Village Main Reef Gold Mining Company (1934) Limited

ANNUAL REPORT 2009

Village Main Reef Gold Mining
Company (1934) Limited

Contents

Chairman's review

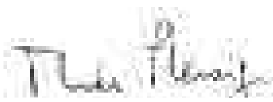
A year ago my review reflected concern regarding international commodity markets. As we all know that concern was well placed. Albeit there are now some positive turnaround signs, with a lot of reference to "green shoots" developing.

Our plan to raise capital to improve our balance sheet (by way of rights offer to shareholders) was dropped due to a JSE ruling prohibiting us from putting cash into the company without an asset. Village remains a curtailed operation and its funding continues by way of shareholder loans.

As the year progressed more and more acquisition opportunities were evaluated by To The Point Growth Specialists (Pty) Limited (our Majority shareholder). Some of these have been considered by the board but they remain "work in progress" at this time. We remain committed, given the right opportunities, to transform Village in to a diversified, resource company with a risk profile to suit a unique group of investors.

During the past year we have also undertaken significant work to get a better understanding and quantification of the environmental liabilities. We also obtained greater clarity on items that were raised in last year's report.

I would like to take this opportunity to thank my fellow directors for their professionalism and commitment. We wish To The Point Growth Specialists (Pty) Limited well in their quest to find the right acquisition for your company.



Mike Pleming
Chairman

Bryanston
22 September 2009

A brief history of the company

The original Village Main Reef Gold Mining Company (1934) Limited ("Village") was incorporated in 1889. This company's mining operations ceased in 1921 when an earth tremor caused the collapse of the 15th level and certain other workings. No effort was made to reopen the mine, as it was believed to have been virtually worked out. At that stage the mine had milled 7,9 million tonnes of ore, yielding 3,56 million ounces of gold. However, when South Africa abandoned the gold standard in 1993, it became obvious that reopening derelict mines was an attractive possibility.

The present company, Village, was formed in June 1934 with ore reserves of 3 293 000 tonnes averaging 4 g/t, giving a life expectancy of 17 years at a monthly milling rate of 15 000 tonnes. In subsequent years it acquired the New Robinson, Meyer and Charlton and New Wolhuter properties.

In 1976 underground operations were halted, but the mine continued treating sand dumps and calcines for their gold content. The calcines lasted until 1980 and the company continued treating sand dumps until 1995 when these operations became unprofitable. Since then the mine has not yet operated and has been effectively dormant, earning limited amounts of interest and being engaged in various rehabilitation and closure activities.

In terms of the Mineral and Petroleum Resources Development Act, 2004, all mining rights held by the company have ceased to exist. Village did not reapply for these rights and they either reverted back to the state or were applied for by other companies.

In 2008, To The Point Growth Specialist Investment 2 (Pty) Limited acquired a 48% stake in the company, with the hope of transforming Village into a diversified, resource company.

Board of directors

Mike Pleming (73)

Pr Eng, FIMM

Mike started his career in mining engineering on the Zambian Copperbelt. He joined TransNatal, which became part of Billiton, in 1975 as General Manager of Optimum Collieries. He was subsequently appointed Project Manager and Consulting Engineer. He joined Liberty Asset Management in 1982 where he was responsible for mining investment research. Mike retired in 1995 and has since undertaken a series of mining investment-related assignments. He joined Harmony Gold as a non-executive director in 1998. He was also a director of Impala Platinum Holdings Limited. Mike has approximately 31 years' mining and approximately 25 years' mining investment experience.

Georges Rawstorne (36)

CA(SA), Member of The South African Institute of Chartered Accountants

Georges did his articles through Ernst & Young with key clients being Vaal Reefs Mining, Goldfields and the Edgars company. He qualified as a Chartered Accountant in 1998 and worked at Nu Metro Entertainment as a Company Financial Executive and was promoted to Financial/Operational Director at one of their subsidiaries, Nu Metro Film Distribution, from 1998 to 2003. He has since been involved in a family business EWC Express S.A. (Pty) Limited, an operator in the courier/freight industry, as Financial Director.

Clinton Halsey (33)

BCom (Wits), BAcc (Wits), CA(SA), H Dip International Law, Member of the South African Institute of Chartered Accountants

After completing his articles at PricewaterhouseCoopers in 2000, Clinton started his career in the mining and resources industry at Durban Roodepoort Deep as Company Corporate Finance Manager. In 2006, he joined Harmony Gold Mining Company Limited as Corporate Finance Manager where he managed the company's corporate finance activities and new growth opportunities. He has diverse experience in accounting and valuation, deal structuring (including BEE), M & A, equity raisings as well as the legislative processes relating to mining corporate finance. As a corporate finance specialist with skilled exposure to the mining industry, he co-founded To The Point Growth Specialists (Pty) Limited in 2007 with Bernard Swanepoel.

Bernard Swanepoel (48)

BSc Eng (Mining), BCom (Hons)

Bernard started his career with Gengold in 1983, working at Grootvlei. In 1993 he was appointed General Manager of Beatrix and spearheaded its performance as the lowest-cost producer in the gold mining industry at that time. In 1995 Bernard joined Randgold as the Managing Director of Harmony. For 12 years Bernard led the team which saw Harmony grow from a mine producing 650 000 ounces to a 3 million ounce producer and the 5th largest gold mining company in the world. In 2007 Bernard left Harmony Gold to start To The Point Growth Specialists (Pty) Limited.

Dalu Ncube (30)

BSc Eng (Mining), CPLD (Wits), ASAIMM, AAMMSA, Member of the Golden Key International Honour Society

Dalu's experience has mainly been in South African underground gold mining, with particular operational exposure to shaft pillar and remnant mining at the former Harmony Orkney Operations. At these operations Dalu also got involved in investigative and design project work to extend the life-of-mine. In 2006 Dalu contributed to the development of a Continuous Improvement Department and roll-out process in Harmony. In 2007 he played an instrumental role on a company-wide basis in the implementation and management of operational improvement projects and addressing of key performance areas. He joined To The Point Growth Specialists (Pty) Limited in March 2008.

Ferdi Dippenaar (48)

B.Proc, BCom, MBA

Ferdi started his career at Buffelsfontein gold mine in 1982 and was employed in various financial and administrative capacities at Gengold mines. In 1996 he became Managing Director of Grootvlei and Consolidated Modderfontein Mines Limited. He was appointed Marketing Director of Harmony in 1997 and remained with the company until 2005. Ferdi was appointed Director, President and CEO of Great Basin Gold Limited in December 2005. In addition to his role with Great Basin, Ferdi served as Executive Advisor to other Hunter Dickinson managed companies.

Corporate governance report

Introduction

Village is listed on the JSE Limited (“JSE”). The board of directors (“the board”) is committed to and subscribes to the values of good corporate governance contained in the Code of Corporate Practices and Conduct recommended by the 2002 King Report on Corporate Governance for South Africa (“King II”), as well as the Listings Requirements of the JSE.

The board endorses the principles of integrity and accountability advocated by King II. The company’s corporate governance structures and practices are reviewed on an ongoing basis in response to changes within and external to the company. Based on this, the board will also give due consideration to the recommendations and principles as contained in the recently released King III report to ensure that the company and the board align its practices and procedures to meet these standards once they become effective.

This corporate governance statement sets out the key governance principles and practices of Village to fairly and honestly inform their internal and external stakeholders through fair and understandable disclosure.

