ANGLOVAAL MINING

AVMIN

Anglovaal Mining Limited
(Reg. No. 1933/004580/06)
Share code: ANLM ISIN: ZAE000017141
("Avmin" or "the Company")

RESULTS

for the six months ended 31 December 2001

SIGNIFICANT FEATURES

- GOOD CONTRIBUTION FROM ASSMANG – FERRO-CHROME EXPANSION COMMISSIONED ON SCHEDULE
- AVGOLD'S TARGET MINE COMMISSIONED AHEAD OF SCHEDULE
- R1,5 BILLION WRITE-DOWN TAKEN ON CHAMBISHI METALS
- ISCOR SHAREHOLDING SOLD

GROUP BALANCE SHEET

	Unaudited at 31 December 2001 Rm	Unaudited at 31 December 2000 Rm	Audited at 30 June 2001 Rm
ASSETS			
Non-current assets			
Tangible and intangible fixed assets	**5 528**	4 867	5 996
Loans and long-term receivables	**–**	3	–
Deferred tax assets	**39**	13	47
Environmental rehabilitation trust funds	**59**	51	59
Investments	**104**	252	1 186
	5 730	5 186	7 288
Current assets			
Inventories	**867**	746	722
Trade and other receivables	**1 263**	449	664
Taxation	**–**	7	1
Deposits and cash	**472**	923	439
	2 602	2 125	1 826
Total assets	**8 332**	**7 311**	**9 114**
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital	**6**	5	6
Preference share capital	**–**	4	–
Share premium	**59**	51	56
Non-distributable reserves	**85**	73	679
Distributable reserves	**2 142**	3 118	3 267
Shareholders' interest in capital and reserves	**2 292**	3 251	4 008
Minority interest	**1 854**	1 413	1 483
Total shareholders' interest	**4 146**	4 664	5 491
Non-current liabilities			
Long-term borrowings – interest bearing	**1 478**	955	921
– non-interest bearing	**–**	5	–
Deferred tax liabilities	**369**	297	360
Long-term provisions	**212**	201	196
	2 059	1 458	1 477
Current liabilities			
Trade and other payables	**591**	291	387
Short-term provisions	**63**	101	116
Taxation	**68**	103	78
Derivative instruments	**–**	–	11
Overdrafts and short-term borrowings	**1 405**	694	1 554
	2 127	1 189	2 146
Total equity and liabilities	**8 332**	**7 311**	**9 114**

GROUP INCOME STATEMENT

	Unaudited Half-year ended 31 December 2001 Rm	Unaudited Half-year ended 31 December 2000 Rm	Increase/ (Decrease) %	Audited Year ended 30 June 2001 Rm
Revenue	**1 663**	1 224	36	2 806
Cost of sales	**1 271**	891	43	2 083
Gross profit	**392**	**333**	18	**723**
Other operating income	**153**	70		211
Other operating expenses	**322**	149		338
Profit from operations	**223**	**254**	(12)	**596**
Income from investments	**27**	89		108
Finance costs	**74**	60		132
Profit before taxation and exceptional items	**176**	**283**	(38)	**572**
Exceptional items	**(1 157)**	12		–
Profit/(Loss) before taxation	**(981)**	**295**	(433)	**572**
Taxation	**134**	94	–	167
Profit/(Loss) after taxation	**(1 115)**	**201**	(655)	**405**
Minority interest	**10**	55	(82)	124

