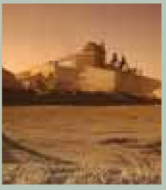
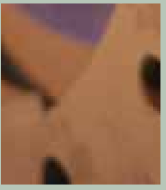
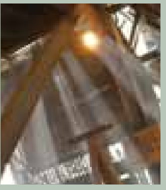
ASSMANG LIMITED

Annual report 2005







ASSMANG

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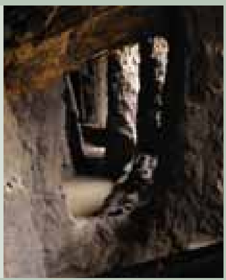


Group profile

Assmang Limited ("Assmang","Group" or "Company"), a Company incorporated in the Republic of South Africa (Company Registration No. 1935/007343/06), mines manganese and iron ores in the Northern Cape Province and chrome ore at Dwarsrivier in the Mpumalanga Province. The Company also produces manganese alloys at its works at Cato Ridge in the KwaZulu-Natal Province and chrome alloys at its works at Machadodorp, in the Mpumalanga Province. Cato Ridge Alloys (Proprietary) Limited, a joint venture between the Company, Mizushima Ferroalloys Company Limited and Sumitomo Corporation, both of Japan, produces refined ferromanganese at the Cato Ridge works.

Incorporated in 1935 – listed on the JSE Limited ("JSE") in 1936 – the Group employs 2 773 people and is operated as three divisions namely, iron ore, manganese and chrome. In terms of a long standing arrangement the Company is controlled jointly by African Rainbow Minerals Limited ("ARM") (which holds 50,4%) and Assore Limited ("Assore") (which holds 45,7%), both of which are listed on the JSE.

Assmang mines iron ore near Postmasburg and manganese ore near Kuruman, both about 700 kilometres south-west of Johannesburg. Most of the Group's production is exported to the Far East, Europe and the United States of America. Manganese ore is also transferred to the works at Cato Ridge where it is used in the production of manganese alloys. Assmang's Dwarsrivier chrome ore mine near Steelpoort supplies ore to the Company's Machadodorp Works for the production of chrome alloys. The Group's alloy production is mainly exported.

Assmang has community investment initiatives with successful joint venture projects in close collaboration with Regional and Local Government, local community leadership and other mining companies operating in the areas. Community investment initiatives are also specifically focused on the remote rural areas in which the Company operates, where much needed networking, community empowerment and upliftment continues to be addressed. The community investment philosophy and approach have also been revised in order to align community investment to a series of human resources development legislation and to optimally align community investment with the core business strategy of Assmang.

Assmang is committed to the protection of the environment in which it operates and environmental management programmes have been established which are fully integrated with the safety and quality management systems of the Group and address all potential environmental impacts. The Group makes annual contributions into an environmental rehabilitation trust fund to provide for the funding of the future closure cost of rehabilitation. Quality control and environmental management systems are well established and maintained.

Forward looking statements

Certain statements included in this report may constitute “forward looking statements”. Inevitably such forward looking statements involve known and unknown risks and uncertainties and other factors that may cause the actual results, performance or achievements of the Group to be materially different from future results, performance or achievements expressed or implied by those forward looking statements. The business of the Group is subject to fluctuations in commodity prices, exchange rates and interest rates as well as the risks involved in mining and smelting operations. While every effort is made to anticipate and counter adverse impacts of these risks on the Group’s performance, it is not possible to guarantee the outcome of future results.

Salient features

	30 June 2005 R000	30 June 2004 R000
Financial results for the year ended		
Turnover	**4 406 474**	3 304 537
Headline earnings	**959 097**	213 821
Attributable earnings	**948 973**	218 323
Dividends paid	**90 479**	26 612
Headline earnings per share (cents)	**27 030**	6 026
Attributable earnings per share (cents)	**26 745**	6 153
Dividends paid per share (cents)	**2 550**	750
Dividends declared after year-end (cents)	**3 400**	750

Five year review

		2005 R000	2004 R000	2003 R000	2002 R000	2001 R000
Financial results for the year ended						
Turnover		4 406 474	3 304 537	2 904 483	2 809 352	1 926 189
Profit before taxation and State's share of profit		1 414 250	342 304	333 727	1 233 452*	349 879
Taxation and State's share of profit		465 277	123 981	129 888	246 911	118 943
Net profit for the year		948 973	218 323	203 839	986 541	230 936
Ordinary dividends		90 479	26 612	42 578	47 901	26 612
Retained profit		858 494	191 711	161 261	938 640	204 324
Assets						
Property, plant and equipment		2 778 702	2 395 331	2 072 198	1 877 833	1 622 306
Deferred tax assets		–	4 972	12 006	11 204	27 558
Environmental rehabilitation trust fund		25 536	18 617	13 068	10 385	8 150
Current assets		2 265 137	1 807 677	1 529 414	1 439 226	931 053
		5 069 375	4 226 597	3 626 686	3 338 648	2 589 067
Equity and liabilities						
Shareholders' equity		3 338 720	2 480 226	2 288 515	2 127 254	1 188 614
Deferred tax liabilities		730 634	527 587	447 768	379 801	288 395
Long-term liabilities		110 607	78 115	35 848	31 889	29 560
Current liabilities		889 414	1 140 669	854 555	799 704	1 082 498
		5 069 375	4 226 597	3 626 686	3 338 648	2 589 067
Statistics						
Number of ordinary shares in issue		3 548 206	3 548 206	3 548 206	3 548 206	3 548 206
Attributable earnings per share	cents	26 745	6 153	5 745	27 804	6 508
Headline earnings per share	cents	27 030	6 026	5 745	12 467	6 492
Dividends paid per share	cents	2 550	750	1 200	1 350	750
Capital expenditure	R000	699 058	492 677	338 116	372 312	625 772
Sales volumes						
– Manganese ore (excluding sales to Cato Ridge facility)	t000	1 811	1 438	1 171	999	979
– Iron ore	t000	5 776	5 460	5 263	4 775	4 315
– Chrome ore (excluding sales to Machadodorp facility)	t000	34	44	20	39	–
– Manganese alloys	t000	197	218	197	187	193
– Charge chrome	t000	262	295	244	190	125

*Includes exceptional item of R543,7 million

Administration

Directors

Desmond Sacco – **Chairman**
A J Wilkens – **Deputy Chairman**
(appointed 20 January 2005)
F Abbott *(appointed 20 January 2005)*
M Arnold* *(resigned 20 January 2005)*
B R Broekman*†
R J Carpenter†
C J Cory*
P C Crous†
R P Menell *(resigned 20 January 2005)*
J C Steenkamp†