Statement of compliance

The Listings Requirements of the JSE require that listed companies report on the extent to which they comply with the principles incorporated in King II as well as the requirements of the Corporate Laws Amendment Act, 2006. Based on the information set out in this corporate governance statement, the board has committed itself to applying the principles of King II on an ongoing basis and has complied with the provisions set out in the Listings Requirements of the JSE.

Furthermore, Village remains fully committed to the principles of effective corporate governance and application of the highest ethical standards in the conduct of its business. We endorse the principles of integrity and accountability advocated by King II. In all dealings we strive to ensure that the interests of stakeholders are foremost in our decisions and that they are fully informed of the process.

We have long recognised that good corporate governance is essentially about leadership and there exists the need to conduct the enterprise with integrity and in compliance with best practices. Accordingly, the board is of the view that the company has, save for as otherwise stated, complied with King II in all material respects during the year under review.

Board of directors

Composition

The board is based on a unitary structure and exercises full and effective control over the company. It comprises six members, being an independent non-executive chairman and five non-executive directors, three of whom are independent.

The directors as at the writing of this report are:

Independent non-executive directors

Mike Pleming *(Chairman)*

Ferdi Dippenaar

Georges Rawstorne

Non-executive directors

Clinton Halsey

Bernard Swanepoel

Dalu Ncube

The board still comprises only non-executive directors, who bring specific skills and experience to the board. The board remains satisfied that the composition of the board is appropriate for the company's current position and requirements. The composition of the board is reviewed on a regular basis. Clinton Halsey is responsible for the financial affairs of the company.

In terms of the company's articles of association, Bernard Swanepoel and Dalu Ncube are required to retire by rotation at the forthcoming annual general meeting and have offered themselves for re-election by shareholders.

Additional information regarding the directors can be found on the following pages of the annual report:

- Short curriculum vitae, including age and date of appointment – pages 4 to 5
- Remuneration – page 11
- Shareholding – page 43

Board meetings

The following board meetings were held during the period under review:

Director	29 Sept 2008	**2 March 2009**	**25 May 2009**
Mike Pleming	✓	✓	✓
Ferdi Dippenaar	✓	✓	✓
Georges Rawstorne	✓	✓	✓
Clinton Halsey	✓	✓	✓
Dalu Ncube	✓	✓	✓
Bernard Swanepoel	✓	✓	✓

Board committees

While the board remains accountable and responsible for the performance and affairs of the company, it delegates to board committees certain functions to assist it in properly discharging its duties. The chairman of each board committee reports at every scheduled meeting of the board and minutes of board committee meetings are provided to the board. All the members of board committees are non-executive directors. Each board committee functions in accordance with the provisions of the committee mandate as approved by the board.

Both the directors and the members of the board committees are supplied with full and timely information that enables them to properly discharge their responsibilities. All directors have unrestricted access to all company information.

The chairman of each board committee is required to attend annual general meetings to answer questions raised by shareholders.

The established board committees are:

Audit and Risk Management Committee

The committee comprises:

- Georges Rawstorne *Chairman*
- Ferdi Dippenaar *Member*

The composition of the committee meets the requirements of the Corporate Laws Amendment Act of 2006, consisting of a minimum of two non-executive directors, acting independently.

The committee meets at least three times a year and is primarily responsible for assisting the board in carrying out its duties relating to accounting policies and procedures, internal controls, financial reporting practices, the appointment of and relationship with the external auditors, including setting the principles for recommending the use of the external auditors for non-audit services, and the identification and monitoring of significant risks to the business. A report from the chairman of the committee can be found on page 16 of the annual report. Due to the dormant status of the business, the company has not established an internal audit function. As the business and operations grow going forward, the need for such a function will be revisited on a regular basis. Further, it has assessed and positively endorsed the experience and expertise of the director responsible for finance.

The audit partner attends meetings of the committee by invitation. The external auditors have unrestricted access to the chairman of the committee as well as the Chairman of the board.

The following meetings were held during the period under review:

Member	2 March 2009
Georges Rawstorne	✓
Ferdi Dippenaar	✓

Remuneration and Nominations Committee

In view of the fact that there are currently no activities in the company and that the company has no employees at this point in time, the board of directors agreed not to establish a remuneration and nominations committee for the foreseeable future. This decision will be reviewed on a regular basis in light of changing circumstances.

Transaction Committee

The board of directors has recently established a Transaction Committee consisting of the following independent non-executive directors:

- Ferdi Dippenaar *Chairman*
- Georges Rawstorne
- Mike Pleming

The main purpose of the committee will be to consider for approval any proposed transaction tabled by the company's advisors.

Interest in contracts

During the year ended 30 June 2009, none of the directors had a significant interest in any contract or arrangement entered into by the company, other than as disclosed in note 43 to the annual financial statements.

Directors are required to inform the board timeously of conflicts or potential conflicts of interest they may have in relation to particular items of business. Directors are obliged to excuse themselves from discussions or decisions on matters in which they have a conflicting interest. A Conflict of Interest Policy was approved by the board of directors and implemented.

Relationship with shareholders

The company maintains dialogue with its key financial audiences, especially institutional shareholders and analysts. The investor relations team manages the dialogue with these audiences and presentations take place at the time of publishing interim and final results.

The company adopts a proactive stance in timely dissemination of appropriate information to stakeholders through print and electronic news releases and the statutory publication of the company's financial performance.

The board encourages shareholders to attend its annual general meeting, notice of which is contained in this annual report, where shareholders will have the opportunity to put questions to the board, including the chairman of the board committee.

Directors' share dealings

The board has an approved Trading in Shares Policy in terms of which dealing in the company's shares by directors and employees is prohibited during closed periods.

Directors of the company may not deal in the company's shares without first advising and obtaining clearance from the Chairman of the board. In the absence of the Chairman, clearance must be obtained from any two directors, one of whom must be an independent non-executive director. No director or executive may trade in Village shares during closed periods as defined in the JSE Listings Requirements. The directors of the company advise the Company Secretary of all their dealings in securities.

Insider trading

No employee may deal, directly or indirectly, in Village shares on the basis of unpublished price-sensitive information regarding the business or affairs of the company.

Board procedures

The directors have access to the advice and services of the Company Secretary, who plays an active role in the corporate governance of the company. They are entitled, at the company's expense, to seek independent professional advice about the affairs of the company regarding the execution of their duties as directors.

A board charter has been put in place and outlines the responsibilities of the board as a whole as follows:

- Retains full and effective control of the company.
- Gives strategic direction to the company.
- Monitors management in implementing plans and strategies as approved by the board.

- Appoints the Chief Executive Officer.
- Ensures that succession is planned.
- Identifies and regularly monitors key risk areas and key performance indicators of the business.
- Ensures that the company complies with relevant laws, regulations and codes of business practice.
- Ensures that the company communicates with shareowners and relevant stakeholders openly and promptly.
- Identifies and monitors relevant non-financial matters.
- Establishes a formal and transparent procedure for appointment to the board, as well as a formal orientation programme for incoming directors.
- Regularly reviews processes and procedures to ensure effectiveness of internal systems of control and accepts responsibility for the total process of risk management.
- Assesses the performance of the board, its committees and its individual members on a regular basis.

The charter also addresses issues such as the composition and size of the board, board procedures, matters reserved for board decision and the frequency and proceedings of board meetings.

Disclosure and information

The board has approved a Disclosure of Information Policy, the main aim of which is to prevent price-sensitive information from being disclosed to a selected audience and to set out the required procedure in the event of such a disclosure taking place.