GROUP CASH FLOW STATEMENT

	Unaudited Half-year ended 31 December 2001 Rm	Unaudited Half-year ended 31 December 2000 Rm	Audited Year ended 30 June 2001 Rm
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers	**1 651**	1 514	2 967
Cash paid to suppliers and employees	**1 491**	1 309	2 441
Cash generated/(outflow) from operations	**160**	205	526
Interest received	**25**	88	106
Interest paid	**(74)**	(60)	(132)
Dividends received	**1**	1	2
Dividends paid	**(9)**	(1 217)	(1 222)
Capital distribution	**–**	(1 697)	(1 697)
Taxation paid	**(116)**	(178)	(237)
Net cash outflow from operating activities	**(13)**	(2 858)	(2 654)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds on sale of joint venture	**–**	16	6
Additions to fixed assets to maintain operations	**(144)**	(198)	(291)
Additions to fixed assets to expand operations	**(599)**	(732)	(1 793)
Proceeds on disposal of fixed assets	**1**	1	2
Proceeds on disposal of investments	**712**	5	12
Decrease in investment loans	**–**	–	4
Other investments acquired	**–**	(197)	(497)
Net cash outflow from investing activities	**(30)**	(1 105)	(2 557)
CASH FLOW FROM FINANCING ACTIVITIES			
Funding received from minority shareholders	**3**	176	182
Increase in shareholder funding	**248**	–	–
Long-term borrowings raised	**312**	376	726
Long-term borrowings repaid	**–**	(3)	(4)
Increase/(decrease) in short-term borrowings	**(487)**	178	599
(Increase) in treasury liabilities	**–**	(1)	(13)
Net cash from financing activities	**76**	726	1 490
Net (decrease)/increase in cash and cash equivalents	**33**	(3 237)	(3 721)
Cash and cash equivalents at beginning of period	**439**	4 160	4 160
Cash and cash equivalents at end of period	**472**	923	439
Cash generated from operations per share (cents)	**145**	190	485

STATEMENT OF CHANGES IN EQUITY

	Share capital and premium Rm	Foreign currency trans-lation Rm	Revalu-ation surplus Rm	Other Rm	Retained profit Rm	Total Rm
Half-year ended 31 December 2001						
Balance at 30 June 2001	**62**	**6**	**638**	**35**	**3 267**	**4 008**
Earnings	–	–	–	–	(1 125)	**(1 125)**
Foreign currency translation	–	(24)	–	–	–	**(24)**
Revaluation and disposal of listed investments			(570)			**(570)**
Share options exercised	3	–	–	–	–	**3**
Other movements	–	–	3	(3)	–	**–**
Balance at 31 December 2001	**65**	**(18)**	**71**	**32**	**2 142**	**2 292**
Half-year ended						

NOTES TO THE FINANCIAL STATEMENTS

BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICIES

The financial information for the half-year ended 31 December 2001 has been prepared adopting the same accounting policies used in the most recent annual financial statements.

The annual financial statements are prepared on the historical cost basis as adjusted for the revaluation of certain freehold land and buildings, and the fair value revaluation of derivatives, trading and available for sale investment securities and are in accordance with South African Statements of Generally Accepted Accounting Practice and International Accounting Standards.

Group borrowings increased by R408 million during the period to R2 883 million (R2 475 million). Avgold Limited drew down R353 million against facilities to enable its developing Target mine to be brought into production.

HEADLINE EARNINGS

	Unaudited Half-year ended 31 December 2001 Rm	Unaudited Half-year ended 31 December 2000 Rm	Audited Year ended 30 June 2001 Rm
Earnings per income statement	**(1 125)**	146	281
Impairment of assets – Chambishi	**1 619**	–	–
Provisions for guarantees	**4**	–	–
Surplus on disposal of investments	**(466)**	(12)	–
	32	134	281
Taxation	**55**	–	–
Minority interest	**(56)**	–	–
Headline earnings	**31**	134	281

SEGMENTAL INFORMATION

Rm	Precious metals	Cobalt/ Copper	Ferrous metals	Nickel	Corporate and other	Total
Primary segmental information						
Half-year ended 31 December 2001						
Revenue						
External revenue	128	232	1 162	141	–	**1 663**
Profit from operations	12	(63)	255	83	(64)	**223**
Contribution to earnings	6	(1 644)	85	57	371	**(1 125)**
Contribution to headline earnings	6	(82)	85	57	(35)	**31**
Other information						
Consolidated total assets	3 133	1 226	2 836	243	894	**8 332**
Consolidated total liabilities	937	1 236	1 000	68	945	**4 186**
Capital expenditure	369	274	186	14	–	**843**
Depreciation	14	34	51	7	2	**108**
Half-year ended 31 December 2000						
External revenue	105	162	786	171	–	**1 224**
Contribution to earnings	16	(21)	66	72	13	**146**
Contribution to headline earnings	16	(21)	66	72	1	**134**
Other information						