Alternate directors

M Arnold* *(appointed 20 January 2005)*
G C Butler‡
W M Gule *(appointed 20 January 2005)*
P G W Henderson
F H Kalp
J W Lewis‡
A McAdam‡
G S Potgieter *(withdrawn 20 January 2005)*
A D Stalker‡
M J N Uys *(withdrawn 1 July 2004)*
*Members of the audit committee
†Executive directors
‡British

Secretaries, administrative and financial advisers

African Rainbow Minerals Limited
24 Impala Road
Chislehurston
2196, South Africa

PO Box 782058
2146, Sandton
South Africa
Telephone: (011) 779-1000
Telefax: (011) 779-1031

Transfer secretaries

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

PO Box 61051
2107, Marshalltown
Telephone: (011) 370-5000
Telefax: (011) 688-7721

Technical advisers

African Rainbow Minerals Limited
African Mining and Trust Company Limited

Sole selling agents and distributors

Ore & Metal Company Limited
Assore House
15 Fricker Road
Illovo Boulevard
2196, South Africa

Private Bag X03
Northlands
2116
South Africa
Telephone: (011) 770-6800
Telefax: (011) 268-6440

Management at the operations:
Iron ore

W S Grobbelaar, **General mine manager**
M A Oosthuizen, **Financial manager**

Manganese ore

A J Nel, **General mine manager**
T Barnard, **Administrative manager**

Chrome ore

A P Hamman, **General mine manager**
W Smith, **Financial manager**

Chrome alloys

H Bouwer, **General manager**
L R Wohlberg, **Financial manager**

Manganese alloys

K Cookson, **General manager**
G C T Karsten, **Financial manager**
R Burger, **Manager – refined alloys**

Auditors

Ernst & Young

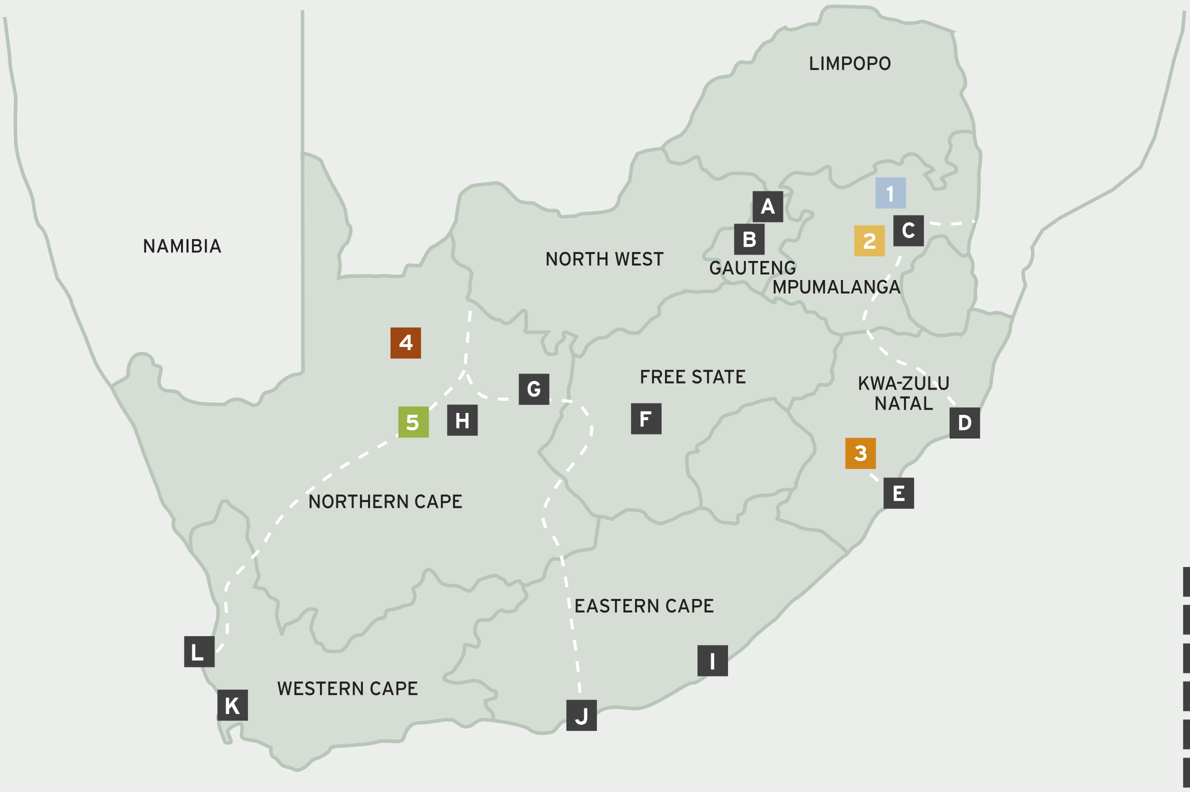
Bankers

The Standard Bank of South Africa Limited
ABSA Bank Limited

Registered office

24 Impala Road
2196, Chislehurston
South Africa

Locations of operations



- 1 Chrome ore (Dwarsrivier)
- 2 Chrome alloys (Machadodorp)
- 3 Manganese alloys (Cato Ridge)
- 4 Manganese ore (Nchwaning)
- 5 Iron ore (Beeshoek)

- A Pretoria
- B Johannesburg
- C Nelspruit
- D Richards Bay
- E Durban
- F Bloemfontein
- G Kimberley
- H Postmasburg
- I East London
- J Port Elizabeth
- K Cape Town
- L Saldanha

Nchwaning III conveyor

Review by the chairman

RESULTS

While the US dollar/rand exchange rate remains an important determinant in Assmang's results, a key feature over the year under review has been the rapid acceleration in the international demand for all the Group's products. As a result, selling prices increased significantly, particularly for manganese alloys, which peaked during the year at unprecedented levels but tapered off towards year end.

With an economy growing at around 9 per cent per annum, China has been the mainspring of the drive for key commodities which has resulted in the US dollar selling prices for manganese ores increasing by more than 60% and for iron ore by more than 70% for the fiscal year commencing 1 April 2005. These benefits were enhanced by a weakening in the exchange rate of the rand against the US dollar to around R6,80 in the last two months of the financial year.

Turnover for the year ended 30 June 2005 rose by 33,3 per cent to R4,4 billion, and attributable earnings by 334,7 per cent to R949,0 million, equivalent to R267,46 per share. Headline earnings increased by 348,5 per cent to R959,1 million or R270,31 per share, with the effect of higher prices impacting almost directly on the bottom line net of the tax effect.

The Group's three principal divisions lifted their respective contribution to total attributable earnings before deduction of Secondary Tax on Companies to R747,7 million (2004: R235,4 million) from the manganese division, R135,2 million (2004: R11,1 million) from the iron ore division and R77,4 million (2004: R24,9 million loss) from the chrome division.

