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## HIGHLIGHTS

- *Finalised the acquisition of a 22.4% stake in Northam Platinum Limited with a final payment of R179.5 million to Anglo Platinum Limited some 7.5 years ahead of schedule.*
- *On 10 June 2003, it was announced that the company had entered into an agreement in principle with Gold Fields Limited in terms of which the company would acquire a 15% beneficial interest in the South African gold mining assets of Gold Fields Limited.*
- *On 17 November 2003 the company ceased trading in linked units and commenced trading in shares on the JSE Securities Exchange South Africa.*
- *Winner of the Sunday Times Top 100 Companies Award for the third consecutive year.*



## DIRECTORATE

### **TOKYO MOSIMA GABRIEL SEXWALE**

Was elected the first Premier of Gauteng Province in 1994 and left this political office in 1998 for the corporate sector. He founded Mvelaphanda Holdings (Pty) Limited – a diversified investment company. He serves on the following boards:

Chairman Mvelaphanda Resources Limited  
Chairman Mvelaphanda Holdings (Pty) Limited  
Chairman Northam Platinum Limited  
Chairman Trans Hex Group Limited  
Director Abvest Associates Limited  
Director ABSA Group Limited  
Director Gem Diamond Corporation Limited  
Director Gold Fields Limited  
Trustee of the Nelson Mandela Foundation  
Trustee of the Business Trust  
Honorary Consul General of Finland

### **ERIC MOLOBI**

Was elected CEO of the Kagiso Trust in 1994. He serves on the following boards:

Director Mvelaphanda Resources Limited  
Executive Chairman Kagiso Trust Investment Company (Pty) Limited  
Director Northam Platinum Limited  
Director Imperial Holdings Limited  
Director Nedcor Investment Bank Holdings Limited  
Director Rembrandt Group Limited

### **WILLIAM JOHN DESMOND IVEAGH SCOTT**

Was the founder of Scott's Stores which listed on the JSE in 1968. He serves on the following boards:

Director Mvelaphanda Resources Limited  
Director Retail Apparel Group Limited  
Chairman Zarara Energy Limited

### **RICHARD BARRY SHEAD**

Started his career in the mining industry in 1973 at Anglo American Corporation SA Limited. He was the CEO of East Daggafontein Mines Limited from 1997 until the reverse acquisition by Mvelaphanda Holdings (Pty) Limited. He serves on the following boards:

Director Mvelaphanda Resources Limited  
Director Zarara Energy Limited  
Director Oxus Mining plc

### **BERNARD RENIER VAN ROOYEN**

Started his career in the mining industry at New Consolidated Gold Fields Limited in 1954. He serves on the following boards:

Director Mvelaphanda Resources Limited  
Deputy Chairman Trans Hex Group Limited  
Director Northam Platinum Limited  
Director Banro Corporation  
Director Gold Fields Limited  
Director Rand Water  
Director The Cementation Company (Africa) Limited

### **MARK JOHN WILLCOX**

Has a law degree and started his career in the diamond industry. He serves on the following boards:

CEO Mvelaphanda Holdings (Pty) Limited  
Director Mvelaphanda Resources Limited  
Director Abvest Associates Limited  
Director Northam Platinum Limited  
Director Trans Hex Group Limited

### **MIKKI SIVUYILE MAC MILLAN XAYIYA**

Has a BA degree and is presently studying for his MBA. He is an executive director of Mvelaphanda Holdings (Pty) Limited. He serves on the following boards:

Director Mvelaphanda Resources Limited  
Director Abvest Associates Limited  
Director Mvelaphanda Holdings (Pty) Limited

### **CRAIG ALAN MASSEY**

Alternate Director Mvelaphanda Resources Limited

## ADMINISTRATION

### REGISTERED OFFICE

First Floor - South Wing  
1 Albury Park  
Magalieszicht Avenue  
Dunkeld West, 2196, Sandton, South Africa  
(P O Box 413420  
Craighall, 2024)  
Tel: +27 11 325-5323  
Fax: +27 11 325-5320  
e-mail: mvela@mvelares.co.za  
Website: www.mvelaphandaresources.co.za

### COMPANY SECRETARY

J Korsten  
P O Box 413420  
Craighall, 2024

### BANKERS

The Standard Bank of South Africa Limited

### AUDITORS

PricewaterhouseCoopers Inc  
2 Eglin Road  
Sunninghill  
2157  
South Africa

### TRANSFER SECRETARIES

Computershare Limited  
70 Marshall Street  
Johannesburg, 2001, South Africa  
(P O Box 1053, Johannesburg, 2000)

### REGISTRATION NUMBER

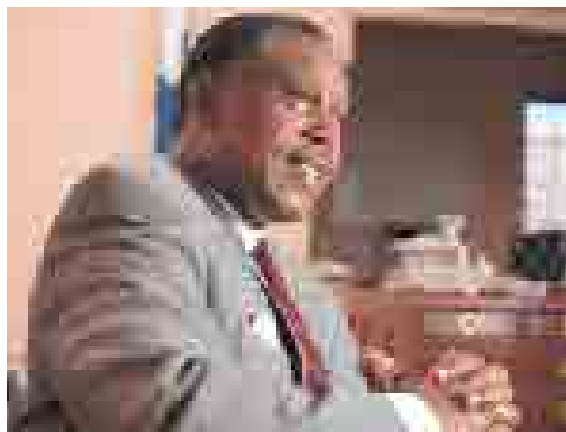
1980/001395/06

## MEMBERS DIARY



Financial year-end	30 September
Annual financial statements issued	December
Annual general meeting	February
Dividends/interest payments	
Interim	
Determined	31 March
Paid	May
Final	
Determined	30 Sept
Paid	November

## CHAIRMAN'S STATEMENT



Tokyo Sexwale

It gives me great pleasure to report to you on the activities of your company for the year ended 30 September 2003. Since the establishment of Mvelaphanda Resources Limited in February 2002, we have made significant progress in the implementation of our stated strategy. This is to become a world class, African precious minerals mining company, owned, managed and operated largely by black South Africans.

Key to this advance was the announcement in June this year that your company would acquire a 15% holding in the South African gold mining assets of Gold Fields Limited. These assets comprise the Beatrix, Driefontein and Kloof gold mines together with certain service enterprises, which will be held through a new subsidiary of Gold Fields, GFI-SA.

The consideration is R4 139 million, which will be advanced by your company as a five-year interest-bearing loan to GFI-SA. This amount will be funded as to R1 690 million net by an equity issue. The balance has been raised as to R1 349 million in five-year senior debt at a coupon rate of 95 base points over the five year swap curve and as to R1 100 million in five-year mezzanine finance. The bulk of the latter bears a coupon of 14.25%, which will be rolled up until the redemption date.

On the redemption of the loan to GFI-SA, Mvelaphanda Resources Limited will subscribe for a 15% equity interest in GFI-SA. During the succeeding twelve months, this equity interest may be exchanged for an equivalent equity interest in Gold Fields Limited at fair market value. This is a hands-on investment since your company will be represented on the GFI-SA board of directors and on the Operating and Transformation Committees of that company.

Our investment in Northam Platinum Limited has contributed handsomely to your company's cash flows over the past three years. Consequently, early in this financial year we settled our debt with Anglo American Platinum Corporation Limited in respect of Northam Platinum Limited, seven years ahead of schedule. More recently, despite strong growth in the US\$ price of platinum, the strengthening Rand has had an adverse effect on operating margins earned by Northam Platinum Limited, and indeed, on those of all other platinum producers.

Our interest in the platinum sector has been extended through a 50% joint venture interest with the Canadian company, SouthernEra Resources Limited, in the Dwaalkop project, adjacent to SouthernEra's Messina platinum mine. Based on drilling by Anglo American Platinum Corporation Limited, the project contains a resource of 7.8 million ounces of platinum group metals and has been awarded a prospecting permit. Infill drilling is in progress and a feasibility study to bankable standards has been commissioned.

## CHAIRMAN'S STATEMENT



In November 2003, we announced that negotiations were in progress for the acquisition of a 50% joint venture interest in a major platinum resource on the eastern limb of the Bushveld Igneous Complex. Based on comprehensive core drilling data, attributable resources on the UG2 reef alone exceed 35 million ounces. A significant resource on the Merensky Reef has also been indicated.

This acquisition is presently held by a group of Historically Disadvantaged South Africans ("HDSA's"). The consideration will consist principally of new shares in your company, the majority of which must be retained for five years. As a result, the HDSA status of Mvelaphanda Resources Limited will be enhanced, providing capacity for further acquisitions.

We are evaluating the best course for the consolidation of all our platinum interests. The resultant vehicle will be a major player in the platinum sector under our control.

A strong performance from Trans Hex Group Limited in their year to 31 March 2003, saw operating income increase by 31%. With good cost control, attributable income rose by 28% to R225 million. Higher US\$ denominated prices in Trans Hex Group Limited's first-half year to 30 September 2003, were offset by the strengthening Rand and earnings on an annualised basis, were only maintained. Trans Hex Group Limited has acquired four exciting diamond properties in Angola, in partnership with the State Diamond Corporation (Endiama). The Luarica alluvial concession was brought to production in a record six months and the other properties are being explored.

For the third successive year, your company reached the top spot in the South African "Business Times" Top 100 Companies Survey. The award was granted in recognition of company growth of 131.55% in shareholder value over the preceding five years. This is a very gratifying result and I must thank all the dedicated people whose hard work and commitment contributed to another excellent year for Mvelaphanda Resources Limited.

**T M G Sexwale**

*Chairman*

**Johannesburg**

*5 December 2003*

## STATEMENT OF CORPORATE GOVERNANCE

During the year under review the directors of Mvelaphanda Resources Limited have continued to endorse and have applied the principles of the King Committee and recognise the need to conduct the enterprise with integrity and in accordance with generally accepted business practices. The company has taken cognisance of the contents and recommendations of the second report of the King Committee on Corporate Governance (King II), which was released during March 2002, and has, where necessary, taken appropriate steps to enhance compliance in terms of the recommendations.

The directors specifically report as follows:

### **Code of Corporate Practices and Conduct**

In its dealings with all its stakeholders, the board of directors of Mvelaphanda Resources Limited supports the principles of openness, integrity and accountability.

Fundamental to the fulfilment of corporate responsibilities and the achievement of financial objectives is an effective system of corporate governance. In line with the Code of Corporate Practices and Conduct contained in the report of the King Committee on Corporate Governance, the board seeks to ensure that the company's policies continue to meet current requirements.

### **Financial statements**

The Companies Act requires that the directors prepare annual financial statements which fairly present the state of affairs of the company as at the end of the financial year and of the profit and loss and cash flows for the year, in conformity with generally accepted accounting practice. Our external auditors are responsible for carrying out an independent examination of the financial statements in accordance with generally accepted auditing standards and reporting their findings thereon.

### **Internal control**

Mvelaphanda Resources Limited maintain adequate systems of internal control over financial reporting and over safeguarding of assets against unauthorised acquisitions, use or disposition, which are designed to provide reasonable assurance to the management and board of directors regarding the preparation of reliable published financial statements and the safeguarding of the company's assets.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error. Considering the nature and size of the company, certain internal controls, which might be cost-effective in larger organisations, are not practical in these circumstances. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of an internal control system can change with circumstances.

### **Board of directors**

Details of the board of directors are set out on page 2. The board meets quarterly and sets overall company policies, provides input and takes decisions on matters of strategic importance to the company. Day to day management of the company's operations rests with the executive management team who have unfettered access to the chairman and other directors.