Exceptional items	(1 157)	12		–
Profit/(Loss) before taxation	**(981)**	**295**	(433)	**572**
Taxation	**134**	94	–	167
Profit/(Loss) after taxation	**(1 115)**	**201**	(655)	**405**
Minority interest	**10**	55	(82)	124
Earnings/(Loss)	**(1 125)**	**146**	(871)	**281**
Headline earnings	**31**	**134**	(77)	**281**
Earnings/(loss) per share (cents)	**(1 017)**	135		259
Headline earnings per share (cents)	**28**	124		259
Fully diluted earnings/(Loss) per share (cents)	**(1 002)**	131		251
Fully diluted headline earnings per share (cents)	**28**	121		251
Number of shares in issue at end of period (thousands)	**111 159**	108 409		110 105
Weighted average number of shares in issue (thousands)	**110 661**	108 050		108 379
Weighted average number of shares used in calculating fully diluted earnings per share (thousands)	**112 246**	111 071		112 073

Note: The Group results for 2000 include Hartebeestfontein gold mine to date of disposal on 16 August 2000.

Refer to notes to the financial statements.

Other movements	–	–	3	(3)	–	–
Balance at 31 December 2001	**65**	**(18)**	**71**	**32**	**2 142**	**2 292**
Half-year ended 31 December 2000						
Balance at 30 June 2000	**60**	**6**	**3**	**47**	**2 971**	**3 087**
Earnings	–	–	–	–	146	**146**
Foreign currency translation	–	17	–	–	–	**17**
Other movements	–	–	–	–	1	**1**
Balance at 31 December 2000	**60**	**23**	**3**	**47**	**3 118**	**3 251**
Year ended 30 June 2001						
Balance at 30 June 2000	**60**	**6**	**3**	**47**	**2 971**	**3 087**
Earnings	–	–	–	–	281	**281**
Revaluation of listed investments	–	–	635	–	–	**635**
Share options exercised	2	–	–	–	–	**2**
Reallocation of reserves	–	–	–	(12)	12	**–**
Other	–	–	–	–	3	**3**
Balance at 30 June 2001	**62**	**6**	**638**	**35**	**3 267**	**4 008**

Contribution to earnings	16	(21)	66	72	13	**146**
Contribution to headline earnings	16	(21)	66	72	1	**134**
Other information						
Consolidated total assets	2 306	1 535	2 092	271	1 107	**7 311**
Consolidated total liabilities	177	1 113	1 016	110	231	**2 647**
Capital expenditure	267	424	229	8	2	**930**
Depreciation	1	15	42	11	2	**71**
Year ended 30 June 2001						
Revenue						
External revenue	218	326	1 926	327	9	**2 806**
Contribution to earnings	39	(64)	153	130	23	**281**
Contribution to headline earnings	39	(64)	153	130	23	**281**
Other information:						
Consolidated total assets	2 688	2 080	2 589	206	1 551	**9 114**
Consolidated total liabilities	517	1 704	1 400	58	(56)	**3 623**
Capital expenditure	600	834	626	21	3	**2 084**
Depreciation	4	31	90	22	4	**151**

COMMENTARY

INTRODUCTION

Despite achieving good profitability in most of the Company's operations, headline earnings were detrimentally affected by the significant operating loss incurred at Chambishi Metals plc (Chambishi). This was further exacerbated by the decision to no longer account for exchange gains on the United States dollar advances made to Chambishi via the income statement. In addition, corporate interest received reduced significantly as a result of lower average cash balances for the period due to investments in Iscor Limited (Iscor) and Avgold Limited (Avgold) as well as loans to Chambishi. Overall, Avmin's headline earnings for the six months ended 31 December 2001 decreased to R31 million compared with R134 million in the six months ended 31 December 2000. In terms of headline earnings this equates to 28 cents (124 cents) per share.