SALES

Sales volumes for the year were as follows:

	2005 Tons 000	**2004 Tons 000**	**% increase/ (decrease)**
Iron ore	5 776	5 460	5,8
Manganese ore	1 811	1 438	25,9
Manganese alloys	197	218	(9,6)
Charge chrome	262	295	(11,1)

World crude steel production continued to increase in the 2004 calendar year, rising by over 9 per cent to a record 1,06 billion tons, of which China accounted for a 22 per cent higher 272 million tons. The Group's sales of iron ore benefited accordingly, increasing by 5,8 per cent to 5,776 million tons and the strong world demand resulted in a US dollar price increase of 71,5 per cent for the period April 2005 to March 2006. The limited ability of the Orex railway line to convey greater tonnages and of shipping capacity at Saldanha Bay, continues to impose constraints upon more rapid expansion in sales volumes.

In contrast, additional rail capacity on the Port Elizabeth route and good global demand helped to lift Assmang's manganese ore sales by 25,9 per cent to 1,811 million tons (2004: 1,438 million tons). Prices also responded with the benchmark Japanese price rising by 63 per cent. Sales volumes of manganese alloys decreased from those of the previous year to 197 000 tons (2004: 218 000 tons) due to the timing of

shipments and increasing stock levels to allow for furnace rebuilds. High carbon ferromanganese sales volumes decreased to 134 000 tons (2004: 143 000 tons) and sales volumes of refined ferromanganese were maintained at 47 000 tons. Silico-manganese sales volumes decreased to 16 000 tons (2004: 28 000 tons) following the termination of silico-manganese production in September 2004.

The first half of calendar 2005 has seen a very strong production of stainless steel of almost 13,1 million tons (2004 calendar year: 24,6 million tons) and most of this growth has come from China, exceeding expectations. Charge chrome sales declined by 11,1 per cent to 262 000 tons (2004: 295 000 tons) mainly as a result of furnace availability.

MAJOR CAPITAL PROJECTS

The major capital expenditure programme, totalling some R2,5 billion over the past five years, continued with the expenditure of R699,1 million, including R3,7 million of capitalised interest, in the year under review. Completion of the new shaft complex at the Nchwaning manganese mine absorbed R202,7 million of this and R82 million was spent on the Dwarsrivier underground mine. The latter should be completed by the end of calendar 2005 at a total expected cost of R221,7 million.

BORROWINGS

Short-term borrowings at 30 June 2005 were substantially reduced by 78 per cent to R160,8 million, largely attributable to the significantly increased cash flow from the higher US dollar prices for all products and improved operational performances throughout the Group.

OUTLOOK

World steel production, spearheaded by sustained growth in Chinese production which is expected to remain robust in the year ahead at a projected 1,1 billion tons, stimulating a corresponding demand for iron ore. The Group's ability to respond continues to be determined by railage and shipping constraints and growth in sales is likely to be at similar levels to the year under review. Indications are that the manganese ore market could be experiencing some over-supply in the current year and that sales volumes and prices could come under pressure.

Group management is engaged in ongoing co-operation with Spoornet and The South African Port Authority to expedite the transportation of our export products to world markets.

In July 2005, the directors deemed it advisable to temporarily reduce production at the Machadadorp Works for a period of two months in order to address adverse conditions in the ferrochome markets. It is estimated that this step will reduce the Group's ferrochrome production in the 2005/2006 financial year by about 30 000 metric tons.

The present scenario suggests that while demand for iron ore will remain robust, our ability to benefit will be dictated largely by logistical capacity and that volumes and prices for our other products may face pressures from a possible oversupply. The scope for significant increase in earnings is therefore likely to revert to the dictates of the rand/dollar exchange rate but management will continue to implement tight cost control measures which have contributed significantly towards profitability in recent years.

DIVIDENDS

Against the background of strong growth in earnings and cash, a substantially higher interim dividend of R18,00 (2004: R2,50) per share was declared on 14 February 2005 and paid to shareholders on 14 March 2005.

A final dividend of R34,00 (2004: R7,50) per share has been declared after the year end and is not included in the results reported for the year in accordance with the Group's accounting policy for dividends.

DIRECTORATE

On 20 January 2005, Messrs R P Menell and M Arnold tendered their resignations as directors of the Company and Messrs A J Wilkens and F Abbott were appointed in their stead. The directors, on 27 January 2005, appointed Mr A J Wilkens as the Company's deputy chairman in the place of Mr R P Menell.

On 20 January 2005, Messrs A J Wilkens and F Abbott appointed Messrs W M Gule and M Arnold respectively as their alternates.

I would like to express the board's appreciation to Messrs Menell and Arnold for their contribution during their appointments and I welcome Messrs Wilkens and Abbott to the board and look forward to working with them.

APPRECIATION

My review records the achievement of another strong year of good performance which could not have been possible without the dedicated input of management and staff to whom I express gratitude, both my own, and on behalf of the board, I would also like to thank our many other stakeholders, in particular customers, shareholders and suppliers for their contributions to our success.

Desmond Sacco
Chairman

29 September 2005

Mineral resources and reserves

GENERAL STATEMENT

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

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

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

The Group consists of the following operating divisions and assets. A locality map showing the major producers is reflected on page 5 of the annual report.

Operating Division	Operating Assets	Type of operation
Iron Ore Division	Beeshoek Mine	Mines & concentrators
	Bruce/King/Mokaning	Feasibility study in progress
Manganese Division	Nchwaning Mine	Mines & concentrator
	Gloria Mine	Mine & concentrator
	Cato Ridge Works	Ferromanganese smelter and metal recovery plant
	Cato Ridge Alloys	Ferromanganese refinery
Chrome Division	Dwarsrivier Mine	Mine & concentrator
	Machadadorp Works	Charge chrome smelter & metal recovery plant

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

MANGANESE ORE OPERATIONS

The mineral reserves at Nchwaning 1 ore body decreased by 2,1 Mt to 116,5 Mt (118,6 Mt). The reason for this is the re-modelling of the ore body and the draw down by the years' production. Similarly the mineral resources at Nchwaning 1 ore body decreased by 2,6 Mt to 145,6 Mt (148,2 Mt). The mineral resources at Nchwaning 2 ore body stayed the same at 182,9 Mt. Currently there are no markets for 2 ore body type manganese grades and this seam is not exploited.