Annual financial statements

The board acknowledges its responsibility for ensuring the preparation of the annual financial statements in accordance with International Financial Reporting Standards and the responsibility of the external auditors to report on these financial statements. The board is also responsible for ensuring the maintenance of adequate accounting records and effective systems of internal control.

The directors present their annual report which forms part of the audited annual financial statements of the company for the year ended 30 June 2009.

General review

Village Main Reef Gold Mining Company (1934) Limited, a company incorporated in the Republic of South Africa, conducted, as its main business, the operation of a plant in the Johannesburg district of the Gauteng province for the recovery of gold from sand dumps. The mining activities were discontinued in 1995 and the company has been dormant since. Its shares are listed on the JSE Limited, South Africa, under the "Gold Mining" sector of the list, with VIL as its share code.

Major shareholders

To The Point Growth Specialist Investment 2 (Pty) Limited acquired a 48% holding in the company during 2008. The company's shares are listed on the JSE Limited, South Africa ("JSE").

Environmental aspects

All mining activities of the company ceased in 1995 with treatment of surface dumps. Since then the company has been dormant. After promulgation of the Mineral and Petroleum Resource Development Act (MPRDA) in May 2004, the company didn't apply for a prospecting or mining right and its unused old order rights thus ceased to exist as the company had no intentions of resuming mining operations. Consequently the shafts and underground areas and some of the dumps have been taken over by other mining companies that applied for the unused rights and have these areas covered under their Environmental Management Program (EMPs). This included the ground water aspects that were previously unclarified, but are now being managed through a section 21 company called Central Basin Environmental Corporation (CBEC) which is made up of current operators in the Central Basin Areas.

The outstanding areas that require clearance are two remnant dump sites that have not met the radiation clearance standards as required by the National Nuclear Regulator (NNR). Radiological assessments studies have been done on these sites and only one of the sites require further work of which the company is currently busy with costs assessments of the various cleaning options as provided by independent environmental and radiation consultants.

In light of the above the potential environmental liability is now better understood and issues that were previously uncertain have now been clarified.

Directors' emoluments

No directors' emoluments were paid during the year ended 30 June 2009, as reflected in the notes to the financial statements. The company's directors' fees, as voted on by shareholders on 10 October 2008, and by agreement with the directors, have been made conditional on the company having sufficient cash resources to meet the obligation. The potential liability has been included as contingent liabilities in the financial statements (refer to note 12.2 of the financial statements).

Interests of the directors

Bernard Swanepoel and Clinton Halsey are directors and shareholders of To The Point Growth Specialists, which is the largest shareholder in the company.

Directorate

There were no changes to the company's directorate during the financial year.

Company Secretary

The company's designated secretary is iThemba Governance and Statutory Solutions (Pty) Limited.

Sponsors

Investec will continue as the sponsor of the company.

Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with section 270 (2) of the Companies Act, 1973.

Share capital

The share capital remained unchanged during the year under review.

Dividends

No dividends were paid or declared during the year under review.

Events subsequent to balance sheet date

There were no events subsequent to the balance sheet date.

Subsidiaries

The company does not have any subsidiaries.

Directors and secretary

Directors

Non-executive

Mike Pleming* *(Chairman)*

Ferdi Dippenaar*

Dalu Ncube

Georges Rawstorne*

Bernard Swanepoel

Clinton Halsey

**Independent*

Secretary

iThemba Governance and Statutory Solutions (Pty) Limited.

Going concern

As at 30 June 2009, the company's liabilities, fairly valued, exceed its assets fairly valued, due to the operating loss incurred during the year under review. The major portion of the liabilities relates to the provision for environmental rehabilitation liability of R5,3 million, which has increased from R5 million in the prior year. The balance in the Environmental Rehabilitation Trust Fund was R4,2 million at year end.

The directors believe that the company will continue to receive the support of its shareholders. To The Point Growth Specialists (Pty) Ltd, a majority shareholder in the company, has provided the company with a letter of financial support to enable it to pay its ongoing obligations, other than expenditure relating to the environmental rehabilitation, incurred in the normal course of business until 30 September 2010.

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements.

The annual financial statements are prepared, in accordance with International Financial Reporting Standards and the requirements of the South African Companies Act, on the going-concern basis and incorporate full and responsible disclosure. The financial statements are based upon appropriate accounting policies and supported by reasonable and prudent judgements and estimates.

The directors are satisfied that the information contained in the financial statements fairly represents the results of operations for the year and the financial position of the company at year-end. The accuracy of the other information included in the financial statements, was considered by the directors and they are satisfied that it accords with the financial statements.

The directors are also responsible for the company's system of internal financial controls. The system was developed to provide reasonable, but not absolute, assurance regarding the reliability of the financial statements, the safeguarding of assets, and to prevent and detect misrepresentation and losses.

The directors are of the opinion that the company will continue for at least 12 months as a going concern for the reasons given in the directors' report.

The financial statements were audited by the company's independent auditors, PricewaterhouseCoopers Inc., to whom unrestricted access was given to all financial records and related information. The directors are further of the opinion that all statements that were made available to the auditors during the course of the audit were valid and relevant. The auditors' report is presented on page 14.

Signed on behalf of the board of directors.

Georges Rawstorne
Director

Clinton Halsey
Director

Bryanston

22 September 2009

Independent auditors' report

We have audited the annual financial statements of Village Main Reef Gold Mining Company (1934) Limited, which comprise the directors' report, the balance sheet as at 30 June 2009, the income statement, the statement of changes in equity, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 11 to 12 and pages 18 to 42.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Village Main Reef Gold Mining Company (1934) Limited at 30 June 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

Emphasis of matter – environmental rehabilitation issues

Without qualifying our opinion, we draw your attention to commentary included in the directors' report on Environmental Rehabilitation, and to note 12.1 of the financial statements, on Contingent Liabilities. The full cost and extent to which the company has to rehabilitate its mining properties is uncertain. The ultimate outcome of the matter cannot presently be determined, and consequently only a provision for care and maintenance has been made in the financial statements.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: TD Shango
Registered Auditor

Sunninghill
22 September 2009

Audit and Risk Management Committee Report

The Corporate Laws Amendment Act 24 of 2006 ("CLAA") came into effect on 14 December 2007. In compliance with the CLAA, an audit committee was appointed by the board of directors. This committee comprises Georges Rawstorne (Chairman) and Ferdi Dippenaar.

During the financial year ended 30 June 2009, in addition to the duties set out in the Audit and Risk Management Committee's terms of reference, the Audit and Risk Management Committee carried out its functions as follows:

- Nominated the appointment of PricewaterhouseCoopers Inc. as the registered independent auditor after satisfying itself through enquiry that PricewaterhouseCoopers Inc. is independent as defined in terms of the CLAA.
- Determined the fees to be paid to PricewaterhouseCoopers Inc. and their terms of engagement.
- Ensured that the appointment of PricewaterhouseCoopers Inc. complied with the CLAA and any other legislation relating to the appointment of auditors.
- Satisfied itself with the appropriateness and expertise of the director responsible for finance.

No non-audit services have been provided by the external auditors to date and a policy in this regard will be put in place in due course.

The Audit and Risk Management Committee has satisfied itself through enquiry that PricewaterhouseCoopers Inc. and Dion Shango, the designated auditor, are independent of the company.

The Audit and Risk Management Committee recommended the annual financial statements for the year ended 30 June 2009 for approval to the board. The board has subsequently approved the annual financial statements which will be open for discussion at the forthcoming annual general meeting.