There are no service contracts granted to executive directors. Details of the remuneration of directors are set out in note 3 on page 29. The interests of directors in the share capital of Mvelaphanda Resources Limited are set out on page 15.

**Audit committee**

B R van Rooyen  
W J D I Scott

The audit committee comprises two non-executive directors. The external auditors of Mvelaphanda Resources Limited have unrestricted access to this committee.

The committee is scheduled to meet three times a year with management and the external auditors to review interim reports, annual financial statements and accounting policies and to discuss the auditors' findings and recommendations.

The committee considers the use of the company's external auditors and approves the fees to be paid for audit and non-audit services.

**Internal audit**

Due to the size and nature of the company and its group, no internal audit function has as yet been formed.

**Remuneration committee**

T M G Sexwale  
B R van Rooyen  
R B Shead  
M J Willcox

The remuneration committee comprises four non-executive directors and is scheduled to meet once a year. The committee in consultation, where necessary, with management, ensures that the company's employees are fairly rewarded for their contribution to the company's performance. The company's remuneration philosophy is to ensure salaried and related benefits are competitive relative to other companies. Specifically, the committee, on behalf of the board, approves the employment contracts and remuneration packages of management and employees, ratifies the appointment of senior management other than directors, and approves any short-term incentive schemes and bonuses, including the offer of options in terms of the rules of the Mvelaphanda Resources Share Scheme.

**Attendance at board meetings**

The attendance by the directors at board meetings is reflected in the following table:

**Board meetings**

<b>Number of meetings held</b>	<b>4</b>
Attendance per director	
T M G Sexwale	4
E Molobi	2
R B Shead	4
W J D I Scott	4
B R van Rooyen	4
M J Willcox	4
M S M Xayiya	4
C A Massey *	4

(\*) Alternate director

## APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The directors of Mvelaphanda Resources Limited are responsible for the preparation, integrity and objectivity of the financial statements and other information contained in this report.

The directors are responsible for setting standards and implementing systems of internal control designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements, to adequately protect the assets of Mvelaphanda Resources Limited against loss and to ensure that transactions are conducted and recorded in accordance with policies and procedures which are implemented by suitably skilled personnel. Certain of these responsibilities have been assigned to Mvelaphanda Holdings (Pty) Limited pursuant to the terms of a management agreement entered into between the company and Mvelaphanda Holdings (Pty) Limited effective from 1 February 2002.

Based on the information and the explanations given by management, the directors are of the opinion that the internal accounting controls are adequate for the size and nature of the business of Mvelaphanda Resources Limited and that the financial records may, therefore, be relied on for preparing the financial statements and maintaining accountability for assets and liabilities.

The annual financial statements set out in this report have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the South African Companies Act. Appropriate accounting policies supported by reasonable and prudent judgement have been applied consistently. In addition, the directors are of the opinion that Mvelaphanda Resources Limited has sufficient resources to continue as a going concern for the foreseeable future, and the annual financial statements have accordingly been prepared on this basis.

The annual financial statements which appear on pages 10 to 46 were approved by the board of directors on 5 December 2003 and are signed on its behalf by

**T M G Sexwale**  
*Chairman*

**B R van Rooyen**  
*Director*



## SECRETARY'S CONFIRMATION IN TERMS OF SECTION 268G (d) OF THE COMPANIES ACT



I confirm that the company has lodged with the Registrar of Companies all such returns as are required to be lodged by a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

**J Korsten**

*Company Secretary*

*5 December 2003*

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MVELAPHANDA RESOURCES LIMITED

We have audited the annual financial statements and group annual financial statements set out on pages 10 to 46. These financial statements are the responsibility of the directors of Mvelaphanda Resources Limited. Our responsibility is to express an opinion on these financial statements based on our audit.

### Scope

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

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

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

### Audit opinion

In our opinion, the financial statements and group financial statements fairly present, in all material respects, the financial position of Mvelaphanda Resources Limited at 30 September 2003, the results of its operations and cash flows for the year ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the South African Companies Act.

**PricewaterhouseCoopers Inc**

*Chartered Accountants (SA)*

*Registered Accountants and Auditors*

**Johannesburg**

*5 December 2003*

## **DIRECTORS' REPORT**

*for the year ended 30 September 2003*

We have pleasure in submitting the audited annual financial statements of Mvelaphanda Resources Limited ("Mvela", "the group" or "the company") for the year ended 30 September 2003.

### **Northam Platinum Limited ("Northam")**

Mvelaphanda Platinum (Pty) Limited, a wholly owned subsidiary of Mvela, effectively owns 51 738 305 shares in Northam Platinum Limited which constitutes a 22.4% equity accounted interest in that company.

During the year to 30 June 2003, metals in concentrate produced by Northam increased by 22.4% to 10 354 kg (3PGE+Au). Owing to increased inventories, flowing from the re-build of the smelter after eleven years of continuous operation, sales increased by only 2.6% to 9 174kg (3PGE+Au). The weighted basket price of metals sold increased in US\$ terms. In Rand terms, however, the price declined by 9.4% to R145 273 per kg as a result of the strength of the Rand against the US\$. Consequently, sales revenue declined by 5.7% to R1 472 million and headline earnings were 31% lower at R275 million. During the year Northam spent R176 million on capital expenditure, which included R35 million on the smelter rebuild, R31 million on additional refrigeration plants and R42 million on the development programme.

### **Trans Hex Group Limited ("Trans Hex")**

The company owns 2 530 263 Trans Hex shares, which constitute a 3.0% interest in Trans Hex, and which has been equity accounted due to the significant influence that the company exercises through its representation on the board of Trans Hex.

In March 2002 the company purchased 16 million Trans Hex shares for delivery on 28 February 2008. This forward purchase is treated as a derivative financial instrument and is fair valued as shown in note 2 and 12 to the financial statements.

The company also has an option to acquire 5 million Trans Hex shares from Remgro Limited at an option price of R7.50 escalating at 8.94% per annum compounded monthly in arrears from 1 January 2000 to date of payment. This option is a derivative financial instrument and is fair valued as shown in note 2 and 12 to the financial statements. This option expires on 1 October 2007.

In addition, the company has a joint venture agreement with Trans Hex in terms of which it has a 50% interest with Trans Hex to explore for and exploit diamond resources in certain demarcated areas of the Republic of South Africa. The prospecting rights acquired on behalf of the joint venture will be held in a company called Mvelaphanda Exploration (Pty) Limited in which Mvela holds a 50% equity interest.

During the year to 31 March 2003, net operating income of Trans Hex increased by 30.9% to R344.4 million, primarily because of increased US\$ diamond prices. Costs were well controlled and attributable income increased by 28% to R225 million.

This strong performance continued during the six months to 30 September 2003, despite the adverse impact of the strong Rand on diamond revenue. Net mining sales totalled R545.7 million and attributable income was R112.9 million.

Trans Hex has acquired four diamond concessions in Angola which are operated in partnership with the Angolan State Diamond Organisation (Endiama). The Luarica alluvial concession was brought to production in a record six months. Exploration of the Fucauma alluvial concession is well advanced and work on the Ganga kimberlite concession and the Luana alluvial concession will commence in 2004.



**SouthernEra Resources Limited ("SouthernEra")**

The company entered into a formal agreement with SouthernEra on 9 October 2002 whereby the company acquired a 50% interest in the exploitation of platinum group metals ("pgm") on certain properties which adjoin the Messina Platinum Mines Limited mining area.

It is currently estimated that the project contains 7.8 million ounces of pgm resources based on drilling undertaken by Anglo Platinum Limited and an independent evaluation of the data by Professor Danie Kriege, an expert in the statistical evaluation of mineral resource exploration data.

Prospecting rights in respect of the project were granted on 3 July 2003 and an infill drilling programme, comprising an estimated 17 240 metres of core drilling has commenced. The results to date of this programme have been encouraging and a feasibility study, to bankable standards, will be undertaken.

**De Beers Consolidated Mines Limited ("De Beers")**

In terms of a shareholders agreement, the company has secured a one third interest in a joint venture with De Beers to undertake primary kimberlite exploration in a defined area of the Limpopo and Mpumalanga Provinces. If the exploration leads to the discovery of a mine and the estimated value of diamond production at such mine exceeds US\$70 million per annum, then De Beers will manage the mine. If, however, any discovery indicates a deposit where the value of the diamond production is estimated to be less than US\$70 million, management of the mine would pass to Mvela.

The prospecting rights applied for on behalf of the joint venture will be held by Ndowana Exploration (Pty) Limited in which Mvela holds a 33.33% equity interest.

**GFL Mining Services Limited ("GFLMS")**

Mvela has acquired the right, but not the obligation, to acquire an interest of between 5% and 15% in the beneficial interest and a corresponding share of the obligations, of GFLMS in the development, financing or construction of any precious metal mine which is developed in Africa after 1 March 2002. The term of the agreement is for five years with effect from 1 March 2002.

As consideration for entering into the agreement with Mvela, GFLMS acquired an initial grant of options to subscribe for 380 102 linked units in Mvela at a strike price of R26.30. The initial strike price is determined in terms of a formula and is priced at a premium of 10% to the weighted average of the trading price of Mvela linked units for the five days immediately prior to the issue of the options. These initial options have at the last practicable date not been exercised but need to be exercised by 26 September 2004.

In terms of its agreement with GFLMS, Mvela granted an additional 373 435 options to subscribe for linked units in Mvela at a strike price of R19.34 on 5 May 2003. The number of options was calculated with reference to one half of the exploration costs incurred by GFLMS on those projects in Africa, during the twelve-month period to 28 February 2003. These options have at the last practicable date not been exercised but need to be exercised by May 2005.

**6L13 joint venture**

During the period under review, agreement was reached with Impala Platinum Limited whereby Mvela sold its interest in the dryer plant and the remaining material stockpiled at the 6L13 dryer plant for a consideration of R2.75 million.

## **DIRECTORS' REPORT** *(continued)*

*for the year ended 30 September 2003*

### **Reverse acquisition in prior year**

On 31 January 2002, Mvela (formerly East Daggafontein Mines Limited) concluded the agreement with Mvelaphanda Holdings (Pty) Limited whereby it issued 41 454 429 linked units to Mvelaphanda Holdings (Pty) Limited in consideration for the acquisition of the certain assets.

### **Accounting treatment of reverse acquisition**

Pursuant to the issue of the new linked units, Mvelaphanda Holdings (Pty) Limited became the controlling linked unit holder of Mvela. For accounting purposes the acquisition was treated as a reverse acquisition, with Mvelaphanda Platinum (Pty) Limited as the acquirer.

The group financial statements for the year ended 30 September 2002 therefore include:

- the consolidated financial statements of Mvelaphanda Platinum (Pty) Limited for the year ended 30 September 2002; and
- the financial statements of Mvelaphanda Resources Limited, from the date of the reverse acquisition.

### **Directors**

Details of the directors can be found on page 2 of this annual report.

Directors' fees totalling R94 500 have been accrued during this period. Further details of the directors fees are contained in note 3 of the notes to the financial statements on page 29. No service contracts have been granted to any director.

### **Capital**

As at 30 September 2003, the authorised share capital of the company was R1 300 000 (one million three hundred thousand Rand) divided into:

129 200 000 ordinary shares of 1 cent each and 800 000 7% redeemable participation preference shares of 1 cent each.

The issued share capital of the company comprised:

- 68 970 613 ordinary shares of 1 cent each.
- 68 970 613 unsecured debentures forming part of the linked units of 1 cent each.

All the authorised and issued ordinary shares were of the same class and ranked *pari passu* in every respect.

