining (now ARM) in the Geostatistics Department and evaluated numerous mineral deposit types for this group in Africa. In 2001 he was appointed as Mineral Resource Manager for the group. He is registered by the South African Council for Natural Scientific Professions as a Professional Natural Scientist in the field of practice of geological Science, Registration Number 400498/83, and as such is considered to be a Competent Person.

All competent persons at the operations have sufficient relevant experience in the type of deposit and in the activity for which they have taken responsibility. Details of the ARM's competent persons are available from the company secretary on written request.

The following competent persons, who are employed by Assmang, were involved in the calculation of Mineral Resources and reserves: M Burger, PrSciNat – Iron; M Burger, PrSciNat – Chrome; A Pretorius, PrSciNat – Manganese.

### OTHER ASSORE SUBSIDIARY COMPANIES' MINERAL RESOURCES AND RESERVES

Mine	In situ resource (millions – tons)				Reserve (millions)				
	Measured Tons	Indicated Tons	Inferred Tons	Total Resource	Proved Tons	Probable Tons	Total Reserve	In situ Rand/Ton	Value* (R million)
Rustenburg Minerals	2,27	2,14	3,86	8,27	1,25	1,05	2,30	5,71	25,18
Wonderstone Limited	5,03	–	107,60	112,63	3,92	–	3,92	8,80	44,26
Zeerust Chrome	1,22	–	5,84	7,06	0,20	–	0,20	3,75	4,58
<b>Totals</b>	<b>8,52</b>	<b>2,14</b>	<b>117,30</b>	<b>127,96</b>	<b>5,37</b>	<b>1,05</b>	<b>6,42</b>		

\* Measured and Indicated multiplied by rand/ton

# 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 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 its business entities where management is responsible for identifying, quantifying and managing risks to achieve the organisation's objectives on a sustainable basis;

- Creating a 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 appropriate for the business concerned and is working as intended, 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 technical 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 was originally issued in November 1994 and updated in March 2002 as the "King Two 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 all the material requirements of these reports and ongoing consideration is given to those peripheral practices recommended in the King Two 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 eight directors, four of which are executive and four non-executive.

Of the four 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 and Mr Cyril Ramaphosa represents the Shanduka Group which is one of Assore's

Black Economic Empowerment partners. 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 directors representing Shanduka and Old Mutual, are paid over to their respective employers.

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 joint venture company, Assmang.

#### **Remuneration**

Details of emoluments paid to directors and directors' interests in shares of the company are disclosed in the Directors' Report on pages 40 and 42 and none of the executive directors have signed contracts of service with the company which specify either a paid notice period or additional compensation in the event of termination.

#### **Election**

In accordance with the company's Articles of Association, all directors are subject to retirement by rotation and re-election by shareholders at least once every three years. 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 4 and 5 of this report.

#### **Meetings**

The board meets 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	3
C J Cory	4	4
P C Crous	4	4
B M Hawksworth	4	4
P N Boynton	4	4
Dr J C van der Horst	4	4

# CORPORATE GOVERNANCE REPORT

CONTINUED

## Audit Committee

B M Hawksworth (Chair)

P N Boynton

C J Cory

Dr J C van der Horst

The Audit Committee is a subcommittee of the board and the Chairman of the Audit Committee reports on activities of the committee at each board meeting. The Audit Committee was established in terms of a charter approved by the board which, *inter alia*, sets out its duties and responsibilities and is reviewed on an annual basis to ensure it remains appropriate to the activities of the group.

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;
- review and approve the drafts of financial reports prior to their issue;
- consider the appropriateness of the group's accounting policies; and
- provide a forum for the management of the external and internal audit functions and the resolution of issues which arise from audit activities.

All audit work is undertaken based on programmes prepared in accordance with an ongoing risk evaluation process which ensures that the focus of the audit effort is optimised (refer Risk Management and Internal Audit and Internal Control below).

Representatives of the internal and external auditors are invited to attend the regular meetings of the committee and, if necessary, have direct access to the Chairman of the committee throughout the year. The engagement partner of the external auditors is invited annually to address the full board on the audit relationship in general and any specific issues of concern arising from the annual audit.

## 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; and
- criteria where required to account for the suitable performance of executive directors.

The remuneration of non-executive directors is determined by the Assore 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 fifteenth 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 ever-present feature of business in general. It is exacerbated in the mining industry 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 direct 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 where required. Independent risk engineering consultants grade each operation against international risk standards for fire, security, engineering, commercial crime, contingency planning and mining, as well as environmental risk to monitor whether current practices meet the set criteria and are being maintained. The risk management committees are also responsible for ensuring that appropriate financial and insurance mechanisms are integrated into the risk plan and the group is protected against catastrophic risk including failure of IT systems.