Georges Rawstorne
Chairman

Bryanston
22 September 2009

In terms of section 268G of the Companies Act, 1973, as amended (“the Act”), I certify that, to the best of my knowledge and belief, the company has submitted to the Registrar of Companies all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

Annamarie van der Merwe
iThemba Governance and Statutory Solutions (Proprietary) Limited
Company Secretary

Bryanston
22 September 2009

Statement of comprehensive income

for the year ended 30 June 2009

	Notes	2009 R'000	2008 R'000
Revenue		**—**	—
Operating expenses		**(1 610)**	(442)
Other income		**522**	805
Investment income		**78**	281
Growth in rehabilitation trust fund		**444**	377
Profit from sale of assets		**—**	147
Change in estimate of provision for rehabilitation cost		**(347)**	(1 870)
Loss before taxation	2	**(1 435)**	(1 507)
Taxation	3	**(71)**	—
Net loss for the year		**(1 506)**	(1 507)
Basic loss per share – cents	6	**(25)**	(25)
Headline loss per share – cents	6	**(24)**	(25)

Statement of financial position

as at 30 June 2009

	Notes	2009 R'000	2008 R'000
Assets			
Non-current assets			
Environmental rehabilitation trust	4	**4 194**	3 816
Total non-current assets		**4 194**	3 816
Current assets			
Cash and cash equivalents	5	**294**	1 548
Total current assets		**294**	1 548
Total assets		**4 488**	5 364
Equity and liabilities			
Capital and reserves			
Share capital issued	7	**758**	758
Accumulated (loss)		**(1 936)**	(430)
Total shareholders' equity		**(1 178)**	328
Non-current liabilities			
Provision for environmental rehabilitation	8	**5 367**	5 020
Total non-current liabilities		**5 367**	5 020
Current liabilities			
Trade and other payables	9	**228**	16
Taxation		**71**	—
Total current liabilities		**299**	16
Total equity and liabilities		**4 488**	5 364

Statement of changes in equity

for the year ended 30 June 2009

	Share capital issued R'000	Accumulated profits R'000	Total R'000
Balance at 1 July 2007	758	1 054	1 812
Opening balance adjustment		23	23
Net loss for the year	—	(1 507)	(1 507)
Balance at 30 June 2008	758	(430)	328
Net loss for the year	—	(1 506)	(1 506)
Balance at 30 June 2009	**758**	**(1 936)**	**(1 178)**

	Notes	2009 R'000	2008 R'000
Cash flow from operating activities			
Cash utilised by operations	11.1	**(1 332)**	(407)
Interest received		**78**	281
Taxation paid	11.2	**–**	–
Net cash utilised in operating activities		**(1 254)**	(126)
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		**–**	397
Net cash generated by/(utilised in) investing activities		**–**	397
(Decrease)/Increase in cash and cash equivalents		**(1 254)**	271
Cash and cash equivalents at the beginning of the year		**1 548**	1 277
Cash and cash equivalents at the end of the period		**294**	1 548

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

These financial statements of Village Main Reef Gold Mining Company (1934) Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and the South African Companies Act of 1973. The financial statements have been prepared under the historical-cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1.10.

(a) Standards, amendment and interpretations effective in 2009

There are no new standards, amendments and interpretations effective in 2009 relevant to Village Main Reef Gold Mining Company (1934) Limited.

(b) Standards, amendments and interpretations effective in 2009 but not relevant

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 April 2008 but they are not relevant to the company's operations:

- *IFRIC 11, "IFRS 2 – Group and treasury share transactions".*
- *IFRIC 12, "Service concession arrangements".*
- *IFRIC 13, "Customer loyalty programmes".*
- *IFRIC 14, "IAS 19 – The limit on a defined benefit asset".*

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company

The following standards and amendments to existing standards have been published and are mandatory for the company's accounting periods beginning on or after 1 July 2009 or later periods, but the company has not early adopted them:

1. Summary of significant accounting policies *(continued)*

1.1 Basis of preparation *(continued)*

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company *(continued)*

IAS 23 (Amendment), "Borrowing costs" (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39 "Financial instruments: Recognition and measurement". This eliminates the inconsistency of terms between IAS 39 and IAS 23. The company will apply the IAS 23 (Amendment) prospectively to the capitalisation of borrowing costs on qualifying assets from 1 July 2009.

IAS 1 (Revised), "Presentation of financial statements" (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present on performance statement (the statement of comprehensive income) or two statement (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning of the comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The company will apply IAS 1 (Revised) from 1 July 2009. It is likely that both the income statement and the statement of comprehensive income will be presented as performance statements.

IAS 36 (Amendment), "Impairment of assets" (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosure equivalent to those for value-in-use calculations should be made. The company will apply the IAS 28 (Amendment) and provide the required disclosure where applicable for impairment test from 1 July 2009.

IAS 19 (Amendment), "Employee benefits" (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008.

– The amendment clarifies that a plan amendment that results in a change in the extent to which benefits promises are affected by future salary increases is a curtailment, while an amendment that changed benefits attributable to past service gives rise to a negative past-service costs if it results in a reduction in the present value of the defined benefit obligation.

1. Summary of significant accounting policies *(continued)*

1.1 Basis of preparation *(continued)*

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company *(continued)*

- The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets to the extent that such costs have been excluded from measurement of the defined benefit obligation.
- The distinction between short-term and long-term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.
- IAS 37, "Provisions, contingent liabilities and contingent assets", requires contingent liabilities to be disclosed, not recognised. IAS 19 has been amended to be consistent.

The company will apply IAS 19 (Amendment) from 1 July 2009.

IAS 1 (Amendment), "Presentation of financial statements" (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39, "Financial instruments: Recognition and measurements" are examples of current assets and liabilities respectively. The company will apply IAS 39 (Amendment) from 1 July 2009. It is not expected to have an impact on the company's financial statements.

There are a number of minor amendments to IFRS 7, "Financial instruments: Disclosures", IAS 8, "Accounting policies, changes in accounting estimates and errors", IAS 10, "Events after the reporting period", IAS 18, "Revenue" and IAS 34, "Interim financial reporting", which are part of the IASB's annual improvements project published in May 2008 (not addressed above). These amendments are unlikely to have an impact on the company's accounts and have therefore not been analysed in detail.

IAS 41 (Amendment), "Agriculture" (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. It requires the use of a market-based discount rate where fair value calculations are based on discounted cash flows and the removal of the prohibition on taking into account biological transformation when calculating fair value. These amendments are unlikely to have an impact on the company's accounts as the company does not have any biological assets.

1. Summary of significant accounting policies *(continued)*

1.1 Basis of preparation *(continued)*

(d) Interpretations and amendments to existing standards that are not yet effective and are not relevant for the company's operations

The following interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2009 or later periods but are not relevant for the company's operations:

IAS 39 (Amendment), "Financial instruments: Recognition and measurement" (effective from 1 January 2009). The amendment is part of the IASB's annual improvement project published in May 2008.

- This amendment clarifies that it is possible for there to be movements into and out of the fair value profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge.
- The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit-taking is included in such a portfolio on initial recognition.
- The current guidance on designating and documenting hedges states that a hedging instrument needs to involve a party external to the reporting entity and cites a segment as an example of a reporting entity. This means that in order for hedge account to be applied at segment level, the requirements for hedge account are currently required to be met by the applicable segment. The amendment removes the example of a segment so that the guidance is consistent with IFRS 8, "Operating segments", which requires disclosure for segments to be based on information reported to the chief operating decision-maker. Currently, for segment reporting purposes, each subsidiary designates contract with group treasury as fair value or cash flow hedge so that the hedges are amended is effective, the hedge will continue to be reflected in the segment to which the hedged items relate (and information provided to the chief operating decision-maker), but the company will not formally document and test this relationship.
- When measuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) is used.