The debentures of Mvela were unsecured. The interest earned on the debentures was at a variable rate, payable on a six monthly basis, in arrear. The debentures were linked to the ordinary shares of Mvela and traded as linked units.

The linked units issued rank *pari passu* in all respects.

### **Increase in capital**

At a general meeting held on 24 October 2003, shareholders agreed to increase the authorised share capital of the company to R2 592 000 comprising 258 400 000 ordinary shares with a par value of 1 cent each and 800 000 7% redeemable participation preference shares with a par value of 1 cent each and after the implementation of the scheme of arrangement to consolidate every two authorised but unissued shares with a par value of 1 cent each into 1 ordinary share with a par value of 2 cents each.

**DIRECTORS' REPORT** *(continued)**for the year ended 30 September 2003*

As a consequence of the scheme of arrangement approved at a meeting held on 24 October 2003, each issued variable rate debenture with a nominal value of 1 cent was redeemed and the proceeds utilised to subscribe for one ordinary share with a par value of 1 cent, resulting in a share issue of 68 970 615 ordinary shares with a par value of 1 cent each.

After the implementation of the scheme of arrangement it was agreed to consolidate every two issued ordinary shares with a par value of 1 cent each held by a shareholder into one ordinary share with a par value of 2 cents each.

Accordingly, with effect from 5 November 2003:

- the authorised share capital of the company is R2 592 000 divided into 129 200 000 ordinary shares of 2 cents each and 800 000 7% redeemable preference shares with a par value of 1 cent each.
- the issued share capital of the company is R1 379 412.26 comprising 68 970 613 ordinary shares with a par value of 2 cents each. It should be noted that as from 17 November 2003, the company traded in shares and not linked units.

As per the press announcement dated 28 November 2003, 2 550 000 shares were issued to Mvelaphanda Holdings (Pty) Limited in settlement of certain rights. Thereby the issued share capital of the company increased to R1 430 412.26, comprising 71 520 613 ordinary shares with a par value of 2 cents each.

**Dividend and debenture interest payment**

A distribution of 30 cents per linked unit (which comprises one ordinary share and one unsecured variable rate debenture) representing an interest payment of 1 cent per debenture and a dividend of 29 cents per share was paid on 29 April 2003.

As a consequence of the acquisition of 15% of Gold Fields Limited's South African mining interests as detailed under "post balance sheet events", the directors have resolved not to declare an interest and dividend payment at year-end.

**Name change of the Debenture Trust**

The name of the East Daggafontein Debenture Trust changed to the Mvelaphanda Resources Limited Debenture Trust at a general meeting of debenture holders held on 4 February 2003.

It is the intention of the company that after the implementation of the scheme of arrangement to cancel the Debenture Trust.

## DIRECTORS' REPORT *(continued)*

for the year ended 30 September 2003

### Substantial shareholdings

According to the register of members of Mvela on 30 September 2003, the following held five per cent or more of the issued linked units of Mvela. These figures include members within all the nominee companies who held five per cent or more. These figures are based on an issued share capital of 68 970 613 shares, being the issued share capital of Mvela as at 30 September 2003.

Linked unit holders	Number of linked units	%
<b>Total shares in issue</b>	<b>68 970 613</b>	
Mvelaphanda Holdings (Pty) Limited	35 792 209	51.89
	<b>35 792 209</b>	<b>51.89</b>

Linked unit holder spread	No. of linked unit holders	%	No. of linked units	%
1 – 1 000 shares	1 531	68.35	536 546	0.78
1 001 – 10 000 shares	546	24.38	1 884 087	2.73
10 001 – 100 000 shares	119	5.31	3 857 825	5.59
100 001 – 1 000 000 shares	36	1.60	12 527 492	18.16
1 000 001 shares and over	8	0.36	50 164 663	72.74
	<b>2 240</b>	<b>100.00</b>	<b>68 970 613</b>	<b>100.00</b>

In terms of the rules of the JSE Securities Exchange South Africa ("JSE"), Mvela is obliged to show its spread of linked unit holders between public and non-public linked unit holders. On 30 September 2003 the spread was as follows:

Linked unit holders	No. of linked unit holders	%	No. of linked units	%
<b>Non – Public</b>	7	0.31	36 823 205	53.39
Directors of the Company	4	0.18	1 030 937	1.49
Holding Company	2	0.09	35 792 209	51.89
Share Trust	1	0.04	59	0.00
<b>Public</b>	2 233	99.68	32 147 408	46.63
	<b>2 240</b>	<b>100.00</b>	<b>68 970 613</b>	<b>100.00</b>



# DIRECTORS' REPORT *(continued)*

for the year ended 30 September 2003

## Analysis of ordinary shareholders as at 30 September 2003

The company's ordinary shares are listed on the JSE.

Distribution of linked unit holder	No. of linked unit holders		%	No. of linked units	
					%
Banks	64	2.86		11 274 777	16.35
Close Corporations	38	1.70		126 210	0.18
Individuals	1 686	75.27		3 930 152	5.70
Insurance Companies	8	0.36		297 641	0.43
Investment Companies	7	0.31		4 362 155	6.32
Limited Companies	18	0.80		125 586	0.18
Mutual Fund	51	2.28		6 825 941	9.90
Nominees and Trusts	241	10.76		1 318 304	1.91
Other Corporations	57	2.54		3 496 817	5.07
Pension Fund	22	0.98		1 222 503	1.77
Private Companies	48	2.14		35 990 527	52.18
	<b>2 240</b>	<b>100.00</b>		<b>68 970 613</b>	<b>100.00</b>

## Directors' interests

On 30 September 2003, Mvela's directors held the following interests in the linked units of Mvela:

Direct	Beneficial		Non-beneficial		Total
	Direct linked units	Indirect linked units	Direct linked units	Indirect linked units	
TMG Sexwale	6 730	–	–	8 948 052	8 954 782
E Molobi	–	–	–	–	–
WJDI Scott (1)	600 605	–	–	–	600 605
RB Shead	–	–	–	–	–
BR van Rooyen (2)	–	420 232	–	–	420 232
MJ Willcox (3)	3 370	–	–	2 505 455	2 508 825
MSM Xayiya (4)	–	–	–	2 505 455	2 505 455
CA Massey	–	–	–	–	–

(1) Since 1 October 2002, Mr WJDI Scott has disposed of 900 000 ordinary shares reducing his direct beneficial interest from 2.17% to 0.9%.

(2) Mr BR van Rooyen acquired 420 232 ordinary shares in an indirect beneficial capacity between 1 October 2002 and the last practicable date;

(3) Mr M J Willcox acquired 227 136 ordinary shares in an indirect, non-beneficial capacity between 1 October 2002 and the last practicable date.

(4) Mr MSM Xayiya acquired 227 136 ordinary shares in an indirect, non-beneficial capacity between 1 October 2002 and the last practicable date

**DIRECTORS' REPORT** *(continued)*  
for the year ended 30 September 2003

All other directors' interests remained unchanged between 1 October 2003 and the last practicable date.

**The Mvelaphanda Resources Limited Share Option Participation Scheme ("Mvela Share Scheme")**

The Mvela Share Scheme was obliged to sell on the open market 3 672 441 linked units during the year in accordance with a change in the rules governing the JSE Securities SA Listings Requirements. These shares were sold at an average price of R23.95 per share.

At the general meeting held on 24 October 2003 an amendment was made to the Mvela Share Scheme whereby all existing linked unit options were replaced by new consolidated share options.

Mr C H Ewing, a partner of Cliffe Dekker Inc (Mvela attorneys) and Mr W J D I Scott, a non-executive director of the company, act as trustees of the Mvela Share Scheme.

Directors	Linked unit options at 1 October 2002	Linked unit options granted	Linked unit options exercised	Linked unit options outstanding at 30 September 2003*
TMG Sexwale	1 075 000	–	201 033	873 967
E Molobi	150 000	–	30 000	120 000
WJDI Scott	–	–	–	–
RB Shead	600 000	150 000	750 000	–
BR van Rooyen	200 000	–	40 000	160 000
MJ Willcox	1 075 000	–	201 033	873 967
MSM Xayiya	150 000	–	16 831	133 169
CA Massey	–	–	–	–
	<b>3 250 000</b>	<b>150 000</b>	<b>1 238 897</b>	<b>2 161 103</b>
Employees	400 000	–	80 000	320 000
	<b>3 650 000</b>	<b>150 000</b>	<b>1 318 897</b>	<b>2 481 103</b>

\* All share options granted at a price of R16.50

**Subsidiaries**

As at 30 September 2003 Mvela has two wholly owned subsidiaries, Mvelaphanda Platinum (Pty) Limited (a company having an issued share capital of 10 000 ordinary shares of R1 each) and East Daggafontein Mineral Holdings (Pty) Limited (a company having an issued share capital of 10 000 ordinary shares of R1 each). See note number 9 on page 34 of the financial statements.

**Management agreement**

Mvela has an existing management agreement which was entered into on 16 May 2002, in terms of which Mvelaphanda Holdings (Pty) Limited ("Mvela Holdings") will, for so long as it is the beneficial holder of 50% or more of the issued capital of Mvela be responsible for the day to day management of Mvela.

With effect from 1 September 2003, the management agreement was amended to account for the dilution in Mvela Holdings' interest in Mvela after the implementation of the Gold Fields transaction. Accordingly, the management agreement now stipulates that for so long as Mvela Holdings is the beneficial holder of 26% or more of the issued capital of Mvela, it will be responsible for the day to day management of the Mvela group on the terms and conditions set out in the management agreement.





**Litigation statement**

The directors are not aware of any legal or arbitration proceedings (including any such proceedings that are pending or threatened) which may have, or have had, a significant effect on Mvela's or its subsidiaries' financial position during the last 12 months preceding the date of this annual report.

**Mining Charter**

A broadly based, Socio Economic Empowerment Charter for the Mining Industry, was negotiated by Government and the Industry and ratified by both parties in October 2002.

The principal feature of the Charter is the Industry's commitment to facilitate empowerment transactions in respect of existing mining assets, with Historically Disadvantaged South Africans, ("HDSA's") to a total value of R100 billion, at market prices, over the next five years. This represents approximately 15% of existing mining assets at ruling market values. The ultimate target is for HDSA's to acquire a further 11% (making 26% in total) of mining assets at market value over the succeeding five years. As an empowerment company with a credible track record, your company is well placed to participate in the deal flow which will result from the implementation of the Charter.

**Auditors**

PricewaterhouseCoopers Inc will continue in office in accordance with Section 270 (2) of the Companies Act.

**Secretary**

Mrs J Korsten will continue in the position of Company Secretary to Mvela.

**Post balance sheet events**

**1. Scheme Meeting**

At a scheme meeting, a general meeting of linked unit holders (in their capacity as holders of ordinary shares) and the meeting of linked units holders (in their capacity as holders of debentures) dated 24 October 2003 the following was approved by the requisite majority.

- The scheme of arrangement in terms of Section 311 of the Companies Act, No 61 of 1973, as amended, between the company and its linked unit holders in their capacity as holders of variable rate debentures with a nominal value of 1 cent each.
- All resolutions proposed at the general meeting and at the debenture holders' meeting as detailed in the circular dated 26 September 2003.

In terms of the scheme, shareholders redeemed their debentures in consideration for R11.50467 (rounded to 5 decimal places), which redemption amount was compulsorily utilised to settle the subscription price of each ordinary share issued pursuant to the scheme of R11.50467 (rounded to 5 decimal places).