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, which monitors progress and raises unresolved issues 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 does not only affect the productivity of all operations through illness, absenteeism and untimely death, but also has an impact on the working environment of employees and on the social implications for both their families and the communities within which they live.

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

Current policies focus on the education of the workforce using an extensive HIV/AIDS education programme. This programme has also been taken to the schools and other institutions within the rural areas surrounding the group's operating divisions. Regular surveys are conducted to measure changing attitudes towards HIV/AIDS and voluntary education also takes place.

Participation in initiatives to address HIV/AIDS is ongoing. The HIV/AIDS Scorecard process has evolved over the past three years to measure the extent to which the operations are subscribing to the King Two Good Governance Principles, in terms of which the board of directors needs to:

- ensure they understand the social and economic impact that HIV/AIDS will have on the company's business activities;
- adopt an appropriate HIV/AIDS strategy, plan and policies to address and manage the potential impact;
- regularly monitor and measure performance using established indicators; and
- report to stakeholders on a regular basis.

Management of the HIV/AIDS pandemic is critical to sustainable development and, in order to achieve the goals set in the King Two Report after five years, the group will continue to improve its operational interventions by setting targets for each operation and reviewing achievement against plan on a regular basis.

### **Safety**

Employees undergo stringent safety training on operating procedures, use of equipment and operation of machinery and furnaces. Attention is focused on supervision and direction in reducing workplace accidents and related occupational health and hygiene-related incidents. Activities in this regard include the application of regular measurement against legislated or regulatory requirements, analytical reviews of accidents which occur 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

# CORPORATE GOVERNANCE REPORT

CONTINUED

accepted standards and are implemented in conjunction with recognised consultants based on the following commitments:

- Recognition of rehabilitation as an essential part of the mining process;
- Ongoing maintenance and assessment of environmental conditions surrounding mining and smelting activities with the view to reducing to a minimum pollution, waste generation and other negative impacts on the environment in which operations are located;
- Developing awareness amongst staff of environmental issues through ongoing training programmes; and
- Maintaining positive relationships on environmental issues 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 complete restoration work with regard to areas that have been disturbed by mining and prospecting activities in accordance with these assessments. 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 Trust Funds (Trusts) which have been established for this purpose. Annual contributions to these Trusts 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 Trusts, the full liability for rehabilitation is raised as a long-term provision and the investments of the Trusts 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 efficiency and effectiveness. These controls are designed

to manage the risk of failure, and provide reasonable assurance that there is an adequate system of internal control in place. As with all management systems the assurance provided is not absolute and the risk of failure cannot be eliminated entirely. The internal audit functions at the various operations in the group have been outsourced to the special services divisions of recognised professional auditing firms. Internal auditors monitor the operation of the internal control systems and, after discussion with management, report findings and recommendations to the Audit Committee. 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 controls, procedures and systems has occurred during the year under review.

Representatives of the internal audit team are invited to attend Audit Committee meetings and, where areas of new risk are identified or capital projects completed, 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 procedures 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 conditions 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 self-help 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 the various employee groupings 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 sought by the group in the workplace.

Employment equity plans and reports for each operation were developed in consultation with the recognised unions at each of the operations and have been presented to the Department of Labour in accordance with legal requirements. 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 within the legislative framework in formulating the policies referred to above:

- To ensure no unfair discrimination occurs in employment practices;
- 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; and
- 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, but 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 investing 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.

# BLACK ECONOMIC EMPOWERMENT

Assore is supportive of the broad-based economic imperatives contained in the Minerals and Petroleum Resources Development Act (the MRPD Act), and has embarked on initiatives aimed at meeting these requirements at its mining operations, as set out below.

The MRPD 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 (new order rights). A transitional period is provided during which holders of existing mineral and exploration rights (old order rights), upon meeting certain requirements, may convert existing in-use mining or prospecting rights to new order rights, or in the case of unused rights, may apply for new order rights.

The Act also provides for a broad-based socio-economic empowerment charter (the Charter) which is intended to facilitate 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 (i.e. 1 May 2009) and 26% within ten years (i.e. 1 May 2014). The Charter also requires, *inter alia*, that mining companies provide plans and achieve employment equity at management level and procure 40% of their goods and services from black empowered organisations in accordance with the predetermined criteria set out in the plans.