The amendments are not relevant to the company's operations as the company does not enter into hedging transactions.

1. Summary of significant accounting policies *(continued)*

1.1 Basis of preparation *(continued)*

(d) Interpretations and amendments to existing standards that are not yet effective and are not relevant for the company's operations *(continued)*

IFRS 2 (Amendment), "Share-based payment" (effective from 1 January 2009). The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transaction with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendments are not relevant to the company's operations as it does not make share-based payments.

IAS 32 (Amendment), "Financial instruments: Presentation", and IAS 1 (Amendment), "Presentation of financial statements" – "Puttable financial instruments and obligations arising on liquidation" (effective from 1 January 2009). The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a *pro rata* share of the net assets of the entity only on liquidation as entity, provided the financial instruments have particular features and meet specific conditions. The amendments are not relevant to the company's operations as it does not enter into transactions of this nature.

IFRS 1 (Amendment) "First-time adoption of IFRS", and IAS 27 "Consolidated and separate financial statements" (effective from 1 January 2009). The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous account practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statement of the investor. The amendments are not relevant to the company's operations as the company does not have any investments in subsidiaries, joint-controlled entities and associates.

IFRS 8, "Operating segments", replaces IAS 14, "Segment reporting", and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures about segments of an enterprise and related information". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. IFRS 8 is not applicable to the company as it is not required to issue segment reporting information.

1. Summary of significant accounting policies *(continued)*

1.1 Basis of preparation *(continued)*

(d) Interpretations and amendments to existing standards that are not yet effective and are not relevant for the company's operations (continued)

IAS 27 (Revised), "Consolidated and separate financial statements" (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the account when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The amendments are not relevant to the company's operations as the company does not have any investments in subsidiaries.

IFRS 3 (Revised), "Business combinations" (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payment classified as debt subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure to non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. IFRS 3 is not applicable to the company's operations as it has not entered into any transactions which could give rise to a business combination.

IFRS 5 (Amendment), "Non-current assets held-for-sale and discontinued operations" (and consequential amendment to IFRS 1, "First-time adoption") (effective from 1 July 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to IRFS 1 states that this amendment is applied prospectively from the date of transition to IFRSs. IFRS 5 is not applicable to the company as is does not have any non-current assets held for sale or any discontinued operations.

IAS 38 (Amendment), "Intangible assets" (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. This means that an expense will be recognised for shoe mail order catalogues when the company has access to the catalogues and not when the catalogues are distributed to the customers. The amendment will not have an impact on the company's operations, as the company does not have any intangible assets other that goodwill.

1. Summary of significant accounting policies *(continued)*

1.1 Basis of preparation *(continued)*

(d) Interpretations and amendments to existing standards that are not yet effective and are not relevant for the company's operations *(continued)*

IFRIC 16, "Hedges of a net investment in a foreign operation" (effective from 1 October 2008). IFRIC 16 clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held anywhere in the company. The requirements of IAS 21, "The effects of changes in foreign exchange rates", do apply to the hedge item. IFRIC 16 does not apply to the company as it does not have an investment in foreign operations.

IFRIC 13, "Customer loyalty programmes" (effective from 1 July 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple element arrangement, and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. IFRIC 13 is not relevant to the company's operations because the company does not operate any customer loyalty programmes.

IAS 16 (Amendment), "Property, plant and equipment" (and consequential amendment to IAS 7, "Statement of cash flows") (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Entities whose ordinary activities comprise renting and subsequently selling assets present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the assets to inventories classified as cash flows from operating activities. The amendment will not have an impact on the company's operations because the company's ordinary activities do not include renting and subsequently selling assets.

IAS 27 (Amendment), "Consolidated and separate financial statements" (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where an investment in a subsidiary that is accounted for under IAS 39, "Financial instruments: Recognition and measurements", is classified as help for sale under IFRS 5, "Non-current assets held-for-sale and discontinued operations", IAS 39 would continue to be applied. The amendment will not have an impact on the company's operations because the company does not have any investments in subsidiaries.

IAS 28 (Amendment), "Investments in associates" (and consequential amendments to IAS 32, "Financial instruments: Presentation" and IFRS 7, "Financial instruments: Disclosures") (effective from 1 January 2009). The amendment is part of the IASB's annual improvement project published in May 2008. Where an investment in associates is accounted for in accordance with IAS 39" Financial instruments:

1. Summary of significant accounting policies *(continued)*

1.1 Basis of preparation *(continued)*

(d) Interpretations and amendments to existing standards that are not yet effective and are not relevant for the company's operations *(continued)*

Recognition and measurements", only certain rather than all disclosed requirements in IAS 28 need to be made in addition to disclosures required by IAS 32, "Financial instruments: Presentation" and IRFS 7 "Financial Instruments: Disclosures". The amendment will not have any impact on the company's operations as it does not have any investments in associates.

IAS 29 (Amendment), "Financial reporting in hyperinflationary economies" (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The guidance has been amended to reflect the fact that a number of assets and liabilities are measured at fair value rather than historical costs. The amendment will not have an impact on the company's operations, as the company does not operate in hyperinflationary economies.

IAS 31 (Amendment), "Interests in joint ventures" (and consequential amendments to IAS 32 and IFRS 7) (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where an investment in joint venture is accounted for in accordance with IAS 39, only certain rather than all disclosure requirements in IAS 31 need to be made in addition to disclosures required by IAS 32, "Financial instruments: Presentation", and IFRS 7 "Financial instruments: Disclosures". The amendment will not have an impact on the company's operations as there are no interests held in joint ventures.

IAS 40 (Amendment), "Investment property" (and consequential amendments to IAS 16) (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Property that is under construction or development for future use as investment property is within the scope of IAS 40. Where the fair value model is applied, such property is therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measureable at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measureable. The amendment will not have an impact on the company's operations, as no investment properties are held by the company.

IAS 20 (Amendment), "Accounting for government grants and disclosure of government assistance" (effective from 1 January 2009). The benefit of a below market rate government loan is measured as the difference between the carrying amount in accordance with IAS 39, "Financial instruments: Recognition and measurement", and the proceeds received with the benefit accounted for in accordance with IAS 20. The amendment will not have an impact on the company's operations as there are no loans received or other grants from the government.

1. Summary of significant accounting policies *(continued)*

1.1 Basis of preparation *(continued)*

(d) Interpretations and amendments to existing standards that are not yet effective and are not relevant for the company's operations *(continued)*

The minor amendments to IAS 20, "Accounting for government grants and disclosure of government assistance" and IAS 29, "Financial reporting in hyperinflationary economies", IAS 40, "Investment property", and IAS 41, "Agriculture", which are part of the IASB's annual improvements project published in May 2008 (not addressed above). These amendments will not have an impact on the company's operations as described above.

IFRIC 15, "Agreements for construction of real estates" (effective from 1 January 2009). The interpretation clarifies whether IAS 18, "Revenue", or IAS 11, "Construction contracts", should be applied to particular transactions. It is likely to result in IAS 18 being applied to a wider range of transactions. IFRIC 15 is not relevant to the company's operations as all revenue transactions are accounted for under IAS 18 and not IAS 18

1.2 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Land is stated at cost less impairment and not depreciated.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. Recoverable amount is the higher of fair value less cost to sell and the value in use. Value in use is determined by estimated future cash flows discounted at a pretax discount rate.