Thereafter, in order to maintain the same number of listed instruments as were in issue prior to the scheme, the ordinary shares were consolidated so that each linked unit holder received one ordinary share having a par value of 2 cents each for every linked unit held.

On Tuesday, 4 November 2003 the scheme of arrangement was sanctioned by the High Court of South Africa (Witwatersrand Local Division) and registered on 5 November 2003 with the Registrar of Companies.

The listing of the linked units on the JSE was suspended at the commencement of trading on Monday, 17 November 2003 and terminated at the commencement of trading on Monday, 24 November 2003. Trading in the shares on the JSE commenced on Monday, 17 November 2003.

## **DIRECTORS' REPORT** *(continued)*

*for the year ended 30 September 2003*

### **2. Gold Fields Limited ("Gold Fields")**

On 10 June 2003, it was announced that Mvela had entered into an agreement in principle with Gold Fields in terms of which Mvela would acquire a 15% beneficial interest in the South African gold mining assets of Gold Fields. These comprise the Beatrix, Driefontein and Kloof mines together with certain associated service enterprises and are held through a new Gold Fields subsidiary, GFI- SA.

As part of the process of transforming the economy of South Africa, both Gold Fields and Mvela have identified the need to increase the interests of HDSA's in the ownership structure of Gold Fields. The Mining Charter scorecard has specified an HDSA ownership target of 15% for all South African mining assets within five years, whether as a percentage of the equity or as a percentage of attributable units of production.

Gold Fields and Mvela believe that the acquisition embraces and complies with both the spirit and letter of the Mining Charter on a basis, which affects Mvela with an outstanding opportunity and which is commercially sustainable for Gold Fields. The transaction represents a major milestone for transformation in South Africa.

Mvela has undertaken to further broaden the empowerment interest in the acquisition and accordingly will facilitate the participation of a number of identified broad-based charities, foundations, community groups and women and youth groups in the acquisition.

Mvela further believes that the acquisition together with the facilitation of broad-based empowerment participation, will cement its position at the forefront of the transformation of the South African mining industry and together Mvela and Gold Fields will proactively address the broader requirements of the Mining Charter necessary to achieve this transformation. Mvela will be represented on the board of GFI-SA and will serve on the Operating and Transformation Committees of that company.

The acquisition consideration is R4 139 million which will be advanced by a wholly owned subsidiary, "Mvela Gold", as a five year loan which will carry a coupon rate of 95 basis points over the five year swap curve, payable semi-annually in arrears, fixed at the time of advance. On the redemption of the loan Mvela Gold will subscribe for new shares in GFI-SA representing 15% of its then issued equity. Mvela Gold will further be entitled during the twelve months following that subscription to swap its interest in GFI-SA for an equivalent interest, at fair market value in Gold Fields.

The consideration will be satisfied in part from the proceeds of a specific equity issue to raise R1 690 million net of costs, comprising ordinary shares and/or convertible instruments. The balance will be raised through R1 349 million five-year bank debt, and R1 100 million in five-year mezzanine finance.

In terms of the specific issue, Mvela intends to raise capital on both the local and international capital markets by way of an equity placement comprising ordinary shares and/or convertible instruments. The number of ordinary shares to be issued or committed pursuant to the specific issue will be determined by the board of directors and its advisors and may not exceed a maximum of 80 million new ordinary shares.

To ensure that there are sufficient ordinary shares available for the specific issue, it will be necessary to increase the authorised share capital of the company. Pursuant to the implementation of the transaction, Mvela will move its listing on the JSE Securities Exchange to the Mining Resources – "Gold" sector.

As soon as this transaction becomes unconditional the following directors will be appointed to the board of directors of Mvela, Messrs Michael E Beckett, Oyama Andrew Mabandla and Mrs Nomazizi Mtshotshisa. Shareholders are referred to the press announcement dated 26 November 2003.



### **3. Proposed participation by Mvela of certain participation rights held by Mvelaphanda Holdings (Pty) Limited ("Mvela Holdings")**

In the interests of facilitating a successful equity capital raising and to simplify the existing relationship between Mvela and Mvela Holdings, agreement has been reached between Mvela and Mvela Holdings, subject to JSE Securities Exchange approval in terms of which Mvela will acquire the following rights from Mvela Holdings with effect from 30 September 2003, the consideration which will be settled by the issue of 2 550 000 new ordinary shares to Mvela Holdings on or about 4 December 2003:

- 10% of Mvela's participating interest in respect of the joint venture between Mvela and SouthernEra, constituted to investigate the mineral potential of the mineral rights on the properties Dwaalkop 455 KS, Rooibokbult 121 KS and the northern portion of Turfpan 122 KS;
- 10% of Mvela's right to purchase up to 15% but not less than 5% of the interest of GFLMS in certain projects in respect of which GFLMS and any entity which controls, is controlled by or is under the common control with GFLMS secures any right, title or interest on the African continent for the five year period commencing on 1 March 2002 to prospect for precious metals or to participate in the financing, construction, development or operation of any precious metal mine flowing from such prospecting; and
- Mvela Holdings' entitlement to retain a carried interest to bankable feasibility of not less than 5% and not more than 10% of Mvela's interest in any mining project, anywhere in the world, excluding mining projects relating to energy or to the agreement in terms of which Trans Hex agreed to allot and issue to Mvelaphanda Diamonds (Proprietary) Limited, a subsidiary of Mvela Holdings, 16 000 000 unsecured participating convertible debentures ("the excluded projects"), referred by Mvela Holdings to and accepted by Mvela for a period of five years commencing on 23 October 2001.

As a result of the acquisition of the rights referred to above by Mvela from Mvela Holdings, Mvela Holdings remains obliged to offer to Mvela, any mining project, anywhere in the world other than the excluded projects, offered to Mvela Holdings by a third party for the remainder of the five years which commenced on 23 October 2001 without Mvela Holdings having the right to retain a carried interest therein.

### **4. Platinum Resource**

In a cautionary announcement dated 5 November 2003 and in line with its strategy to become a major producer of platinum group elements, Mvela has announced that it is in negotiations for the acquisition of a 50% joint venture interest in a significant platinum group element resource on the Eastern Limb of the Bushveld Igneous Complex.

The measured, indicated and inferred, attributable resource on the UG2 horizon exceeds 35 million ounces (3PGE'S+Au). The proposed acquisition from a group of HDSA's has received approval in principle from the Department of Minerals and Energy. The major partners of the consideration will comprise new shares in Mvela, the bulk of which the seller must retain for a five-year period. Thereby the HDSA status of the company will be enhanced, providing capacity for further acquisitions.

Mvela also holds a 22.4% equity stake in Northam Platinum Limited and a 50% joint venture interest with SouthernEra Resources Limited in the Dwaalkop properties on the western extension to the Eastern Limb. The measured, indicated and inferred attributable resource on the UG2 on the Dwaalkop properties is 3.9 million ounces (3PGE'S+Au).

The corporate advisors to Mvela are evaluating the options for the consolidation of all Mvela's PGE assets in a platinum empowerment vehicle under Mvela's control.

# INCOME STATEMENT

for the year ended 30 September 2003

	Notes	Group		Company	
		Year ended 30 Sep 2003 R'000	Year ended 30 Sep 2002 R'000	Year ended 30 Sep 2003 R'000	Year ended 30 Sep 2002 R'000
<b>Revenue</b>		<b>12 833</b>	<b>10 318</b>	<b>50 898</b>	<b>44 799</b>
Slimes material revenue		2 750	1 478	2 750	28 864
Interest received		10 068	8 698	9 977	12 153
Dividends received		15	70	22 670	2 194
Other income		–	72	15 501	1 588
<b>Costs</b>		<b>37 808</b>	<b>76 749</b>	<b>24 709</b>	<b>39 784</b>
Administration expenditure		17 083	7 468	16 183	11 126
Exploration and project costs		5 579	549	5 579	1 073
Debenture interest paid		690	26 117	690	27 585
Preference dividends paid		–	6 029	–	–
Finance costs		7 582	32 003	2 257	–
Amortisation of goodwill		6 874	4 583	–	–
(Loss)/profit before income of associate companies		(24 975)	(66 431)	26 189	5 015
Attributable profit of associate companies		117 250	151 533	–	–
Amortisation of negative goodwill relating to investment in associates		16 107	15 968	–	–
Profit before unrealised gain on financial instruments		108 382	101 070	26 189	5 015
Unrealised gain on financial instruments	2	3 575	–	3 575	–
Profit before taxation	3	111 957	101 070	29 764	5 015
Taxation	4	49 612	61 196	1 377	1 121
<b>Attributable profit for year</b>		<b>62 345</b>	<b>39 874</b>	<b>28 387</b>	<b>3 894</b>
Basic earnings per ordinary share (cents)	5	91.98	70.13		
<b>Headline earnings per ordinary share (cents)</b>	5	<b>78.35</b>	<b>50.11</b>		
<b>Diluted earnings per ordinary share (cents)</b>	5	<b>91.03</b>	<b>69.80</b>		
<b>Dividends per ordinary share (cents)</b>		<b>29.00</b>	<b>0.004</b>		

# BALANCE SHEET

as at 30 September 2003



		Group		Company	
	Notes	30 Sep 2003 R'000	30 Sep 2002 R'000	30 Sep 2003 R'000	30 Sep 2002 R'000
<b>Assets</b>					
Goodwill	6	126 024	132 898	–	–
Property, plant and equipment	7	217	265	217	265
Loan and investments	8	2 192	3 835	1 816	59 226
Investment in subsidiary companies	9	–	–	646 689	646 689
Investment in associate companies	10	441 761	415 734	32 441	32 441
Investment in joint venture companies	11	–	–	–	–
Derivative financial instruments	12	371 641	74 414	371 641	74 414
Non-current assets		941 835	627 146	1 052 804	813 036
Receivables and prepayments		1 453	450	1 453	414
Inter company loan	9	–	–	121 659	17 281
Cash and cash equivalents		83 478	113 855	80 830	112 746
Current assets		84 931	114 305	203 942	130 441
Total assets		1 026 766	741 451	1 256 746	943 477
<b>Equity and liabilities</b>					
Share capital and reserves					
Share capital and share premium		86 805	68 577	86 805	86 805
Accumulated profit		467 637	160 188	317 757	59 767
Acquisition equity adjustment	25	(421 947)	(421 947)	–	–
Other reserves		(2 662)	(363)	1 467	–
Shareholders equity before linked debentures		129 833	(193 545)	406 029	146 572
Linked debentures and debenture premium	13	793 484	751 422	793 484	793 484
Shareholders equity and linked debentures		923 317	557 877	1 199 513	940 056
Non-current liabilities					
Deferred taxation	14	44 625	–	44 584	–
Non-current liabilities		44 625	–	44 584	–
Current liabilities					
Interest bearing borrowings	15	45 787	179 178	–	–
Taxation		1 157	1 330	682	781
Accounts payable	16	11 880	3 066	11 967	2 640
Current liabilities		58 824	183 574	12 649	3 421
Total equity and liabilities		1 026 766	741 451	1 256 746	943 477

## GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 30 September 2003

	Share capital R'000	Share premium R'000	Accumulated profit R'000	Acquisition equity adjustment R'000	Other reserves R'000	Total R'000
Balance 1 October 2002 as previously reported	653	67 924	160 188	(421 947)	(363)	(193 545)
Effect of adoption of AC133, Financial Instruments: Recognition and Measurement (Note 2)	–	–	249 604	–	(699)	248 905
Balance 1 October 2002 restated	653	67 924	409 792	(421 947)	(1 062)	55 360
Sale of linked units in Mvela Share Scheme	37	18 191	–	–	–	18 228
Profit on sale of linked units in Mvela Share Scheme	–	–	15 501	–	–	15 501
Unrealised loss on revaluation of listed investment (Note 2)	–	–	–	–	(985)	(985)
Equity portion of foreign currency translation reserve	–	–	–	–	(821)	(821)
Equity portion of fair value adjustment on available-for-sale financial assets	–	–	–	–	206	206
Dividends declared	–	–	(20 001)	–	–	(20 001)
Attributable profit for the year	–	–	62 345	–	–	62 345
Balance at 30 September 2003	690	86 115	467 637	(421 947)	(2 662)	129 833
Balance 1 October 2001	177	2 384	120 317	(52 058)	–	70 820
Linked units issued in connection with reverse acquisition	415	525 124	–	(369 889)	–	155 650
Conversion of share premium to debenture premium	–	(516 012)	–	–	–	(516 012)
Linked units issued for cash	61	56 440	–	–	–	56 501
Dividends declared	–	–	(3)	–	–	(3)
Linked units issued to Mvela Share Scheme	37	18 179	–	–	–	18 216
Equity portion of foreign currency translation reserve	–	–	–	–	(59)	(59)
Equity portion of fair value adjustment on available-for-sale financial assets	–	–	–	–	(304)	(304)
Elimination of linked units held by Mvela Share Scheme	(37)	(18 191)	–	–	–	(18 228)
Attributable profit for the year	–	–	39 874	–	–	39 874
Balance at 30 September 2002	653	67 924	160 188	(421 947)	(363)	(193 545)

# COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 30 September 2003



	Share capital R'000	Share premium R'000	Accumulated profit R'000	Other reserves R'000	Total R'000
Balance 1 October 2002 as previously reported	690	86 115	59 767	–	146 572
Effect of adoption of AC133, Financial Instruments: Recognition and Measurement	–	–	249 604	2 434	252 038
Balance 1 October 2002 restated	690	86 115	309 371	2 434	398 610
Unrealised loss on revaluation of listed investment	–	–	–	(967)	(967)
Dividends declared	–	–	(20 001)	–	(20 001)
Attributable profit for the year	–	–	28 387	–	28 387
Balance at 30 September 2003	690	86 115	317 757	1 467	406 029
Balance 1 October 2001	177	2 384	55 876	–	58 437
Linked units issued in connection with reverse acquisition	415	525 124	–	–	525 539
Conversion of share premium to debenture premium	–	(516 012)	–	–	(516 012)
Linked units issued for cash	61	56 440	–	–	56 501
Linked units issued to Mvela Share Scheme	37	18 179	–	–	18 216
Dividends declared	–	–	(3)	–	(3)
Attributable profit for the year	–	–	3 894	–	3 894
Balance at 30 September 2002	690	86 115	59 767	–	146 572

## CASH FLOW STATEMENT

for the year ended 30 September 2003

		Group		Company	
		Year ended	Year ended	Year ended	Year ended
		30 Sep 2003	30 Sep 2002	30 Sep 2003	30 Sep 2002
Notes		R'000	R'000	R'000	R'000
<b>Cash flows from operating activities</b>					
Cash (utilised in)/generated by operations	19	(12 053)	11 174	4 826	57 229
Interest received		10 068	8 698	9 977	12 153
Finance costs on external borrowings		(7 582)	(38 032)	(2 257)	–
Debenture interest paid	20	(690)	(26 117)	(690)	(33 348)
Dividends paid	21	(20 001)	(3)	(20 001)	(16 348)
Taxation paid	22	(994)	(349)	(940)	(34 349)
<i>Net cash(used in)/ generated by operating activities</i>					
		(31 252)	(44 629)	(9 085)	(14 763)
<b>Cash flows from investing activities</b>					
Property, plant and equipment acquired		–	(30)	–	(37)
Capital repayment by associate companies		10 346	38 796	–	–
Decrease in loan to Mvela Share Scheme		–	–	58 877	1 648
Investment in associate company		(111)	(106 856)	–	(106 856)
Loan advanced to subsidiary company		–	–	(104 378)	(17 281)
Dividends received		15	70	22 670	2 194
Dividends from associate companies		48 225	88 874	–	–
Cash acquired through reverse acquisition	25	–	118 990	–	–
<i>Net cash generated by/ (used in) investing activities</i>					
		58 475	139 844	(22 831)	(120 332)
<b>Cash flows from financing activities</b>					
Linked units issued for cash		–	121 306	–	121 306
Loans raised		45 787	–	–	–
Sale of linked units in Mvela Share Scheme		75 791	–	–	–
Repayment of external borrowings		(179 178)	(103 098)	–	–
<i>Net cash (used in)/generated by financing activities</i>					
		(57 600)	18 208	–	121 306
Net (decrease)/increase in cash and cash equivalents		(30 377)	113 423	(31 916)	(13 789)
Cash and cash equivalents at beginning of year	23	113 855	432	112 746	126 535
<b>Cash and cash equivalents</b>					
at end of year	23	83 478	113 855	80 830	112 746



# NOTES TO THE FINANCIAL STATEMENTS

at 30 September 2003



## 1. ACCOUNTING POLICIES

### 1.1 Basis of preparation

The financial statements incorporate the following principal accounting policies, which conform with South African Statements of Generally Accepted Accounting Practice and are consistent with the previous year, except for the adoption of AC133, Financial Instruments: Recognition and Measurement, as detailed in note 2.

### 1.2 Consolidation

The consolidated financial statements include those of the holding company and its subsidiaries. Subsidiary undertakings are those companies which the group, directly or indirectly has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations. Subsidiaries are consolidated from the date on which effective control is transferred to the group and are no longer consolidated from date of disposal. Inter company transactions and balances are eliminated on consolidation. Any excess or shortfall of the purchase price compared with the fair value of the attributable net assets is recognised as goodwill and accounted for as described in the goodwill accounting policy note. In the case of a reverse acquisition, the legally acquired company is identified as the acquirer and the principals above are followed.

### 1.3 Investment in associates

Investments in associated undertakings are accounted for by the equity method of accounting. These are undertakings over which the company has between 20% and 50% of the voting rights, or over which the company exercises significant influence, but which it does not control. Provisions are recorded for long-term impairment in value.

Equity accounting involves recognising in the income statement the company's share of the associates' profit or loss for the period. The company's interest in the associate is carried in the balance sheet at an amount that reflects its share of the net assets of the associate and includes goodwill on the acquisition which is described in the goodwill accounting policy note.

A listing of the company's principal associated undertakings is shown in note 10 to the annual financial statements.

### 1.4 Goodwill

Goodwill, being the excess of the purchase consideration over the attributable fair value of the net identifiable assets at the date of acquisition is capitalised and amortised on a straight-line basis over the lesser of the assets' useful life or twenty years. An annual impairment review is undertaken of the carrying value and useful economic life of such goodwill and any impairment is charged against income in the period in which the impairment arose. Negative goodwill, being the excess of the attributable fair value of the identifiable assets over the purchase consideration, is either recognised as income immediately or as and when future anticipated expenditure or losses are incurred. Where negative goodwill does not relate to future expected expenditure or losses it is recognised as income on a systematic basis over the lesser of the non-monetary assets' useful life or twenty years.

### 1.5 Property, plant and equipment

Property, plant and equipment are included at historical cost. Depreciation is calculated to write off the cost of the assets on a straight-line basis over their expected useful lives – being office equipment five years and furniture and fittings ten years.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

at 30 September 2003

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### 1.6 Listed investments

Marketable securities are carried at market value. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Unrealised holding gains and losses are recorded in other reserves in shareholders' equity. On disposal of a listed investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement and amounts in other reserves relating to that marketable security are transferred to retained earnings.

### 1.7 Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently re-measured at their fair value. Changes in the fair value of these derivative financial instruments are recorded in the income statement. In assessing the fair value of derivative financial instruments, the group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Methods used to assess the fair value of derivative financial instruments include quoted market prices, dealer quotes, option pricing models and estimated future discounted cash flows.

### 1.8 Exploration and investment in concession areas

Expenditure on exploration activities prior to a bankable feasibility study is charged against income until the viability of the mining venture has been proven. Costs which relate to the establishment of new viable mining projects are accumulated separately in respect of each project until the new mining operation is underway and thereafter amortised over the estimated life of the project.

### 1.9 Financial instruments

The group's financial instruments consists primarily of cash on hand, balances with banks, deposits on call, trade and other receivables, trade payables, borrowings and investments other than those in subsidiaries or associates. The particular recognition method adopted are discussed in the particular policy statements associated with each item.

### 1.10 Cash and cash equivalents

Cash and cash equivalents included all highly liquid investments with a maturity of three months or less. The carrying amount of cash and cash equivalents is stated at cost which approximates fair value.

### 1.11 Trade receivables

Trade receivables are carried at anticipated realisable value. Estimates are made for doubtful debts based on a review of all outstanding amounts at year-end. Irrecoverable amounts are written off during the year in which they are identified.

### 1.12 Accounts payable

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

### 1.13 Provisions

Provisions are recognised when the group has a present obligation, legal or constructive, resulting from past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

at 30 September 2003



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### 1.14 **Deferred taxation**

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

### 1.15 **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the amount of revenue can be reliably measured. Revenue is recognised from the time when there has been a transfer of the significant risks and rewards of ownership.

#### 1.15.1 **Dividend income**

Dividends are recognised when the right to receive payment is established.

#### 1.15.2 **Interest income**

Interest is recognised on the time proportion basis taking account of the principle outstanding and the effective rate to maturity on the accrual basis.

### 1.16 **Dividends declared**

Dividends proposed and the related taxation thereon are recognised only when the dividends are declared.

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## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

at 30 September 2003

### NOTES TO THE INCOME STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2003

#### 2. UNREALISED GAIN/(LOSS) ON FINANCIAL INSTRUMENTS

On 1 October 2002 the group adopted AC133, Financial Instruments: Recognition and Measurement. AC133 establishes principles for recognising, measuring and disclosing information about financial assets and financial liabilities. The effect of adopting AC133 is presented below:-

Financial instruments	Trans Hex "debentures" R'000	Trans Hex options R'000	Other listed investments R'000	Total R'000
<b>1 October 2002</b>				
Book value before adopting AC133	74 414	–	3 834	78 248
Fair value	294 288	73 778	3 179	371 245
Unrealised gain/(loss)	219 874	73 778	(655)	292 997
Deferred taxation				44 092
Net unrealised gain as reflected in group statement of changes in equity				248 905
<b>30 September 2003</b>				
Fair value	306 332	65 309	2 191	373 832
Unrealised gain/(loss)	12 044	(8 469)	(988)	2 587
As reflected in group statement of changes in equity				(985)
Unrealised loss				(988)
Deferred taxation				(3)
As reflected in group income statement				3 039
Unrealised gain				3 575
Deferred taxation				536