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

- Completed an audit of current compliance with the requirements of the Charter.
- Commenced with the introduction of a preferential procurement policy at all its operations.
- Concluded empowerment transactions with Mampa in April 2004 and Shanduka and the Bokamoso Trust in February 2006 (refer below).
- Developed a social and labour plan for all its operations which supports the integrated development plan of the relevant local authorities. The plan, which has received the approval of the relevant departments, includes the construction of educational facilities, maintenance and upgrading of roads and presentation of programmes on adult education, health and safety and environmental awareness.

Following the introduction of the MRPD Act, Assore has entered into the following empowerment transactions:

1. In April 2004 an empowerment transaction was finalised with Mampa Investment Holdings (the commercial arm of The Mankwe Development Foundation) (Mampa) in terms of which Mampa acquired a 44% interest in Rustenburg Minerals Development Company (Proprietary) Limited (RMDC). RMDC mines chromite in the Rustenburg area and was previously a wholly owned subsidiary of the Assore group. Mampa is represented on both the management committee and the board of RMDC and has an option to increase its stake in RMDC to 51%. In October 2005 RMDC was successful in its application to convert all of its mining rights to new order rights and on 29 June 2006 RMDC paid its maiden dividend in terms of the joint venture agreement, Mampa receiving R2,5 million.
2. In February 2006, the Assore group announced that agreements had been concluded which, subject to the fulfilment at the time of certain conditions precedent, would facilitate the acquisition of 15,02% of the issued ordinary share capital of Assore by two Black Economic Empowerment (BEE) entities, namely:
  - Shanduka Resources, a subsidiary of Shanduka Group (Proprietary) Limited (Shanduka), which purchased an 11,76% equity interest in Assore; and
  - A community trust (the community trust), which has been formed to benefit broad-based empowerment community groupings and which purchased a 3,26% equity interest in Assore, (collectively the BEE transaction).

## Shanduka Resources

Shanduka Resources is a subsidiary of Shanduka, a black-owned and managed investment holding company founded by Cyril Ramaphosa, James Motlatsi and several other black professionals. Shanduka encompasses its own element of broad-based BEE through community development trusts that have equity ownership in Shanduka. These trusts are part of the Shanduka Foundation which was launched in 2004 as the vehicle through which Shanduka channels its social and community investment initiatives. Shanduka has committed to spend in excess of R100 million in upliftment programmes over the next ten years.

The Shanduka Foundation is committed to support initiatives aimed at:

- developing women-led small businesses and new entrepreneurs;
- providing scholarships for deserving, previously disadvantaged students at accredited tertiary institutions enabling them to continue their studies in business related courses; and
- assisting underprivileged schools to acquire basic facilities through the Adopt-a-School programme.

Shanduka Resources has a long-term strategy to develop a diversified resources house with operational capabilities and has investments in the coal, diamond, paper and gold industries. Shanduka Resources will provide leadership for Assore's BEE partners and strategic support to Assore in achieving its BEE objectives.

#### **Community trust**

The community trust has been established for the benefit of broad-based community groupings in the areas in which the mines and beneficiation plants are located. Assore has initiated a process through which it will identify and negotiate with certain community groupings for their participation as trustees and beneficiaries in the community trust in accordance with the Trust Deed.

Assore has concluded a relationship agreement with Shanduka Resources to regulate the relationships between the parties and, insofar as is possible, to ensure the continued compliance by Shanduka Resources with the direct ownership requirements of the Mining Charter. Assore has entered into a similar relationship agreement with the community trust.