Assets held for sale

An asset is classified as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Assets classified as held for sale are carried at the lower of carrying amount and fair value less costs to sell.

When the sale is expected to occur beyond one year, the entity measures the costs to sell at their present value. Any increase in the present value of the costs to sell that arises from the passage of time is presented in profit or loss as a financing cost.

1. Summary of significant accounting policies *(continued)*

1.2 Property, plant and equipment *(continued)*

The entity does not depreciate non-current assets while they are classified as held for sale. Impairment losses for any initial or subsequent writedown of a held for sale to fair value less cost to sell is recognised in the income statement.

1.3 Impairment of non-financial assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

1.4 Environmental obligations

Estimated long-term environmental obligations, comprising pollution control, rehabilitation and mine closure, are based on the company's environmental management plans in compliance with current technological, environmental and regulatory requirements.

The net present value of future rehabilitation cost estimates is recognised and provided for in full in the financial statements. The estimates are reviewed annually and are discounted using rates that reflect the time value of money.

Changes in the provision consist of finance cost relating to the change in the present value of the provision and inflationary increases in the provision estimate, as well as changes in estimates, and are charged to the income statement.

1.5 Environmental trust funds

Contributions are made to the company's trust funds, created in accordance with statutory requirements, to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the life of the company's mines. Contributions are determined on the basis of the estimated environmental obligation over the life of the mine. Income earned on monies paid to environmental trust funds is accounted for as investment income. The funds contributed to the trust plus growth in the trust funds are included under investments on the balance sheet.

1. Summary of significant accounting policies *(continued)*

1.6 Financial assets

(1) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets. The company does not own any assets of this nature.

(2) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The company does not own any assets of this nature.

(3) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Available-for-sale assets are classified separately in the balance sheet.

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement within other (losses)/gains – net, in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the company's right to receive payments is established.

1. Summary of significant accounting policies *(continued)*

1.6 Financial assets *(continued)*

(3) Available-for-sale financial assets

Changes in the fair value of financial assets classified as available for sale are recognised in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

The company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

1.7 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pretax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.8 Revenue and income recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts. Revenue is recognised as follows:

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

1. Summary of significant accounting policies *(continued)*

1.8 Revenue and income recognition *(continued)*

(a) Interest income

Interest is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the company.

1.9 Financial risk management

(1) Financial risk factors

The following financial risks should be considered: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Risk management is carried out by management under policies approved by the board of directors. Management identifies, evaluates and hedges financial risks. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

(a) Market risk

As a result of the company being a listed shell company, the market risk is therefore deemed insignificant as there is no trading in the entity at present.

(b) Credit risk

Credit risk arises from cash and cash equivalents with banks and financial institutions. The company's cash equivalents are placed with high credit quality financial institutions. Accordingly the company has no significant concentration of credit risk.

1. Summary of significant accounting policies *(continued)*

1.9 Financial risk management *(continued)*

(1) Financial risk factors *(continued)*

(c) Liquidity risk

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 2 and 5 years	Over 5 year
At 30 June 2009			
Trade and other payables	**228**	**–**	**–**
At 30 June 2008			
Trade and other payables	16	–	–

(2) Fair value estimation

The carrying value of trade payables is assumed to approximate its fair value due to the short-term nature of trade payables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

For financial assets and liabilities with maturities of less than one year, the face value less any estimated credit adjustments is assumed to approximate its fair value.

1.10 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise cash on hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held with banks and net of bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings, in current liabilities.

1.11 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1. Summary of significant accounting policies *(continued)*

1.12 Critical accounting judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Decommissioning and rehabilitation obligations

Estimating the future costs of environmental and rehabilitation obligations is complex and requires management to make estimates and judgements because most of the obligations will be fulfilled in the future and contracts and laws are often not clear regarding what is required. The resulting provisions are further influenced by changing technologies and political, environmental, safety, business and statutory considerations.

(b) Impairment of assets

Property, plant and equipment and intangible assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and, where it is a component of a larger economic unit, the viability of that unit itself. Future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value.

(c) Sources of estimation uncertainty

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that management have assessed as having a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

	2009 R'000	2008 R'000
2. Loss before tax		
Loss before taxation is stated after:		
Auditor's remuneration	**85**	16
Technical, advisory, secretarial and administrative services	**415**	—
Increase in rehabilitation provision	**347**	1 870
Directors' fees paid in the current year	**—**	—
3. Taxation		
Reconciliation of rate of taxation	**%**	%
Standard rate of company taxation	**(28,0)**	(28,0)
Non-temporary differences	**23,5**	—
Prior year (under)/provision – normal tax	**(4,9)**	—
Deferred tax asset not raised	**4,5**	28,0
Effective rate of taxation	**(4,9)**	—
4. Environmental rehabilitation trust		
The Village Main Reef Gold Mining Company Nature Conservation Trust was created to provide for the estimated cost of pollution control and rehabilitation at the end of the life of the mine in accordance with statutory requirements. The company did not make any contribution in the current year to the Trust fund. (2008: R0).		
Balance at the beginning of the year	**3 816**	3 439
Interest earned	**444**	377
Operating cost	**(66)**	—
Funds transferred to the Trust	**—**	—
Balance at the end of the year	**4 194**	3 816

	2009 R'000	2008 R'000
5. Cash and cash equivalents		
Cash on hand and on deposit	**294**	1 548
6. Basic and headline loss per share		
The calculation of basic loss per share is based on basic loss of R1 506 000 (2008: R1 507 000) and a weighted average of 6 068 446 (2008: 6 068 446) shares in issue during the period.		
The calculation of diluted headline loss per share is based on basic loss of R1 485 000 (2008: R1 507 000) and a weighted average of 6 068 446 (2008: 6 068 446) shares in issue during the period.		
Headline loss		
Loss per income statement	**(1 506)**	(1 507)
Adjustments	**21**	—
Headline loss for the year	**(1 485)**	(1 507)
Headline loss per share – cents	**(24)**	(25)
7. Share capital		
Authorised		
500 000 000 shares of 12,5 cents each (2008: 8 000 000 shares of 12,5 cents each)	**62 500**	1 000
Issued		
6 068 446 fully paid up shares of 12,5 cents each	**758**	758

	2009 R'000	2008 R'000
8. Provision for environmental rehabilitation		
Balance at the beginning of the year	**5 020**	3 150
Change in estimate and inflation increase	**347**	1 870
Balance at the end of the year	**5 367**	5 020
The provision is for the ongoing care and maintenance of tailings storage facilities and other dump footprints.		
9. Trade and other payables		
Accruals	**228**	16
	228	16
10. Financial instruments		
(a) Financial instruments by category		
Assets as per balance sheet		
Cash and cash equivalents	**294**	1 548
	294	1 548
Liabilities as per balance sheet		
Trade and other payables	**228**	16
	228	16
(b) Credit quality of financial assets		
Cash at bank and short-term deposits		
All cash and cash equivalents are held with ABSA Bank.		