The mineral reserves at Gloria 1 ore body increased by 1,3 Mt to 72,6 Mt (71,3 Mt). The 2005 evaluation reported a slightly higher tonnage after the block model was re-built. The mineral resources at Gloria 1 ore body showed an increase from 230,8 Mt to 232,5 Mt. Only limited production took place at Gloria during the year under review. The mineral resources at Gloria 2 ore body stayed the same at 138,2 Mt. Currently there is no market for 2 ore body type manganese grades and this seam is not exploited.

IRON ORE OPERATIONS

During the year major resource re-evaluations took place using the Unfold process to make grade predictions more accurate. This was implemented on the recommendation of Snowden Mining Consultants ("Snowden") during a bankable feasibility study on the Bruce/King/Mokaning ("BKM") prospects. Although resource/reserve classification techniques were employed that differ from previous years' techniques, the resource tonnage estimation only differs by 6% on the previous year. As Beeshoek is depleting its iron ore resources, it was decided to henceforth report Beeshoek and BKM separately, in order for shareholders to follow the progress at BKM.

Beeshoek Mine: Of the 73 Mt of mineral reserves available only about 40% is suitable for the ordinary wash-and-screen process, limiting the hard rock mining at Beeshoek to approximately three years, after which stockpiles will be treated.

BKM project: a feasibility study is in progress on this area with vast iron ore resources adjacent to Khumba Resources' Sishen mine. The mineral resources amount to 671,5 Mt at a Fe grade of 64,5%. The mineral reserves amount to 444,7 Mt at a Fe grade of 64,7%. Resources/Reserves were audited and signed-off by Snowden in February 2005.

CHROME ORE OPERATIONS

When compared to last year, the mineral reserves increased by 3,9 Mt or 14,4 per cent to 31 Mt (27,1 Mt) and the mineral resources show a limited increase of 1,7 Mt or 2 per cent to 88,3 Mt (86,6 Mt). The reason for the change in mineral reserves is the routine conversion of certain measured and indicated mineral resources to mineral reserves to compensate for the loss of production.

COMPETENCE

The competent person with overall responsibility for the compilation of the mineral reserves and resources is Mr P J van der Merwe, PrSciNat; an ARM employee.

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

The following competent persons were involved in the calculation of mineral resources and reserves. They are all employed by Assmang:

Resources/Reserves

Marius Burger, PrSciNat
Meiring Burger, PrSciNat
A Pretorius, PrSciNat

All of the abovementioned competent persons are members of South African Council of Natural Scientific Professionals ("SACNASP", "PrSciNat") and have in excess of five years' experience relevant to the style of mineralisation and type of deposits under consideration.

Mineral resources and reserves (cont)

DEFINITIONS

The definitions of resources and reserves, quoted from the SAMREC CODE, are as follows:

A 'mineral resource' *is a concentration (or occurrence) of material of economic interest in or on the Earth's crust in such form, quality or quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a mineral resource are known, estimated from specific geological evidence and knowledge, or interpreted from a well constrained and portrayed geological model. Mineral resources are subdivided, in order of increasing confidence in respect of geoscientific evidence, into inferred, indicated and measured categories.*

An 'inferred mineral resource' *is that part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited or of uncertain quality and reliability.*

An 'indicated mineral resource' *is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.*

A 'measured mineral resource' *is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.*

A 'mineral reserve' *is the economically mineable material derived from a measured and/or indicated mineral resource. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified. Mineral reserves are subdivided in order of increasing confidence into probable mineral reserves and proved mineral reserves.*

A 'probable mineral reserve' *is the economically mineable material derived from a measured and/or indicated mineral resource. It is estimated with a lower level of confidence than a proved mineral resource. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified.*

A 'proved mineral reserve' *is the economically mineable material derived from a measured mineral resource. It is estimated with a high level of confidence. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified.*

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

29 September 2005

Summary of mineral resources and mineral reserve
ASSMANG

IRON	**Tons**		
Beeshoek	**(Mt)**		**% Fe**
Proved mineral reserves	72,6		64,83
Probable mineral reserves	0,4		63,95
Measured mineral resources	139,9		63,72
Indicated mineral resources	13,3		60,03
Inferred mineral resources	0,5		61,87
Total mineral reserves	73,0		64,82
Total mineral resources	153,3		63,63
Bruce/King/Mokaning			
Proved mineral reserves	273,1		64,75
Probable mineral reserves	171,6		64,59
Measured mineral resources	337,9		64,75
Indicated mineral resources	305,6		64,01
Inferred mineral resources	28,0		62,34
Total mineral reserves	444,7		64,74
Total mineral resources	671,5		64,50
MANGANESE			
Nchwaning 1 ore body	**Tons (Mt)**	**% Mn**	**% Fe**
Proved mineral reserves	8,78	46,9	9,3
Probable mineral reserves	107,70	44,9	8,9
Measured mineral resources	10,90	46,9	9,3
Indicated mineral resources	134,70	44,9	8,9
Total mineral reserves	116,50	45,05	8,93
Total mineral resources	145,60	45,05	8,93
Gloria 1 ore body			
Proved mineral reserves	7,4	38,3	5,08
Probable mineral reserves	65,2	38,2	5,80
Measured mineral resources	9,7	38,3	5,08
Indicated mineral resources	84,6	38,2	5,80
Inferred mineral resources	70,3	–	–
Total mineral reserves	72,6	38,2	5,73
Total mineral resources	164,6	38,2	5,73
Nchwaning 2 ore body			
Indicated mineral resources	182,9	42,5	15,5
Gloria 2 ore body			
Indicated mineral resources	67,9	31,90	10,98
Inferred mineral resources	70,3	34,23	8,97
Total mineral resources	138,2	33,09	9,96
CHROMITITE			
Dwarsrivier	**Tons (Mt)**	**% Cr_2O_3**	**% FeO**
Proved mineral reserves	13,3	39,65	23,30
Probable mineral reserves	17,7	39,48	22,90
Measured mineral resources	20,4	39,67	23,34
Indicated mineral resources	22,2	39,48	22,95
Total mineral reserves	31,0	39,55	23,10
Total mineral resources	88,3	39,15	23,12

Note:
Resources and reserves are quoted in metric tons

Cr_2O_3	chrome ore
Fe	iron
FeO	ferrous oxide
Mn	manganese

Regulatory matters

LEGISLATION

Assmang is supportive of the broad-based economic initiatives contained in the Mineral and Petroleum Resources Development Act ("the Act") and has embarked on initiatives aimed at meeting these requirements, as set out below. The State has assumed sovereignty and custodianship of all minerals in South Africa, and grants prospecting rights and mining rights based on applications received.

The Act also contains a provision intended to develop a broad based socio-economic empowerment charter facilitating the entry of historically disadvantaged South Africans ("HDSAs") into the mining industry. The scorecard which the State has issued pursuant to the charter requires, amongst other things, that mining companies achieve 15 per cent HDSA ownership of mining assets within five years and 26 per cent within ten years. The charter also requires that mining companies provide plans for achieving employment equity targets at management level.