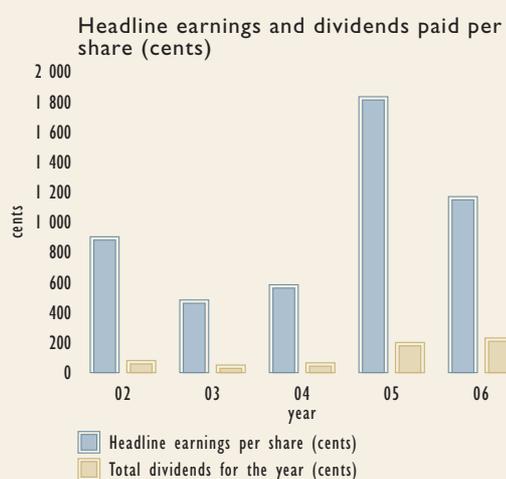
# FIVE-YEAR SUMMARY

OF THE CONSOLIDATED FINANCIAL STATEMENTS

	2002 <sup>Δ</sup> R 000	2003 <sup>Δ</sup> R 000	2004 R 000	2005* R 000	<b>2006 R 000</b>
<b>Income statements</b>					
<b>Turnover</b>	1 514 406	1 753 027	2 228 091	3 093 944	<b>3 382 587</b>
Profit before exceptional items	385 951	217 859	309 029	793 607	<b>561 614</b>
Exceptional items	248 278	–	–	–	<b>145 777</b>
Taxation and State's share of profits	131 894	76 414	99 583	252 545	<b>227 569</b>
<b>Profit for the year</b>	502 335	141 445	209 446	541 062	<b>479 822</b>
Earnings attributable to:					
– Equity holders of the parent	501 954	136 372	169 843	509 445	<b>457 384</b>
– Minority interests	381	5 073	39 603	31 617	<b>22 438</b>
As above	502 335	141 445	209 446	541 062	<b>479 822</b>
<b>Other information</b>					
Dividends declared during the year	16 800	18 200	12 600	26 600	<b>64 400</b>
Number of ordinary shares in issue ('000)	28 000	28 000	28 000	28 000	<b>28 000</b>
Treasury shares	–	–	–	–	<b>(305)</b>
Weighted average number of shares outstanding	28 000	28 000	28 000	28 000	<b>27 695</b>
Earnings per share (cents)	1 793	487	607	1 819	<b>1 652</b>
Headline earnings per share (cents)	903	483	584	1 834	<b>1 170</b>
Dividends for the year (cents)					
– Interim (paid)	40	25	20	50	<b>80</b>
– Final (declared subsequent to year-end)	40	25	45	150	<b>150</b>
	80	50	65	200	<b>230</b>
Average exchange rates for the year					
SA rand to US dollar	10,12	9,00	6,84	6,18	<b>6,41</b>
SA rand to euro	9,06	9,37	8,16	7,84	<b>7,80</b>

<sup>Δ</sup> Years 2002 to 2003 are prepared in accordance with SA GAAP, thereafter in terms of IFRS

\* Restated – refer changes in accounting policies



	2002 <sup>Δ</sup> R 000	2003 <sup>Δ</sup> R 000	2004 R 000	2005* R 000	<b>2006 R 000</b>
<b>Balance sheets</b>					
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment, investment properties and intangibles	956 950	1 056 281	1 206 428	1 391 931	<b>2 023 210</b>
Available-for-sale investments	179 051	147 152	165 715	232 093	<b>169 750</b>
	<b>1 136 001</b>	<b>1 203 433</b>	<b>1 372 143</b>	<b>1 624 024</b>	<b>2 192 960</b>
<b>Current assets</b>					
Other current assets	769 176	827 341	1 006 005	1 319 769	<b>1 544 173</b>
Cash resources	97 462	109 170	179 766	293 059	<b>171 835</b>
<b>TOTAL ASSETS</b>	<b>2 002 639</b>	<b>2 139 944</b>	<b>2 557 914</b>	<b>3 236 852</b>	<b>3 908 968</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Share capital and reserves</b>					
Ordinary shareholders' interest	1 325 020	1 382 513	1 549 309	2 092 721	<b>2 475 316</b>
Minority shareholders' interest	13 796	12 701	42 560	39 363	<b>51 114</b>
Total equity	<b>1 338 816</b>	<b>1 395 214</b>	<b>1 591 869</b>	<b>2 132 084</b>	<b>2 526 430</b>
<b>Non-current liabilities</b>					
Deferred taxation	173 261	198 251	240 576	345 181	<b>544 844</b>
Long-term liabilities	32 032	34 865	55 425	65 333	<b>122 312</b>
	<b>1 544 109</b>	<b>1 628 330</b>	<b>1 887 870</b>	<b>2 542 598</b>	<b>3 193 586</b>
<b>Current liabilities</b>					
Non-interest bearing	105 129	202 992	290 878	467 514	<b>461 928</b>
Interest bearing	353 401	308 622	379 166	226 740	<b>253 454</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 002 639</b>	<b>2 139 944</b>	<b>2 557 914</b>	<b>3 236 852</b>	<b>3 908 968</b>
Net asset value per share (rand)	48	50	57	76	<b>90</b>
Exchange rates at year-end					
SA rand to US dollar	10,23	7,46	6,17	6,65	<b>7,11</b>
SA rand to euro	10,17	8,64	7,53	8,06	<b>9,10</b>

Δ Years 2002 to 2003 are prepared in accordance with SA GAAP, thereafter in terms of IFRS

\* Restated – refer changes in accounting policies

Net asset value per share (rand)