	2009 R'000	2008 R'000
11. Notes to the cash flow statement		
11.1 Cash utilised by operations		
Loss before interest received, sundry income and taxation per income statement	**(1 512)**	(1 935)
Adjustment for:		
Net growth on rehabilitation trust funds	**(378)**	(377)
Net increase in provision for rehabilitation	**347**	1 870
Other non-cash operating expenses	**–**	24
Operating loss before working capital changes	**(1 543)**	(418)
Increase in trade and other payables	**211**	11
Cash utilised by operations	**(1 332)**	(407)
11.2 Taxation		
Amounts unpaid at the beginning of the year	**–**	–
Amounts charged to income statement	**(71)**	–
Amounts unpaid at the end of the year	**71**	–
Cash amounts paid	**–**	–

12. Contingent liabilities

12.1 Rehabilitation

All mining activities of the company ceased in 1995 with treatment of surface dumps. Since then the company has been dormant. After promulgation of the Mineral and Petroleum Resources Development Act (MPRDA) in May 2004, the company did not apply for a prospecting or a mining right and its unused old-order rights thus ceased to exist as the company had no intentions of resuming mining operations. Consequently the shaft and underground areas and some of the dumps have been taken over by other mining companies that applied for the unused rights and have these areas covered under their Environmental Management Programmes (EMPs). This includes the groundwater aspects that were previously unclarified, but are now being managed through a section 21 company called Central Basin Environmental Corporation (CBEC) which is made up of current operators in the Central Basin Area.

The outstanding areas that require clearance are two remnant dump sites that have not met the radiation clearance standards as required by the National Nuclear Regulator (NNR). Radiological assessment studies have been done on these sites and only one of the sites requires further work of which the company is currently busy with cost assessments of the various cleaning options as provided by independent environmental and radiation consultants.

In light of the above it can be concluded that there is now better understanding of the potential environmental liability and issues that were previously uncertain have now been clarified.

12. Contingent liabilities *(continued)*

12.2 Directors' fees

At the general meeting of the company held on 10 October 2008, the shareholders of the company approved the fees payable to the Chairman and non-executive directors (the "directors' fee") of the company for the year ended 30 June 2009.

The following directors' fees are payable by the company for the year ended 30 June 2009:

R'000	Chairman fees	Directors' fees	Chairman of Audit Committee fees	Audit Committee fees	Total
MF Pleming *(Chairman)*	250				250
F Dippenaar		120		40	160
CS Halsey		120			120
D Ncube		120			120
MJLG Rawstorne		120	60		180
ZB Swanepoel		120			120
	250	**600**	**60**	**40**	**950**

The company's obligation in relation to the above directors' fees liability (by agreement with the directors) is conditional on the company having sufficient cash resources (which excludes cash resources held by the Village Main Reef Gold Mining Company Nature Conservation Trust) to pay the above directors' fees in one lump sum.

The company cannot presently determine if and when the company will have sufficient cash resources to pay the above directors' fees liability, and hence no provision for any liability that may result has been made in the financial statements.

13. Related parties

There were no related party transactions during the year under review.

Ordinary shareholders' analysis

The following are the shareholders beneficially holding, directly or indirectly, in excess of 2% of the share capital at 30 June 2009:

	Number of shares	% held
To The Point Growth Specialists Investments 2 (Pty) Ltd	2 913 204	48,01
David John Cobbett	804 000	13,25

Description of shareholders

	Number of shareholders	% of shareholders	Number of shares held	% of shares held
Public shareholding				
Corporate	39	2,55	177 331	2,92
Nominees/Trusts/Trustees	26	1,70	65 174	1,07
Individuals	1 466	95,75	2 912 737	48,00
	1 531	99,93	3 155 242	51,99
Non-public shareholding				
Directors	1	0,07	2 913 204	48,01
Associates of directors	0	0,00	—	0,00
	1	0,07	2 913 204	48,01
	1 532	**100,00**	**6 068 446**	**100,00**

Shareholder spread

	Number of shareholders	% of shareholders	Number of shares held	% of shares held
1 – 1 000 shares	1 306	85,25	371 907	6,13
1 001 – 5 000 shares	135	8,81	365 807	6,03
5 001 – 10 000 shares	47	3,07	391 991	6,46
10 001 – 50 000 shares	38	2,48	922 016	15,19
50 001 – 100 000 shares	3	0,20	186 801	3,08
Over 100 001 shares	3	0,20	3 829 924	63,11
	1 532	**100,00**	**6 068 446**	**100,00**

Village Main Reef Gold Mining Company (1934) Limited (Registration number 1934/005703/06)
(Incorporated in the Republic of South Africa) JSE code: VIL ISIN: ZAE000007720
("Village" or "the company")

Notice is hereby given that the annual general meeting of the company's shareholders will be held at 100 Grayston Drive, Sandton, on Friday, 13 November 2009 at 10:00 for the purpose of considering and, if deemed fit, passing with or without modification, the resolutions set out below in the manner required by the Companies Act No 61 of 1973, as amended (the "Act"):

1. Ordinary resolution 1:
Adoption of the annual financial statements

"RESOLVED THAT the annual financial statements of the company for the year ended 30 June 2009, together with the directors' report and the report of the auditors be and are hereby received and adopted."

2. Ordinary resolution 2:
Re-election of directors

"RESOLVED THAT the following individuals be and are hereby re-elected as directors of the company in terms of the company's articles of association:

2.1 Bernard Swanepoel

2.2 Dalu Ncube"

Abbreviated curricula vitae of the directors offering themselves for re-election are set out on pages 4 to 5 of this annual report.

3. Ordinary resolution 3:
Reappointment of auditors

"RESOLVED THAT PricewaterhouseCoopers Inc. (Designator auditor: Dion Shango) be reappointed as the independent auditors of the company and that the directors be and are hereby authorised to determine the auditors' remuneration for the past year."

4. Ordinary resolution 4:
To place unissued shares under directors' control

"RESOLVED THAT the authorised but unissued share capital of the company, from time to time, be placed under the control of the directors of the company until the next annual general meeting with the authority to allot and issue such unissued shares at their discretion, subject to sections 221 and 222 of the Act, and the Listings Requirements of the JSE Limited."

5. Ordinary resolution 5:
General authority to issue shares for cash

"RESOLVED THAT, pursuant to the articles of association of the company, the Act and the Listings Requirements of the JSE Limited ("JSE"), the directors of the company be and are hereby authorised, until the next annual general meeting of the company (when this authority shall lapse unless it is renewed at that annual general meeting, provided that it shall not extend beyond 15 months from the date of this resolution), to allot and issue ordinary shares for cash subject to the following conditions:

a) The allotment and issue of ordinary shares for cash shall be made only to persons qualifying as public shareholders and not to related parties, all as defined in the Listings Requirements of the JSE.

b) The ordinary shares which are the subject of general issues for cash:

- shall not in the aggregate in any one financial year of the company (commencing 1 July 2009) exceed 15% of the company's relevant number of ordinary shares in issue of that class (taking into account the dilution effect, in the year of issue of options/convertible securities, by including the number of any shares that may be issued in the future arising out of the issue of such options/convertible securities);
- of a particular class, will be aggregated with any shares that are compulsorily convertible into shares of that class, and, in the case of the issue of compulsorily convertible shares, aggregated with the shares of that class into which they are compulsorily convertible; and
- shall be based on the number of ordinary shares of that class in issue added to those that may be issued in future (arising from the conversion of options/convertible securities), at the date of such application, less any shares of the class issued, or to be issued in future arising from options/convertible securities issued during the current financial year, plus any shares of that class, to be issued pursuant to a rights issue which has been announced, is irrevocable and is fully underwritten or an acquisition (which has had final terms announced) may be included as though they were ordinary shares in issue at the date of application.

c) The maximum discount at which ordinary shares may be issued for cash is 10% of the weighted average traded price of such ordinary shares over the 30 business days prior to the date that the price of the issue is agreed between the company and the party/ies subscribing for the ordinary shares.

d) After the company has issued ordinary shares for cash in terms of an approved general issue for cash representing, on a cumulative basis within a financial year, 5% or more of the number of ordinary shares in issue prior to that issue, the company shall publish an announcement containing full details of such issue/s (including the number of ordinary shares issued, the average discount to the weighted average traded price of the shares over the 30 days prior to the date that the price of the issue is agreed in writing between the issuer and the party/ies subscribing for the ordinary shares and the effects of the issue on the net asset value per share, net tangible asset value per share, earnings per share, headline earnings per share and, if applicable, diluted earnings and headline earnings per share).

e) The securities which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such securities or rights as are convertible into a class already in issue."