With a view to meeting the charter's requirements the Group:

- has completed an audit of current compliance with the requirements of the charter. To this end a scorecard, which evaluates the current position of Assmang relative to the required position five years after proclamation of the Act, has been compiled. This evaluation highlights the areas where the Group needs to concentrate its efforts in order to meet the charter's requirements and to this end the goals that have been set will be achieved;
- will in due course be lodging applications for conversion of its old order mining rights in relation to its iron ore, manganese and chrome mining operations. The Company has been advised by the Department of Minerals and Energy ("DME") that its application for conversion of its old order prospecting right relating to its proposed new iron ore mine in the Northern Cape has been granted. Prior to 1 May 2005 the Company lodged a number of applications for prospecting rights in relation to its iron ore, manganese ore and chrome ore divisions, most of which have been accepted by the DME, and the regulatory requirements in respect of which are in the process of being fulfilled;
- has introduced a preferential procurement policy with the required regulatory targets. These targets are continuously monitored at all the Group's operations to ensure compliance.

EMPLOYMENT EQUITY

Employment equity policies have been formulated, in accordance with the Employment Equity Act, at each of the Company's operations which seek to promote the principles of respect for individual dignity, the maintenance of fair employment practices and the development of competent and committed employees. The development of skills is a critical issue, which is being implemented rapidly and yet thoroughly at each operation in order to address the widening gap between the supply of, and demand for, skilled labour.

The advancement of new and existing employees by means of employment equity is more likely to succeed if this forms part of carefully managed and monitored succession and manpower plans that do not compromise the high standards which are a hallmark of the Group.

Employment equity plans and reports for each operation have been presented to the Department of Labour in accordance with legal requirements. These reports were developed in consultation with the recognised unions and other employee representatives at each of the respective operations. An employment equity committee representing management and employees exists at each of the operations.

The following equity principles have been employed in formulating the policies referred to above:

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

The table below summarises the progress reports submitted by the Company's operating divisions to the Department of Labour in compliance with Section 22 of the Employment Equity Act, setting out their occupational categories as at 30 June 2005.

Employment Equity ("EE") figures for Assmang Group as at 30 June 2005

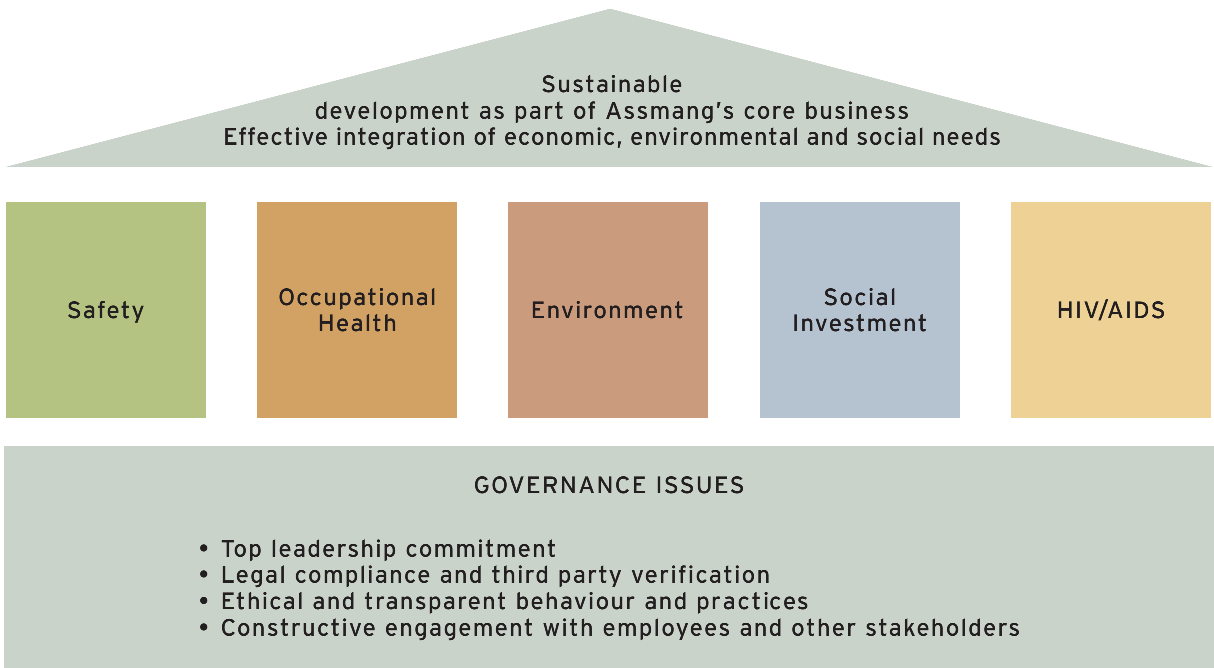
	Male				Female							
Occupational Levels	African	Coloured	Indian	White	African	Coloured	Indian	White	Total	% EE Males	% EE Females	% Total EE
Senior Management	1	2	1	28	0	0	0	2	34	11,76	5,88	11,76
Professionally qualified	39	13	9	75	3	1	1	11	152	40,13	10,53	43,42
Skilled technical	175	77	25	359	1	2	0	14	653	42,42	2,60	42,88
Semi-skilled	1 080	87	12	108	50	9	0	72	1 418	83,15	9,24	87,31
Unskilled and defined	449	18	3	8	30	5	0	3	516	91,09	7,36	97,87
Total	1 744	197	50	578	84	17	1	102	2 773	71,80	7,36	75,48

Sustainable development

Assmang's sustainable development objective is to convert mineral wealth into income and other forms of sustainable capital to the mutual benefit of shareholders, employees, local communities, and other stakeholders where applicable.

The five primary pillars of the Assmang policy on sustainable development are safety, occupational health, the environment, social and community investment, and HIV/AIDS. The key premise of sustainable development is the Group's ability to convert the raw ore that is mined (natural resource capital) into sustained shareholder income as well as new forms of capital such as economic, social and human capital, all of which are essential requirements for development to be sustainable.