The contributions to earnings by the South African operations improved primarily as a result of the weaker SA Rand/US dollar exchange rate. However, the Chambishi cobalt and copper operation in Zambia experienced significant technical difficulties as well as an unexpectedly large decline in the cobalt price. The price reduced from US$10/lb to US$7/lb over the reporting period. These two factors were the main reason for the decision on 29 January 2002 to partially write-down the investment in Chambishi by approximately R1,5 billion. The residual value of approximately R800 million, or US$70 million, is deemed reasonable and has been endorsed by the Company's independent auditors.

Following a decision to boost the Group's liquidity an agreement was entered into in terms of which Avmin sold its entire Iscor shareholding to Stimela Mining Limited (Stimela) and entered into a joint venture with Stimela to pursue opportunities in iron ore. Stimela also granted Avmin a call option on between 10 and 25 per cent of Stimela's shares in Kumba Resources Limited. It was announced on 16 January 2002 that an agreement had been concluded in terms of which Avmin had sold this option right to Stimela for R75 million. The joint venture, formed between Avmin and Stimela, remains intact.

In addition, Avmin made various other disposals during the period, which included half of the Company's shareholding in Assore Limited (Assore) for R95 million. Assore is Avmin's partner in Assmang Limited (Assmang). Avmin also sold 28 million Avgold shares, which raised R139 million. The Company's holding in Avgold is now 56 per cent.

FERROUS METALS

Avmin's 50,3 per cent held manganese, chrome and iron ore producer, **Assmang**, increased headline earnings by 14 per cent from R106 million to R121 million for the six months. This was mainly as a result of the weaker SA rand/US dollar exchange rate as the majority of Assmang's products are sold in US dollars.

Sales volumes of manganese ore were unchanged at 0,6 million tons and iron ore sales, following the commissioning of the jig plant at the end of the last financial year, rose 22 per cent to 2,2 million tons (1,8 million tons). Sales of ferro-manganese were slightly lower at 82 400 tons (85 700 tons), while ferro-chrome sales increased significantly to 88 900 tons (44 700 tons).

During the period under review, Assmang's capital expenditure to maintain and improve operations amounted to R186 million (R229 million). This expenditure was incurred on Assmang's new chrome furnace and the new shaft at its existing manganese mine.

NICKEL

The **Nkomati nickel mine**, 75 per cent owned by Avmin, has had another pleasing half year. Ore milled was slightly lower at 135 000 tons (137 000 tons), which produced 23 700 tons (21 400 tons) of concentrates with average grades of 9,34 per cent (10,43 per cent) for nickel and 6,81 per cent (6,40 per cent) for copper. The nickel feed grade was lower compared to the corresponding period. Sales achieved were 1 880 tons (2 290 tons) of nickel, 1 380 tons (1 280 tons) of copper, 26 tons (31 tons) of cobalt and 16 900 ounces (18 670 ounces) of Platinum Group Metals (PGMs). The mine remains cost competitive with a nickel production cost, net of by-product credits, of US$0,58/lb, while the average nickel price achieved over the period amounted to US$2,40/lb (US$3,56/lb). Nkomati's profit before taxation decreased to R109 million (R137 million). During the review period R14 million was expended on capital projects.

The feasibility study on the major expansion at Nkomati will be presented to the joint venture partners this quarter. The partners will then assess the project, its funding and project release date.

COBALT AND COPPER

Chambishi, owned 90 per cent by Avmin, has experienced a difficult half-year as a result of the receipt of substandard concentrates with a lower percentage of contained metal. The plant treated a total of 64 500 tons (43 200 tons) of concentrates during the period. The existing refinery produced an unchanged 1 500 tons of cobalt of which 300 tons were for Chambishi's own account. It also produced 6 400 tons (5 840 tons) of copper of which 240 tons was Chambishi's own metal. The average cobalt price received was significantly down on the last six months at US$8,00/lb (US$11,50/lb). In addition, operating costs for Chambishi's new smelter and downstream facilities have been included from 1 November 2001. This all resulted in Chambishi reporting an operating loss of R69 million (R21 million-loss) for the six months.

Various technical difficulties at the new Chambishi expansion project have caused a serious delay in bringing this plant to full production. The furnace at this new plant had to be shut down for the second time during the calender year 2001 in order to replace a small section of the refractory brick lining. The furnace is in the process of being recommissioned at present and it will have to be shut down in August/September 2002 to install a redesigned cooling system.