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

at 30 September 2003



	Group		Company	
	Year ended	Year ended	Year ended	Year ended
	30 Sep 2003	30 Sep 2002	30 Sep 2003	30 Sep 2002
	R'000	R'000	R'000	R'000
<b>3. PROFIT BEFORE TAXATION</b>				
<b>Profit before taxation is stated after crediting:</b>				
Distribution received from				
Mvelaphanda Share Scheme	–	–	15 501	–
Dividends received	15	70	22 670	2 194
Exchange gain on foreign bank account	–	72	–	1 588
<b>Profit before taxation is stated after charging:</b>				
Exchange loss on foreign bank account	2 257	–	2 257	–
Auditor's remuneration				
Current period - audit	308	223	271	223
- other	936	240	936	430
	1 244	463	1 207	653
Depreciation	48	29	48	47
Interest paid - debentures	690	26 117	690	27 585
- external borrowings	5 325	38 032	–	–
Operating leases - office equipment	36	23	36	35
- motor vehicles	48	31	48	46
- premises	404	230	404	347
Management fees paid to				
Mvelaphanda Holdings (Pty) Limited*	5 760	3 600	5 760	3 600
Royalties	–	392	–	809
Debenture interest paid to Mvela Share Scheme	–	–	–	1 469
<b>Directors' emoluments before reverse acquisition</b>				
Executive Directors				
R B Shead - fees			–	–
- remuneration			–	426
- other			–	23
- retrenchment			–	1 106
R N H Style - fees			–	–
- remuneration			–	238
- other			–	23
- retrenchment			–	347
<b>Directors' emoluments after reverse acquisition</b>				
Directors' fees				
T M G Sexwale			14	11
E Molobi			10	7
B R van Rooyen			14	7
W J D I Scott			14	10
R B Shead			14	11
M J Willcox			14	10
M S M Xayiya			14	10

\*Included in this amount is remuneration of R763 636 (2002 – R540 000) and other emoluments of R25 656 (2002 – R16 000) paid to R B Shead until 31 July 2003, in terms of his service contract with Mvelaphanda Holdings (Pty) Limited, who is responsible for the day to day management of Mvelaphanda Resources Limited.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

at 30 September 2003

	Group		Company	
	Year ended 30 Sep 2003	Year ended 30 Sep 2002	Year ended 30 Sep 2003	Year ended 30 Sep 2002
	R'000	R'000	R'000	R'000
<b>4. TAXATION</b>				
South African normal taxation - current	821	1 724	841	1 121
Deferred taxation	536	–	536	–
Share of taxation for associate companies	48 255	59 472	–	–
	<b>49 612</b>	<b>61 196</b>	<b>1 377</b>	<b>1 121</b>
No secondary taxation has been provided as the company is in a net STC credit position.				
<b>Reconciliation of taxation</b>				
Taxation at standard rates	33 587	30 321	8 929	1 504
Adjusted for:				
Non deductible expenditure	5 770	13 485	2 110	259
Exempt income	(5 150)	(4 811)	(9 662)	(642)
Profit on sale of shares held by Mvela Share Scheme	2 325	–	–	–
Effective tax rate differences in associate companies	13 080	14 011	–	–
Effective tax rate difference due to reverse acquisition accounting	–	8 372	–	–
Other	–	(182)	–	–
Effective taxation	<b>49 612</b>	<b>61 196</b>	<b>1 377</b>	<b>1 121</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

at 30 September 2003



	<b>Group</b>	
	<b>30 Sep 2003</b>	<b>30 Sep 2002</b>
<b>5. EARNINGS PER SHARE</b>		
Earnings per ordinary share are based on net profit attributable to ordinary shares as presented below:		
(a) Basic earnings per share (cents)	<b>91.98</b>	70.13
Attributable net profit (R'000)	<b>62 345</b>	39 874
Weighted average number of shares in issue	<b>67 784 050</b>	56 856 885
(b) Headline earnings per share (cents)	<b>78.35</b>	50.11
Attributable net profit (R'000)	<b>62 345</b>	39 874
Net negative goodwill amortised (R'000)	<b>(9 233)</b>	(11 386)
Headline earnings (R'000)	<b>53 112</b>	28 488
Weighted average number of shares in issue	<b>67 784 050</b>	56 856 885
(c) Diluted earnings per share (cents)	<b>91.03</b>	69.80
Attributable net profit (R'000)	<b>62 345</b>	39 874
Weighted average number of shares in issue	<b>67 784 050</b>	56 856 885
Average number of dilutive options outstanding during the year	<b>704 199</b>	267 045
Diluted weighted average number of shares in issue	<b>68 488 249</b>	57 123 930

## NOTES TO THE BALANCE SHEET AS AT 30 SEPTEMBER 2003

	<b>Group</b>	
	<b>30 Sep 2003</b>	<b>30 Sep 2002</b>
<b>6. GOODWILL</b>		
Opening balance	<b>132 898</b>	–
Goodwill arising on reverse acquisition		
1 February 2002	–	137 481
Amortisation during the year	<b>6 874</b>	4 583
Closing balance	<b>126 024</b>	132 898

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

at 30 September 2003

	Office equipment	Furniture and fittings	Total
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>			
Reconciliation of opening net book value to closing net book value for Group:			
Net book value – 1 October 2002	24	241	265
Cost – 1 October 2002	78	392	470
Accumulated depreciation – 1 October 2002	(54)	(151)	(205)
Depreciation	(9)	(39)	(48)
Net book value – 30 September 2003	15	202	217
Cost – 30 September 2003	78	392	470
Accumulated depreciation – 30 September 2003	(63)	(190)	(253)
Net book value – 1 October 2001	–	–	–
Acquisition of subsidiaries			
Cost – 1 February 2002	71	369	440
Accumulated depreciation – 1 February 2002	(48)	(128)	(176)
Additions	7	23	30
Depreciation	(6)	(23)	(29)
Net book value – 30 September 2002	24	241	265
Cost – 30 September 2002	78	392	470
Accumulated depreciation – 30 September 2002	(54)	(151)	(205)
Reconciliation of opening net book value to closing net book value for Company:			
Net book value – 1 October 2002	24	241	265
Cost – 1 October 2002	78	392	470
Accumulated depreciation – 1 October 2002	(54)	(151)	(205)
Depreciation	(9)	(39)	(48)
Net book value – 30 September 2003	15	202	217
Cost – 30 September 2003	78	392	470
Accumulated depreciation – 30 September 2003	(63)	(190)	(253)



# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

at 30 September 2003



	Office equipment	Furniture and fittings	Total
Net book value – 1 October 2001	27	248	275
Cost – 1 October 2001	71	362	433
Accumulated depreciation – 1 October 2001	(44)	(114)	(158)
Additions	7	30	37
Depreciation	(10)	(37)	(47)
Net book value – 30 September 2002	24	241	265
Cost – 30 September 2002	78	392	470
Accumulated depreciation – 30 September 2002	(54)	(151)	(205)

	Group		Company	
	30 Sep 2003	30 Sep 2002	30 Sep 2003	30 Sep 2002
	R'000	R'000	R'000	R'000

## 8. LOAN AND INVESTMENTS

### 8.1 Loan

Mvela Share Scheme – – – 58 877

The loan was interest bearing at a rate determined between the company and the trustees and had no fixed terms of payment. The linked units in the scheme were held as security.

*During the year these linked units were sold and the loan repaid.*

### 8.2 Listed investments

1 422 shares (2002 – 711) in AngloGold Limited 376 338 – –

At cost	338	338	–	–
Unrealised fair value gain at 1 October 2002	59	–	–	–
Unrealised fair value loss to 30 September 2003	(21)	–	–	–

42 000 shares (2002 – 42 000) in  
Shell Transport and Trading plc 1 816 3 497 1 816 349

At cost	3 497	3 497	349	349
Unrealised fair value (loss)/gain at 1 October 2002	(714)	–	2 434	–
Unrealised fair value loss to 30 September 2003	(967)	–	(967)	–

Total loan and investments	2 192	3 835	1 816	59 226
Market value of listed investments	2 192	3 121	1 816	2 783

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

at 30 September 2003

Company	Issued share Capital R	Effective interest %	Book value in holding company	
			30 Sept 2003 Loan R'000	30 Sept 2003 Shares R'000

### 9. INVESTMENT IN SUBSIDIARY COMPANIES

#### Mvelaphanda Platinum (Pty) Limited

Opening balance	10 000	100	17 281	646 689
Movement during the year	–	–	104 378	–
Closing balance	10 000	100	121 659	646 689

The company is an investment holding company that holds the following interests in companies:

Mvelaphanda Debt SPV (Pty) Limited	100	100
Mvelaphanda Equity SPV (Pty) Limited	100	100

The inter-company loan is unsecured and bears interest at a rate determined between the companies and has no fixed term of payment.

<b>East Daggafontein Mineral Holdings (Pty) Limited</b>	10 000	100	–	–
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# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

at 30 September 2003



	<b>Group</b>		<b>Company</b>	
	<b>30 Sep 2003</b>	<b>30 Sep 2002</b>	<b>30 Sep 2003</b>	<b>30 Sep 2002</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>

## 10. INVESTMENT IN ASSOCIATE COMPANIES

Carrying values:

Northam Platinum Limited (a)	<b>402 353</b>	381 732	–	–
Trans Hex Group Limited (b)	<b>39 408</b>	34 002	<b>32 441</b>	32 441
<b>Total</b>	<b>441 761</b>	415 734	<b>32 441</b>	32 441

	<b>Group</b>	
	<b>30 Sep 2003</b>	<b>30 Sep 2002</b>
	<b>R'000</b>	<b>R'000</b>
<b>(a) Northam Platinum Limited</b>		
Northam Platinum Limited		
Percentage holding – 22.4% (2002 – 22.4%)		
Number of shares held – 51 738 305 (2002 – 51 728 305)		
Shares at cost	<b>361 693</b>	361 693
Investment in additional 10 000 shares	<b>111</b>	–
Dividends received	<b>(256 055)</b>	(209 500)
Share of accumulated profit since acquisition	<b>298 912</b>	237 332
Negative goodwill amortised	<b>46 834</b>	31 002
Negative goodwill	<b>316 624</b>	316 624
Unamortised balance	<b>(269 790)</b>	(285 622)
Repayment of capital	<b>(49 142)</b>	(38 796)
Carrying value	<b>402 353</b>	381 732
Market value	<b>558 774</b>	982 838

The associate company is incorporated in the Republic of South Africa and is listed on the JSE Securities Exchange South Africa. The associate company operates a platinum mine in the Limpopo Province. The associate company prepares its annual financial statements to 30 June, consequently results for the year to 30 June 2003 have been included in equity earnings for the current year.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

at 30 September 2003

### 10. INVESTMENT IN ASSOCIATE COMPANIES *continues*

The aggregate assets and liabilities at 30 June 2003 (30 June 2002) and the results of operations for the year ended 30 June 2003 (30 June 2002) of the associate company are:

	30 June 2003 R'000	30 June 2002 R'000
Property, plant and equipment	1 334 203	1 249 774
Unlisted investments	183	173
Northam Platinum Restoration Trust	10 462	8 568
Inventories	339 156	249 252
Accounts receivable	113 776	57 497
Cash and cash equivalents	294 975	731 313
	2 092 755	2 296 577
Deferred taxation	(330 323)	(249 103)
Long-term provisions	(11 442)	(9 393)
Accounts payable	(173 032)	(124 550)
Taxation	(62 450)	(20 623)
Net assets	1 515 508	1 892 908
Revenue	1 471 999	1 560 685
Operating profit before taxation	473 514	657 952
Taxation	(198 601)	(259 121)
Net profit attributable to ordinary shareholders	274 913	398 831

The rights, title and interest in 40 221 089 shares in Northam Platinum Limited were ceded and pledged to Rustenburg Platinum Mines Limited as security for all the obligations the company may have to Rustenburg Platinum Mines Limited. This session was cancelled by the settlement of the debt on 15 October 2002.