Key elements of the sustainable development policy



COMMITMENT

Assmang is committed to:

- Embedding sustainable development as an integral part of the business;
- An occupational health and safety approach that views any safety/risk incident in a serious light and any accident at any of the operations as unacceptable;
- The prevention and management of HIV/AIDS as a key strategic health imperative;
- An environmental goal that seeks to effectively and beneficially rehabilitate land once mined;
- Legal compliance (as a minimum), including clear and effective communication with government and the public, with third party verification of performance reports;
- Ethical and transparent behaviour and practices based on the principles of honesty, equity, freedom and opportunity for everyone;
- Willing and constructive engagement with employees on matters of mutual concern;
- Working smartly, responsibly and efficiently to effectively integrate economic, environmental and social needs as a basis for continuously improving performance and ensuring trust; and
- Investing one per cent of pre-tax profit to seed and sustain development initiatives in communities in which the Group operates.
- Preferential procurement in terms of specific policies and guidelines adopted by the Group as prescribed by the Charter.

FRAMEWORK

Each operation is encouraged to develop its own sustainable development policy, strategy and programme; to meet its unique circumstances and to give effect to the Group's commitment to sustainable development. To this end, the Group's policy framework is as follows:

- Business case for sustainable development: A policy, strategy and programme at each operation reflecting the premise that sustainable development makes good sense, and that ultimately, it is the core of what will sustain business itself;
- Community development: The involvement of local communities and other role players in decisions impacting upon our respective needs and concerns;
- Communication: Effective communication with all role players in the process of achieving "buy-in" and ownership;
- Partnership approach: Implementing sustainable development programmes in a manner complementary to state planning and in partnership with government and other role players where appropriate; and
- Roles and responsibilities: Clear definition of the identity and responsibility of the various role players.

Safety

Employees undergo stringent safety training on procedures, use of equipment and operation of machinery and furnaces. Much attention is given to supervision and direction in reducing workplace accidents, fatalities and occupational health and hygiene related incidents through the application of regular measurement against legislated or regulatory requirements, reviews of accidents and current industry and international best practices.

Occupational health and HIV/AIDS

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

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

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

The HIV/AIDS Scorecard process has evolved over the past three years to measure the extent to which Assmang operations are subscribing to the King II Good Governance Principles ("KIIP"), where the board of directors need to:

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

HIV/AIDS is one of the fundamental pillars of Sustainable Development in Assmang and, in order to meet the objective of achieving the required KIIP goals after five years, the Group needs to continue to improve its operational interventions this year. To this end revised/achievable targets will be set with each operation well before their next audit.

Environment

Mining and smelting activities by their very nature impact on the environment. The policy that the Group has adopted to manage the impact of its activities on the environment is intended to ensure that the Group at least meets the legal requirements imposed by environmental legislation.

To enhance its environmental performance the Group is committed to the active participation and involvement of stakeholders and a process of regular internal and external audits. In addition, the Group is implementing Environmental Management Systems that fulfil the requirements of the International Standard ISO 14001 at all its operations. The iron, manganese and chrome ore mines and the Machadodorp Works have already been accredited and Cato Ridge Works is in the process of attaining accreditation.

Social investment

The Group invests one per cent of pre-tax profit before exceptional items into community development. A portion of these funds is used for initiating, supporting or participating in national projects and pilot schemes with potential for replication in other areas. The remainder of the funds are retained by the operations to address local needs. The general approach to community investment is to concentrate efforts in the area of education as it is believed that it is here that it can make a difference to the future of South Africa, as well as adding value to the Group by employing well educated and trained employees from their own communities. Most community investment programmes are well established and extensive rural networks with all the various stakeholders have resulted in a beneficial impact within the lives of the communities surrounding the Group's operations.

The challenge is to find a balance between channelling limited resources into activities with long-term benefits such as education and skills development, whilst at the same time addressing the more immediate needs for food and other relief. The Group's community investment strategy concentrates on the following areas:

- Education: Training and support of educators in the fields of mathematics, science and technology.
- Work creation: Technical and business skills training, access to start up resources and mentoring of emerging entrepreneurs.
- Welfare: Assistance to those who are not in a position to help themselves such as the frail and aged, small children and the profoundly disabled.

Corporate governance and responsibility

GOVERNANCE

The Assmang Group has strong commitments to a wide range of corporate governance practices. The directors of Assmang are accountable to shareholders and have a responsibility, both collectively and individually, to ensure that a high standard of corporate governance is maintained in all the Group's activities.

CODE OF CORPORATE PRACTICE AND CONDUCT

The board of Assmang is committed to maintaining the standards of integrity, accountability and openness advocated in the King Report on Corporate Governance for South Africa 2002 ("King II Report") and believes that in principle the Group has complied with the stipulated requirements.

BOARD OF DIRECTORS

Details of the board of directors are set out on page 4 of the annual report. The chairman is a non-executive director. The board meets at least four times a year and none of the directors has a service contract with the Group. The directors have access to advice from the company secretary and are entitled to seek independent advice about the affairs of the Group at the Company's expense.

In terms of the Group's articles of association, the maximum term of office for directors is three years and one-third of the directors retire by rotation annually and, if eligible for re-election, their names are submitted for election at the annual general meeting. All directors who were appointed subsequent to the last annual general meeting are required to seek election at the following annual general meeting. Directors seeking election at the annual general meeting have submitted to the JSE the required section 21 declaration as to their qualifications, experience and integrity.

Meetings

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

	Possible	Attended	
F Abbott	2	2	Appointed 20 January 2005
M Arnold	2	2	Resigned 20 January 2005
B R Broekman	4	4	
R J Carpenter	4	4	
C J Cory	4	4	
P C Crous	4	4	
R P Menell	2	2	Resigned 20 January 2005
D G Sacco	4	4	
J C Steenkamp	4	4	
A J Wilkens	2	2	Appointed 20 January 2005

OPERATIONS COMMITTEE

J C Steenkamp (Presiding officer), P C Crous, B R Broekman, R J Carpenter.

This board appointed committee is mandated to consider and implement strategy and maintain effective management of the Group's operations. The committee meets at least quarterly. The members of the committee comprise four executive directors. The committee members contribute a diverse range of professional skills across a broad spectrum of the Group's activities.

Corporate governance and responsibility (cont)

AUDIT COMMITTEE

C J Cory (Chairman), B R Broekman, M Arnold.

The Audit Committee comprises two non-executive directors and one executive director. The committee meets at least three times a year on predetermined dates to consider the interim and final reports, approve dividend declarations and monitor the internal and external audit functions. The committee met five times during the year under review. The committee operates under a board approved charter.

The main responsibilities of this committee include the safeguarding of the Group's assets and shareholders' investments, the maintenance of high standards of record keeping and systems of internal control as well as monitoring compliance with standards of corporate governance. In addition, the committee pursues the objective of ensuring that effective policies and practices are adopted in the preparation of public financial information. The committee conducts reviews of audits, which are conducted on a relative risk basis, undertaken by both internal and external auditors. It examines their respective plans and reports to ensure effectiveness. Both external and internal auditors have unrestricted access to the chairman of the Audit Committee who is a non-executive director.