The reduced output prior to the refurbishment in August/September 2002 from this plant coupled with the lower than planned prevailing cobalt price, will result in a negative contribution from Chambishi towards Avmin's earnings for the financial year.

The capital investment to date in Chambishi was US$266 million. US$24 million capital expenditure was incurred during the half year to 31 December 2001.

PRECIOUS METALS

Avmin's 56 per cent held gold producer, **Avgold,** increased revenue to R128 million (R105 million), while costs and expenses were higher at R114 million (R96 million). This led to an improved operating profit of R14 million (R9 million). After investment income, the headline earnings rose to R15 million (R12 million). Capital expenditure rose significantly to R369 million, from R267 million, as Target started building-up to its full production level. This includes an amount of R113 million of capitalised exchange losses on the US dollar borrowings related to Target.

ETC's total milled tonnages rose to 169 800 tonnes (144 600 tonnes) at the mine's full capacity; the average yield was lower at 8,47g/t (9,90g/t), which resulted in gold sales being only slightly higher at 1 438kg (1 432kg). Cash costs increased to R68 140/kg (R57 911/kg), but in dollar terms reduced to US$233/oz (US$249/oz).

The Target mine's completion test for full production capacity from underground, being 3 500 tons hoisted on five consecutive days, was achieved on 19 December 2001, two months ahead of schedule. The commissioning of the new metallurgical plant has been completed and full performance testing is underway. The three massive stopes, required to achieve the planned stoping tonnage, were brought into production during the last quarter of 2001 and work on the remaining underground infrastructure and facilities is progressing satisfactorily.

The exploration drilling programme in the northern Free State, immediately north of the Target mine – within the Paradise area – is continuing. The drilling of the two boreholes, ERO 5 and ERO 6, are ahead of schedule. Both holes have now confirmed the position of the EA Zone and deflections are being drilled to explore the extent of the reef package. It is anticipated that the first set of results will be available early in the next financial year.

Avmin's 55 per cent held PGM company, **Two Rivers Platinum (Pty) Limited** (Two Rivers), is continuing its exploration drilling programme on the PGM property recently acquired from Assmang. Impala Platinum Holdings Limited (Implats) owns the balance of this company. Seven exploration drill rigs are operating on the property and assay results are expected by the end of the financial year. A bulk sample was removed for assessment purposes during January 2002. A full feasibility study is being undertaken in tandem with the drilling programme and, when completed, will be submitted to the Two Rivers board. This is expected to occur during the first half of the next financial year. Pending the outcome of the study, a decision could be made to proceed with a mine capable of producing between 160–170 000 ounces of PGMs annually. The estimated total capital expenditure for the new mine will be approximately R500 million. The mine will produce a concentrate that will be sent to Implats' refinery to generate the finished product.

PROSPECTS FOR THE REMAINDER OF THE FINANCIAL YEAR 2002

Headline earnings for the remaining half of the year, ending 30 June 2002 from the South African operations are expected to comfortably exceed those of the last six months provided the SA rand/US dollar exchange rate and commodity prices are maintained at current levels. In addition, earnings over this period will benefit from good cost containment at all operations. However, these positive effects will not offset the expected loss from Chambishi. Therefore, the Board remains of the opinion that Avmin's headline earnings for the full year, which excludes the Chambishi write-down and the profit on the sales of investments, will be significantly lower than the 2001 financial year.

For and on behalf of the Board:

Kennedy W Maxwell	Richard P Menell
Chairman	*Deputy Chairman and CEO*

Johannesburg
1 March 2002

Registered office: Anglovaal Mining Limited, 56 Main Street, Johannesburg 2001

Directors: KW Maxwell (Chairman), RP Menell (Deputy Chairman and Chief Executive Officer), DN Murray (Chief Operating Officer), B Frank, DE Jowell, N Livnat, Dr TV Maphai, JR McAlpine, BM Menell, Dr MZ Nkosi, R Oron. Group Company Secretary: RH Phillips