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

at 30 September 2003



	Group		Company	
	30 Sep 2003	30 Sep 2002	30 Sep 2003	30 Sep 2002
	R'000	R'000	R'000	R'000

## 10. INVESTMENT IN ASSOCIATE COMPANIES *continues*

### (b) Trans Hex Group Limited

Percentage holding – 3.0% (2002 – 3.0%)

Number of shares held – 2 530 263 (2002 – 2 530 263)

Shares at cost	32 441	32 441	32 441	32 441
Dividends received	(2 606)	(936)	–	–
Share of accumulated profit since acquisition	10 138	2 722	–	–
Share of accumulated changes in equity	(978)	(363)	–	–
Negative goodwill amortised	413	138	–	–

Negative goodwill	5 513	5 513	–	–
Unamortised balance	5 100	5 375	–	–

Carrying value	39 408	34 002	32 441	32 441
Market value	59 461	58 221	59 461	58 221

The associate company is incorporated in the Republic of South Africa and is listed on the JSE Securities Exchange South Africa. The associate company is a diamond mining company. The associate company prepares its annual financial statements to 31 March. Consequently audited results for the six months to 31 March 2003 plus reviewed results to 30 September 2003, have been included in the equity earnings for the current year. As the interest in this company was acquired on 31 March 2002, the published unaudited interim results for the six months ended 30 September 2002 have been included in the equity earnings for the prior year. The results of operations for the twelve months (2002 – 6 months) ended 30 September 2003 of the associate company are:

	30 Sept 2003	30 Sept 2002
	R'000	R'000
Revenue	1 098 442	444 673
Operating profit before taxation	372 774	138 379
Taxation	125 603	47 629
Net profit attributable to ordinary shareholders	247 171	90 750

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

at 30 September 2003

	<b>Group</b>		<b>Company</b>	
	<b>30 Sep 2003</b>	<b>30 Sep 2002</b>	<b>30 Sep 2003</b>	<b>30 Sep 2002</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>

### 11. INVESTMENT IN JOINT VENTURE COMPANIES

#### (a) Mineral Enhancement (Pty) Limited

This company has developed a binding medium to be used to make briquettes from mineral and metal fines.

Percentage holdings – 33.3% (2002 – 33.3%)

Number of shares – 350 (2002 – 350) at R1 each	–	–	–	–
Carrying value	–	–	–	–
Directors' valuation	–	–	–	–

#### (b) Ndowana Exploration (Pty) Limited

Percentage holding – 33.3% (2002 – 33.3%)

Number of shares – 34 (2002 – 34) at R1 each	–	–	–	–
Carrying value	–	–	–	–
Directors' valuation	–	–	–	–

#### (c) Mvelaphanda Exploration (Pty) Limited

Percentage holdings – 50% (2002 – nil)

Number of shares – 6 (2002 – nil) at R1 each	–	–	–	–
Carrying value	–	–	–	–
Directors' valuation	–	–	–	–

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

at 30 September 2003



	Group		Company	
	30 Sep 2003	30 Sep 2002	30 Sep 2003	30 Sep 2002
	R'000	R'000	R'000	R'000
<b>12. DERIVATIVE FINANCIAL INSTRUMENTS</b>				
<b>(a) Trans Hex Group Limited “debentures”</b>				
16 million Trans Hex Group Limited shares for delivery on 28 February 2008	<b>306 332</b>	74 414	<b>306 332</b>	74 414
At cost	<b>74 414</b>	74 414	<b>74 414</b>	74 414
Unrealised fair value gain at 1 October 2002	<b>219 874</b>	–	<b>219 874</b>	–
Unrealised fair value gain to 30 September 2003	<b>12 044</b>	–	<b>12 044</b>	–
<b>(b) Trans Hex Group Limited options</b>				
The company has an option to acquire 5 million Trans Hex Group Limited shares from Remgro Limited at an option price of R7.50 escalating at 8.94% per annum compounded monthly in arrears from 1 January 2000 to date of payment				
	<b>65 309</b>	–	<b>65 309</b>	–
At cost	–	–	–	–
Unrealised fair value gain at 1 October 2002	<b>73 778</b>	–	<b>73 778</b>	–
Unrealised fair value loss to 30 September 2003	<b>(8 469)</b>	–	<b>(8 469)</b>	–
<b>Total</b>	<b>371 641</b>	74 414	<b>371 641</b>	74 414

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

at 30 September 2003

	Debenture capital R'000	Debenture premium R'000	Total R'000
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### 13. LINKED DEBENTURES AND DEBENTURE PREMIUM

#### GROUP

Balance at 1 October 2002	653	750 769	751 422
Sale of linked units in Mvela Share Scheme to open market	37	42 025	42 062
Balance at 30 September 2003	690	792 794	793 484
Balance at 1 October 2001	177	49 330	49 507
Linked units issued in connection with reverse acquisition	415	117 176	117 591
Conversion of share premium to debenture premium	–	516 012	516 012
Linked units issued for cash	61	68 334	68 395
Linked units issued to Mvela Share Scheme	37	41 942	41 979
Elimination of linked units held by Mvela Share Scheme	(37)	(42 025)	(42 062)
Balance at 30 September 2002	653	750 769	751 422

#### COMPANY

Balance at 1 October 2002	690	792 794	793 484
Balance at 30 September 2003	690	792 794	793 484
Balance at 1 October 2001	177	49 330	49 507
Linked units issued in connection with reverse acquisition	415	117 176	117 591
Conversion of share premium to debenture premium	–	516 012	516 012
Linked units issued for cash	61	68 334	68 395
Linked units issued to Mvela Share Scheme	37	41 942	41 979
Balance at 30 September 2002	690	792 794	793 484



# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

at 30 September 2003



	<b>Group</b>		<b>Company</b>	
	<b>30 Sep 2003</b>	<b>30 Sep 2002</b>	<b>30 Sep 2003</b>	<b>30 Sep 2002</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>14. DEFERRED TAXATION</b>				
The movement of the deferred taxation account is as follows:				
Balance at 1 October 2002	–	–	–	–
Arising on adoption of AC133 on 1 October 2002	<b>44 092</b>	–	<b>44 048</b>	–
Current year movement				
- income statement	<b>536</b>	–	<b>536</b>	–
- statement of changes in equity	<b>(3)</b>	–	–	–
<b>Balance at 30 September 2003</b>	<b>44 625</b>	–	<b>44 584</b>	–
Analysis by major temporary difference:				
Capital gain on fair value of listed investments and derivative financial instruments	<b>44 625</b>	–	<b>44 584</b>	–

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

at 30 September 2003

		<b>Group</b>
	<b>30 Sep 2003</b>	<b>30 Sep 2002</b>
	<b>R'000</b>	<b>R'000</b>
<b>15. INTEREST BEARING BORROWINGS</b>		
<b>Standard Corporate Merchant Bank</b>		
On 9 October 2002 the group sold 2 432 432 Northam Platinum Limited ("Northam") shares to Standard Corporate Merchant Bank ("SCMB") at the market price of that day, being R18.50 per share. On the same day, the group entered into a forward purchase agreement with SCMB whereby the group would repurchase the 2 432 432 Northam shares from SCMB on 30 September 2004 at a price of R19.10 per share. SCMB receives all dividends declared by Northam during the 24 months ending on 30 September 2004 and has also agreed to act as proxy for Mvela at the Northam shareholders' meetings held during this period. For accounting purposes this transaction has been treated as an interest bearing borrowing, with the 2 432 432 Northam shares as security. All costs associated with this transaction are treated as financing costs in the income statement. The effective interest rate on this loan for the period ended 30 September 2003 is 8.6%.	<b>45 787</b>	–
<b>Rustenburg Platinum Mines Limited</b>		
The loan was repayable on or before 29 September 2010. The loan was secured by the pledge of 40 221 089 shares in Northam Platinum Limited. The loan escalated by an amount equal to the quotient of any change above 147.6 in the Core Consumer Price Index, reflected as a percentage and the difference between one and the company tax rate. The loan was repayable from the proceeds of dividends received on the listed investments less the sum of an amount equal to 1.1% of the amount outstanding from time to time on the preference shares and R150 000 per month escalated at the change above 147.6 in the Core Consumer Price Index, reflected as a percentage and the difference between one and the company tax rate.	–	<b>179 178</b>
<i>The outstanding loan was settled by the repayment of R179.5 million on 15 October 2002.</i>		
	<b>45 787</b>	<b>179 178</b>

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

at 30 September 2003



	<b>Group</b>		<b>Company</b>	
	<b>30 Sep 2003</b>	<b>30 Sep 2002</b>	<b>30 Sep 2003</b>	<b>30 Sep 2002</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>16. ACCOUNTS PAYABLE</b>				
Sundry accruals	<b>11 880</b>	3 066	<b>11 967</b>	2 640
	<b>11 880</b>	3 066	<b>11 967</b>	2 640

### 17. COMMITMENTS

Future rentals on property, plant and equipment leased

Payable within one year	402	432	402	432
Payable thereafter	241	574	241	574

### 18. CONTINGENT LIABILITY

The company has guaranteed the Trans Hex Group Limited debenture coupon payments under the debenture issue agreement. The maximum potential contingent liability as at 30 September 2003 is R69 667 672 (2002 – R73 871 509). This amount reduces to Rnil over the six-year term of the debenture, in accordance with each semi-annual coupon payment made by Trans Hex Group Limited.

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 September 2003

### 19. CASH (UTILISED IN)/ GENERATED BY OPERATIONS

Income before taxation	<b>111 957</b>	101 070	<b>29 764</b>	5 015
Adjusted for:				
Amortisation for goodwill - net	<b>(9 233)</b>	(11 385)	–	–
Share of pre-taxation profit of associate companies	<b>(117 250)</b>	(151 533)	–	–
Unrealised gain of financial instruments	<b>(3 575)</b>	–	<b>(3 575)</b>	–
Depreciation	<b>48</b>	29	<b>48</b>	47
Interest received	<b>(10 068)</b>	(8 698)	<b>(9 977)</b>	(12 153)
Debenture interest	<b>690</b>	26 117	<b>690</b>	27 585
Finance costs on external borrowings	<b>7 582</b>	38 032	<b>2 257</b>	–
Dividends received	<b>(15)</b>	(70)	<b>(22 670)</b>	(2 194)
	<b>(19 864)</b>	(6 438)	<b>(3 463)</b>	18 300
<b>Movement in working capital</b>				
(Increase)/decrease in receivables and pre-payments	<b>(1 003)</b>	19 408	<b>(1 039)</b>	42 072
Increase/(decrease) in accounts payable	<b>8 814</b>	(1 796)	<b>9 328</b>	(3 143)
Cash (utilised in)/generated by operations	<b>(12 053)</b>	11 174	<b>4 826</b>	57 229

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

at 30 September 2003

	Group		Company	
	Year ended 30 Sep 2003 R'000	Year ended 30 Sep 2002 R'000	Year ended 30 Sep 2003 R'000	Year ended 30 Sep 2002 R'000
<b>20. DEBENTURE INTEREST PAID</b>				
Charge in income statement	690	26 117	690	27 585
Movement in linked unit holders for interest	–	–	–	5 863
	<b>690</b>	<b>26 117</b>	<b>690</b>	<b>33 448</b>
<b>21. DIVIDENDS PAID</b>				
Charge in statement of changes in shareholder's equity	20 001	3	20 001	3
Movement in linked unit holders for dividends	–	–	–	16 345
	<b>20 001</b>	<b>3</b>	<b>20 001</b>	<b>16 348</b>
<b>22. TAXATION PAID</b>				
Charge in income statement	1 357	1 724	1 377	1 121
Movement in taxation liability	173	(1 375)	99	33 228
Movement in deferred taxation	(536)	–	(536)	–
	<b>994</b>	<b>349</b>	<b>940</b>	<b>34 349</b>
<b>23. CASH AND CASH EQUIVALENTS</b>				
Cash and cash equivalents consist of cash on hand and balance with banks				
Bank and cash balances	<b>83 478</b>	<b>113 855</b>	<b>80 830</b>	<b>112 746</b>
<b>24. RELATED PARTY TRANSACTIONS</b>				
(a) The company is controlled by Mvelaphanda Holdings (Pty) Limited (a company incorporated in South Africa) which owns 51.9% (2002 – 57.5%) of the company's linked units as at 30 September 2003. Management fees paid to Mvelaphanda Holdings (Pty) Limited in terms of a management agreement signed with Mvela effective on 1 February 2002 in terms of which Mvelaphanda Holdings (Pty) Limited provided management services to Mvela during the year was R5.8 million (2002 – R3.6 million).				
(b) In the prior year a fee of R1 918 083 was paid to Mvelaphanda Holdings (Pty) Limited for facilitating the purchase of :-				
• 2 174 635 ordinary shares in Trans Hex from New Mining Corporation at a purchase price of R11.49 per share.				
• 355 628 Trans Hex shares from Mvelaphanda Diamonds (Pty) Limited, a subsidiary of Mvelaphanda Holdings (Pty) Limited for a purchase price of R15.49 per share.				
(c) Mvelaphanda Holdings (Pty) Limited has 10% of Mvela's participation interest, after costs, in exploitation proceeds received by Mvela from the SouthernEra joint venture and the Gold Fields joint venture.				