The provision of a "whistle blowing" facility was introduced during the year under review.

INTERNAL AUDIT

The Group's internal auditors operate with full authority of the directors. The head of this department directly reports to the chairman of the Audit Committee and has unrestricted access to the chairman of the board and other members of the Audit Committee. The internal audit department performs a variety of activities that ultimately result in an examination and evaluation of the effectiveness of all operating sectors of the Group's businesses. Through this process, significant business risks are highlighted and the systems of operating and financial controls are monitored. Audit issues are brought to the attention of the Audit Committee and external auditors and issues that require corrective action are discussed with senior management and acted upon under the auspices of the Audit Committee.

INTERNAL CONTROL

Based on the information and explanations given by management, and reports presented by the internal and external auditors on the results of their audits, the directors are of the opinion that the internal accounting controls are adequate, so that the financial records may be relied upon for the preparation of the annual financial statements.

Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of the controls, procedures and systems has occurred during the year under review.

REMUNERATION

The board appointed Operations Commmittee (refer above) ensures appropriate levels of remuneration for senior management of the Group. This committee determines policy for individual remuneration and benefits to maintain a compensation policy which is both competitive and equitable. This committee comprises four executive directors.

Directors of the Company are not remunerated for their services other than by way of directors' fees paid in terms of the Company's articles of association.

Details of emoluments paid to directors, in terms of par 8.63(I) of the JSE Listing Requirements, are disclosed on page 26 of this report.

EMPLOYEE PARTICIPATION

The Group has for many years entered into collective bargaining arrangements and recognition agreements with various employee organisations and unions.

CODE OF ETHICS

The Group is committed to the highest standards of integrity, behaviour and ethics in dealing with all its stakeholders. All directors and employees are required to maintain the highest ethical standards to ensure that the Group's business practices are conducted in a reasonable manner and to act in good faith and in the interests of the Group.

INSIDER TRADING AND CLOSED PERIODS

The Company operates a closed period prior to the publication of its interim and final results. During this period directors, officers and designated persons who may have access to price sensitive information, are precluded from dealing in the shares, securities or financial instruments of the Group. The closed period extends from the 15th of the month following the end of a reporting period or the financial year until the day of publication of the results. Where appropriate, dealing is also restricted during sensitive periods where major transactions are being negotiated and a public announcement is imminent.

NOMINATIONS COMMITTEE

A nominations committee has not been established as all directors are appointed to the Company's board by the two major shareholders. All other senior appointments are made in consultation with the Operations Committee.

Approval of annual financial statements

for the year ended 30 June

The annual financial statements and Group annual financial statements which appear on pages 24 to 50 were approved by the directors on 28 September 2005 and are signed on their behalf by:

Desmond Sacco
Chairman

29 September 2005

A J Wilkens
Deputy Chairman

29 September 2005

Certificate by Secretaries

We certify that the requirements as stated in Section 268G(d) of the Companies Act have been met and that all returns, as are required of a public company in terms of the aforementioned Act, have been submitted to the Registrar of Companies and that such returns are true, correct and up to date.

African Rainbow Minerals Limited
Secretaries

per: **A Jepson**

29 September 2005

Report of the independent auditors

TO THE MEMBERS OF ASSMANG LIMITED

We have audited the annual financial statements and Group annual financial statements of Assmang Limited set out on pages 24 to 50 for the year ended 30 June 2005. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

SCOPE

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

An audit includes:

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

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

AUDIT OPINION

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Company and Group at 30 June 2005, and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, International Financial Reporting Standards and in the manner required by the Companies Act in South Africa.

Ernst & Young

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

Johannesburg

29 September 2005

Directors' report

The directors have pleasure in submitting the annual financial statements of the Company and the Group for the year ended 30 June 2005.

BUSINESS OF THE GROUP

The Company mines manganese and iron ores in the Northern Cape Province and the major portion of its production is exported. The remainder is sold locally, mainly to the Company's ferromanganese division which produces manganese alloys at its works at Cato Ridge in the KwaZulu-Natal Province. The Company also mines chrome ore at Dwarsrivier, near Steelpoort, in the Mpumalanga Province. This mine supplies chrome ore to the Company's ferrochrome works which produces chrome alloys at Machadodorp, in the Mpumalanga Province.

The Company's subsidiary, Cato Ridge Development Company Limited ("Cato Ridge Development"), owns and receives rentals from land and improvements thereon in the Cato Ridge area. Cato Ridge Alloys (Proprietary) Limited ("Cato Ridge Alloys"), a joint venture between the Company, Mizushima Ferroalloys Company Limited ("Mizushima") and Sumitomo Corporation ("Sumitomo") of Japan, produces refined ferromanganese at the Cato Ridge works. The major portion of alloy production is exported.

The Company's shares are listed on the JSE.

DIRECTORS' RESPONSIBILITY RELATING TO THE ANNUAL FINANCIAL STATEMENTS

It is the directors' responsibility to prepare annual financial statements that fairly present the state of affairs and the results of the Company and the Group. The independent auditors are responsible for auditing and reporting on these annual financial statements.

The annual financial statements set out in this report have been prepared by management in accordance with South African Statements of Generally Accepted Accounting Practice and International Financial Reporting Standards. They are based on appropriate accounting policies which have been consistently applied. The accounting policies are supported by reasonable and prudent judgements and estimates. The annual financial statements have been prepared on a going-concern basis and the directors have no reason to believe that the business will not be a going concern in the foreseeable future.

In fulfilling its responsibilities, management ensures that adequate accounting records are maintained and has developed and continues to maintain systems of internal accounting controls which are designed to provide reasonable, although not absolute, assurance as to the integrity and reliability of the annual financial statements and to adequately safeguard, verify and maintain the assets of the Group. These controls are monitored throughout the Group and nothing has come to the directors' attention to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred to the date of this report.

CONTROL

The Company's holding company is African Rainbow Minerals Limited ("ARM") but in terms of a long standing arrangement the Company is controlled jointly by Arm (which holds 50,4 percent of the Company's issued share capital) and Assore Limited ("Assore") (which holds 45,7 percent of the Company's issued share capital).

CHANGES IN ACCOUNTING POLICIES

No changes were made to the accounting policies during the year ended 30 June 2005. The policies stated in the annual financial statements are the same as those applied for the year ended 30 June 2004.

FINANCIAL

The results of operations for the year, details of dividends declared and transfers to distributable reserves are set out in the income statement and statements of changes in shareholders' equity.

The financial position of the Company and Group is set out in the balance sheets which contain information regarding capital, reserves and provisions.