Note: In terms of the Listings Requirements of the JSE, a 75% majority of the votes cast by shareholders present or represented by proxy at the annual general meeting must be cast in favour of ordinary resolution 5 for it to be approved.

6. Ordinary resolution 6: Authority to action all ordinary resolutions

"RESOLVED THAT any one director of the company or the Company Secretary be authorised to do all such things as are necessary and to sign all such documents issued by the company so as to give effect to the ordinary resolutions."

Voting and proxies

A shareholder of the company entitled to attend, speak and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and, on a poll, to vote in his stead. The proxy need not be a shareholder of the company. A form of proxy is attached for the convenience of any certificated shareholder and own-name registered dematerialised shareholder who cannot attend the annual general meeting, but who wishes to be represented.

Additional forms of proxy may also be obtained on request from the company's registered office. The completed forms of proxy must be deposited at, posted or faxed to the transfer secretaries at the address set out on the inside of the back cover, to be received by no later than 10:00 on Wednesday, 11 November 2009. Any member who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting should the member subsequently decide to do so.

On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the company present in person or represented by proxy shall have one vote for every share held in the company by such shareholder.

Shareholders who have dematerialised their ordinary shares through a Central Securities Depository Participant ("CSDP") or broker, other than own-name registered dematerialised shareholders, and who wish to attend the annual general meeting must request their CSDP or broker to issue them with a letter of representation. Alternatively, dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to be represented, must provide their CSDP or broker with their voting instructions in terms of the custody agreement between them and their CSDP or broker in the manner and timeframe stipulated.

By order of the board

iThemba Governance and Statutory Solutions (Pty) Limited
Company Secretary

Bryanston
22 September 2009

Village Main Reef Gold Mining Company (1934) Limited (Registration number 1934/005703/06)
(Incorporated in the Republic of South Africa) JSE code: VIL ISIN: ZAE000007720
("Village" or "the company")

For use by the holders of the company's certificated ordinary shares ("certificated shareholder") and/or dematerialised ordinary shares held through a Central Securities Depository Participant ("CSDP") or broker who have selected own-name registration ("own-name dematerialised shareholders") at the annual general meeting of the company to be held at 100 Grayston Drive, Sandton, on Friday, 13 November 2009 at 10:00 and at any adjournment thereof.

Not for use by holders of the company's dematerialised ordinary shares who are not own-name dematerialised shareholders. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the annual general meeting and request that they be issued with the necessary Letter of Representation to do so, or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the annual general meeting in order for the CSDP or broker to vote thereat in accordance with their instructions.

I/We (full name) ______________________________

of (address) ______________________________

being the registered owner/s of ______________________________ ordinary shares in the

company hereby appoint ______________________________,or failing him/her,

______________________________,or failing him/her,

the chairperson of the annual general meeting, 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 special and ordinary resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against the special and ordinary resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name(s), in accordance with the following instructions:

*Please indicate with an "X" in the appropriate spaces below how you wish your votes to be cast. Unless otherwise instructed, the proxy may vote as he/she thinks fit.

		Number of votes		
		For*	Against*	Abstain*
1.	Ordinary resolution 1: Adoption of the annual financial statements			
2.	Ordinary resolution 2: Re-election of directors			
2.1	Bernard Swanepoel			
2.2	Dalu Ncube			
3.	Ordinary resolution 3: Reappointment of auditors			
4.	Ordinary resolution 4: To place the unissued shares under the directors' control			
5.	Ordinary resolution 5: General authority to issue shares for cash			
6.	Ordinary resolution 6: Authority to action all resolutions			

Signed this ______________________________ day of ______________________________ 2009

Signature ______________________________

Assisted by (if applicable) ______________________________

Please read the notes on the reverse.

Notes to the form of proxy

1. This form of proxy is to be completed only by those members who are:
   a) holding shares in certificated form; or
   b) recorded in the subregister in electronic form in their "own name".
2. Members who have dematerialised their shares and wish to attend the annual general meeting must contact their Central Securities Depository Participant ("CSDP") or broker who will furnish them with the necessary Letter of Representation to attend the annual general meeting, or they must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the members and their CSDP or broker.
3. Each member is entitled to appoint one or more proxies (who need not be a member(s) of the company) to attend, speak and, on a poll, vote in place of that member at the annual general meeting.
4. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the chairperson of the annual general meeting". The person whose name appears first on the form and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
5. A member's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that member in the appropriate box(es) provided. Failure to comply with the above will be deemed to authorise the chairperson of the annual general meeting, if the chairperson is the authorised proxy, to vote in favour of the special and ordinary resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of all the member's votes exercisable thereat.
6. A member or his/her proxy is entitled but not obliged to vote in respect of all the ordinary shares held by such member. The total number of votes for or against the special and ordinary resolutions and in respect of which any abstention is recorded may not exceed the total number of shares held by such member.
7. 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 chairperson of the annual general meeting.
8. The chairperson of the annual general meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he shall not accept a proxy unless he is satisfied as to the manner in which a member wishes to vote.
9. Any alterations or corrections to this form of proxy must be initialled by the relevant signatory(ies).
10. The completion and lodging of this form of proxy does not preclude the relevant member from attending the annual general meeting and speaking and voting in person to the exclusion of any proxy appointed by the member.
11. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company's transfer secretaries.
12. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares need sign this form of proxy.
13. Forms of proxy must be lodged at, posted to or faxed to Link Market Services South Africa (Pty) Limited, at 5th Floor, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000), to reach the company by no later than 10:00 on Wednesday, 11 November 2009.

Directors of Village

Non-executive

Mike Pleming* *(Chairman)*

Ferdi Dippenaar*

Clinton Halsey

Dalu Ncube

Georges Rawstorne*

Bernard Swanepoel

**Independent*

Secretary and records office of Village

Annamarie van der Merwe

iThemba Governance and Statutory Solutions (Pty) Limited

Monument Office Park

Block 3, 2nd Floor

79 Steenbok Avenue

Monument Park

0181

Registered office

210 Cumberland Avenue

Bryanston

2021

Sponsor

Investec Bank Limited

100 Grayston Drive

Sandton

2196

Transfer secretaries to Village

Link Market Services South Africa (Pty) Limited

(Registration number 2000/007239/07)

5th Floor, 11 Diagonal Street

Johannesburg, 2001

(PO Box 4844, Johannesburg, 2000)

Auditors

PricewaterhouseCoopers Inc.

No 2 Eglin Road

Sunninghill

2157

Village Main Reef Gold Mining

Company (1934) Limited