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

at 30 September 2003



### 25. CASH ACQUIRED THROUGH REVERSE ACQUISITION IN PRIOR YEAR

Effective on 1 February 2002 the company issued 41 454 429 linked units to Mvelaphanda Holdings (Pty) Limited for the acquisition including the entire share capital of Mvelaphanda Platinum (Pty) Limited.

For accounting purposes this transaction was treated as a reverse acquisition with Mvelaphanda Platinum (Pty) Limited as the acquirer.

Details of net assets acquired and goodwill are as follows:

	R'000
Purchase consideration	
Fair value of linked units issued	646 679
The assets and liabilities arising from the reverse acquisition are as follows:	
Cash and cash equivalents	118 990
Investments	3 944
Property, plant and equipment	264
Accounts receivable	19 858
Accounts payable	(3 736)
Fair value of net assets at date of acquisition	139 320
Goodwill	137 481
Fair value of net assets based on market value of linked units in issue	276 801
Book value of linked units in issue	(52 069)
Fair value adjustment for linked units in issue	224 732
<b>Acquisition equity adjustment</b>	<b>421 947</b>
Purchase consideration	646 679
Discharged by linked units issued	(646 679)
Cash and cash equivalents in subsidiary acquired	118 990
<b>Cash acquired through reverse acquisition</b>	<b>118 990</b>

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

at 30 September 2003

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### 26. FAIR VALUE OF FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

#### **Business and credit concentration**

Financial instruments which potentially subject the company to concentrations of credit risk are primarily cash and cash equivalents and accounts receivable. As regards cash and cash equivalents the company deals primarily with major financial institutions in South Africa and Jersey.

The company's accounts receivable consist primarily of revenues from sundry debtors. An adequate level of provisioning is maintained.

#### **Foreign currency and commodity price risk**

The company's equity accounted earnings from Northam and Trans Hex (as well as the revenue from its platinum project in joint venture with Impala Platinum Limited in the prior year) is subject to exposure from fluctuations in foreign currency exchange rates and fluctuations in commodity prices. The company does not currently hedge its exposure to foreign currency exchange risk or commodity price risk.

#### **Interest rate risk**

Fluctuation in interest rates impact on the value of borrowings and cash and cash equivalents, giving rise to interest rate risk. Cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks. All borrowing and the refinancing of existing borrowings are positioned according to expected movement in interest rates.

#### **Estimation of fair values**

##### *Accounts receivable, accounts payable and cash and cash equivalents*

The carrying amounts are reasonable estimates of fair value because of the short maturity of these financial assets and liabilities.

##### *Investments*

The fair value of listed investments and investments in associates are disclosed in notes 8 and 10.

##### *Derivative financial instruments*

The fair value of derivative financial instruments is disclosed in note 12.

##### *Borrowings*

The carrying amounts of external loans are a reasonable estimate of fair value.

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### 27. BORROWING POWERS

In terms of the articles of association, Mvelaphanda Resources Limited's borrowing powers are unlimited.

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## NOTICE TO MEMBERS



Notice is hereby given that the twenty third Annual General Meeting of members of Mvelaphanda Resources Limited ("Mvela") will be held at First Floor, South Wing, 1 Albury Park, Magalieszicht Avenue, Dunkeld West, Sandton, on 3 February 2004 at 10h30 for the following business:

1. To receive and consider the annual financial statements of Mvela for the year ended 30 September 2003.
- 2(a) To resolve that Mr RB Shead who resigns in terms of article 72 of the articles of association of the company and is eligible and available for re-election be and is hereby re-appointed as a director of the company.
- 2(b) To resolve that Mr E Molobi who resigns in terms of article 72 of the articles of association of the company and is eligible and available for re-election be and is hereby re-appointed as a director of the company.
3. To confirm fees of R94 500 payable to the directors of Mvela for the year ended 30 September 2003.
4. To ratify and confirm the actions of all persons who held office as members of the Board of Directors of Mvela during the year ended 30 September 2003 insofar as such actions had any bearing on the affairs of Mvela.
5. To resolve that all of the ordinary shares in the authorised but unissued share capital of the company be and are hereby placed at the disposal and under the control of the directors, and that the directors be and are hereby authorised and empowered, subject to the provisions of the South African Companies Act, 1973 (Act 61 of 1973), as amended ("the Act"), and the Listings Requirements ("the Listings Requirements") of the JSE Securities Exchange South Africa ("the JSE")
  - to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit; and
  - to allot, issue shares to qualifying employees of the company and its subsidiaries on and subject to the terms of the Mvelaphanda Resources Limited Share Participation Scheme.
6. To resolve that the pre-emptive rights, to which shareholders of the company may be entitled in terms of the Listings Requirements, to participate in any future issues of the company's ordinary shares for cash which may be made by the company subsequent to the date of passing this resolution be and are hereby waived, and that the directors of the company be granted a general authority to issue ordinary shares in the issued share capital of the company for cash subject to the conditions that
  - the shares are of a class already in issue;
  - the shares be issued to public shareholders (as defined in the Listings Requirements) and not to related parties;
  - issues in aggregate in any one financial year will not exceed 15% of the company's issued ordinary share capital (number of shares);

## NOTICE TO MEMBERS



- that an announcement containing full details, including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 (thirty) business days prior to the date that the price of the issued shares was determined or agreed by the directors of the company and the effect on the net asset value and earnings per share, will be published at the time of the issue of shares representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the ordinary shares in issue immediately prior to any such issue;
- the maximum discount at which the shares may be issued will be 10% of the weighted average traded price of those shares over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the company, and that the Committee of the JSE will be consulted for a ruling if the company's shares have not traded in such 30 business day period; and
- the approval for the waiver of the pre-emptive rights, together with this general authority to issue shares for cash, will be valid until the earlier of the next annual general meeting of the company and the expiry of a period of 15 months from the date of passing of this resolution.

A 75% majority of votes cast by the shareholders present or represented by proxy at the meeting will be required to approve this resolution.

7. To resolve that the directors of the Company for the time being be and they are hereby authorised to nominate any one or more of their number, or any other relevant person or persons, to carry out and do all such matters and things as may be necessary and to make all such applications as may be required in connection with or to give effect to any or all of the resolutions to be proposed at the general meeting of the Company at which this ordinary resolution number seven is being proposed.

Each member entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and vote on behalf of and in the place of such member. A proxy need not be a member of Mvela.

By order of the board.

**J Korsten**

*Company Secretary*

5 December 2003





**Mvelaphanda  
Resources  
Limited**

(Incorporated in the Republic of South Africa)  
(Registration number 1980/001395/06)  
(Share code: MVL ISIN number: ZAE000037610)  
("Mvela" or "the company")

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## Form of Proxy

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Important note concerning this form of proxy

This form of proxy is only for use by those shareholders of Mvela who **have not** yet dematerialised their shares in Mvela or who **have dematerialised their shares in Mvela and such dematerialised shares are recorded in the electronic sub-register of Mvela in the shareholder's own name ("entitled shareholders")**.

If either of the above situations is not applicable to you, you must not use this form. In such an event, you must notify your duly appointed Central Securities Depository Participant ("CSDP") or broker, as the case may be, in the manner stipulated in the agreement governing your relationship with your CSDP or broker of your instructions as regards voting your shares at the general meeting.

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**Form of proxy for use by entitled shareholders in Mvela at the annual general meeting of the company to be held at 10.30 on Tuesday, 3 February 2004 on the 1<sup>st</sup> Floor, South Wing, 1 Albury Park, Magalieszicht Avenue, Dunkeld West ("general meeting").**

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I/We

(NAME IN FULL BLOCK LETTERS)

being the holder/s of \_\_\_\_\_ shares in the company, do hereby appoint

1. \_\_\_\_\_ or failing him/her,  
2. \_\_\_\_\_ or failing him/her,  
2. the chairman of the general meeting (see note 2)  
as my/our proxy to act for me/us and on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares in my/our name/s, in accordance with the following instructions (see note 3).

	Number of votes on a poll (one vote per share)		
	Number of votes for	Number of votes against	Number of votes being abstained
Ordinary resolution number 1			
Ordinary resolution number 2 Election of directors R B Shead E Molobi			
Ordinary resolution number 3			
Ordinary resolution number 4			
Ordinary resolution number 5			
Ordinary resolution number 6			
Ordinary resolution number 7			

Signed at \_\_\_\_\_ on \_\_\_\_\_

Signature \_\_\_\_\_

Assisted by me (where applicable)

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An entitled shareholder may appoint one or more proxies (none of whom need be a member of the Company) to attend, speak and vote or abstain from voting in place of that entitled shareholder at the general meeting.

Please read the notes on the reverse side hereof.

**Notes:**

1. Each entitled shareholder may appoint one or more proxies (none of whom need be a member of the Company) to attend, speak and vote or abstain from voting in place of that shareholder at the general meeting.
2. An entitled shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the chairman of the general meeting". The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. An entitled shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the chairman of the general meeting, if the chairman is the authorised proxy, to vote in favour of the resolutions at the general meeting, or any other proxy to vote or abstain from voting at the general meeting as the shareholder deems fit, in respect of all the shares concerned.
4. An entitled shareholder or such shareholder's proxy is not obliged to vote in respect of all of the shares held or represented by such shareholder but the total number of votes for or against the resolutions and in respect of which any abstention is recorded, may not exceed the total number of votes to which the shareholder or such shareholder's proxy is entitled.
5. Forms of proxy must be lodged at, or posted to the Company's transfer secretaries, namely, Computershare Limited ("transfer secretaries"), 70 Marshall Street, Johannesburg, 2001 (PO Box 1053, Johannesburg, 2000 or fax (011) 370 5390) to be received by not later than 10h30 on Friday, 30 January 2004.
6. The completion and lodging of a form of proxy will not preclude the relevant entitled shareholder from attending the general meeting and speaking and voting or abstaining from voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
7. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries, or waived by the chairman of the general meeting.
9. The chairman of the general meeting may reject or accept a form of proxy, which is completed and/or received other than in accordance with these instructions and notes.
10. A minor must be assisted by his/her parents or guardian unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the Company.