OPERATIONS

Group operations for the year ended 30 June:

	2005 tons 000	2004 tons 000
Ores and alloys despatched for export and sold locally were as follows:		
Iron ore	5 776	5 460
Manganese ore (excluding sales to Cato Ridge Works)	1 811	1 438
Chrome ore (excluding sales to Machadodorp Works)	34	44
Manganese alloys	197	218
Charge chrome	262	295
	R000	R000
Group expenditure on property, plant and equipment was as follows:		
Production facilities – iron ore mine	193 223	148 389
Production facilities – manganese ore mines	305 880	248 864
Production facilities – chrome mine	95 130	25 811
Alloy production	104 825	69 613
	699 058	492 677

BORROWING POWERS

In accordance with the Company's articles of association the borrowing powers of the Group at 30 June 2005 were limited to R3 339 million (R2 480 million). Group borrowings at that date totalled R174 million (R751 million).

The substantial decrease in borrowings can be attributed to increased cash flow from the higher US dollar prices for all products and improved operational performances at all of the Group's operations.

INVESTMENTS

Information regarding the Company's interests in subsidiaries and a jointly controlled entity is given in separate reports on pages 39 and 40 which form part of the annual financial statements.

DIRECTORATE

The names and details of the directors of the Company are reflected on page 4.

On 20 January 2005 Messrs R P Menell and M Arnold tendered their resignations as directors of the Company and Messrs A J Wilkens and F Abbott were appointed in their stead. In terms of the Company's articles of association Messrs A J Wilkens' and F Abbott's appointments lapse on termination of the forthcoming annual general meeting. In addition, Messrs B R Broekman, C J Cory and J C Steenkamp retire by rotation in terms of the Company's articles of association at the forthcoming annual general meeting. All of the aforementioned directors, being eligible, offer themselves for re-election. An abridged *curriculum vitae* for each director is included in the notice of annual general meeting set out on page 51.

The directors on 27 January 2005 elected Mr A J Wilkens as the Company's deputy chairman.

On 20 January 2005 Messrs A J Wilkens and F Abbott appointed Messrs W M Gule and M Arnold respectively as their alternates.

There are no service contracts between the Company and any of its directors.

DIRECTORS' EMOLUMENTS

The undermentioned table sets out directors' emoluments paid by the Company during the year under review. No emoluments were paid to alternate directors.

All of the directors, including alternate directors, are employees of either one of the two controlling shareholders (ARM and Assore) and are remunerated by the controlling shareholder concerned. The controlling shareholders provide a combination of management, marketing and administration services to the Group for which they are compensated, the quantum of which is disclosed in note 27 on page 49 of the annual financial statements.

Directors' fees paid to	**Total 2005 R000**	Total 2004 R000
Executive directors	**144**	144
B R Broekman*	**36**	36
R J Carpenter	**36**	36
P C Crous	**36**	36
J C Steenkamp*	**36**	36
Non-executive directors	**158**	158
F Abbott* (appointed 20 January 2005)	**15**	–
M Arnold* (resigned 20 January 2005)	**21**	3
D N Campbell* (resigned 1 May 2004)	**–**	33
C J Cory	**36**	36
R P Menell* (resigned 20 January 2005)	**21**	36
D G Sacco (Chairman)	**50**	50
A J Wilkens* (appointed 20 January 2005)	**15**	–
Total	**302**	302

*Fees paid to ARM

Emoluments earned by executive directors from African Rainbow Minerals Limited and Assore Limited

	Salary and benefits R000	Retirement benefits R000	Bonuses R000	Gains on share options exercised R000	Directors' fees R000	Other# R000	**Total emoluments 2005 R000**	Total emoluments 2004 R000
Executive directors								
B R Broekman†	1 439	121	520	–	–	–	2 080	2 363
R J Carpenter*	3 115	522	2 240	–	60	–	5 937	5 350
P C Crous*	1 944	411	2 103	–	60	–	4 518	2 897
J C Steenkamp†	1 998	179	858	–	–	1 000	4 035	5 443

†Total remuneration received from ARM
*Total remuneration received from Assore
#Change in conditions of service

INTERESTS OF DIRECTORS

The beneficial and non-beneficial interests of the directors of the Company in the issued share capital of the Company at 30 June 2005 were as follows and a register of directors' and officers' interests in contracts is available for inspection at the Company's registered office:

	Number of shares 30 June 2005		Number of shares 30 June 2004	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Executive directors				
B R Broekman	–	300	–	–
J C Steenkamp	–	400	–	400
Non-executive directors				
M Arnold	–	100	–	–
G C Butler	–	400	–	–
P G W Henderson	–	400	–	–
D G Sacco	1 400	400	1 400	400
Total	1 400	2 000	1 400	800

SHAREHOLDER SPREAD

The percentage of shares held by non-public shareholders at 30 June 2005, which was unchanged from that of the previous year, was as follows:

	Percentage
Non-public shareholders	
– Beneficial holders in excess of 10 percent of the capital – refer below	96,0
– Directors of the Company	<0,1
	96,1
Public shareholders	3,9
	100,0

MAJOR SHAREHOLDERS

As at the date of this report, the following shareholders held more than five percent of the issued shares of the Company:

	Number	Percentage
African Rainbow Minerals Limited	1 786 362	50,35
Assore Limited	1 620 214	45,67

SPECIAL RESOLUTION

There were no special resolutions passed by the Company or any of its subsidiaries during the period 1 July 2004 to the date of this report.

EVENTS SUBSEQUENT TO YEAR-END

Dividend

On 22 August 2005 the board declared a final dividend of R34,00 per share which was paid to shareholders on Monday, 19 September 2005. Secondary tax on Companies relating to this dividend amounted to R15,1 million.

Accounting policies

The financial statements of the Group and Company are prepared on the historical cost convention, modified by the revaluation of certain financial instruments to fair value. The principal accounting policies, set out below, are consistent with those applied in the previous year. These financial statements comply with International Financial Reporting Standards and South African Statements of Generally Accepted Accounting Practice.

BASIS OF CONSOLIDATION

Subsidiary companies

Investments in subsidiaries are accounted for at cost less impairments. The results of subsidiaries are included in the Group financial statements from the date effective control was acquired and up to the date effective control ceases. All intra-group transactions and balances are eliminated on consolidation. Unearned profits that arise between Group entities are eliminated.

Joint ventures

Investments in jointly controlled entities are accounted for using the proportionate consolidation method. Entities are regarded as joint ventures where the Group, in terms of contractual agreements, has joint control over the financial and operating policy decisions of the enterprise. The Group's attributable share of the assets, liabilities, income and expenses of such jointly controlled entities is incorporated on a line-by-line basis in the Group financial statements.

CAPITALISATION OF BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or development of a qualifying asset that requires a substantial period of time to be prepared for its intended use are capitalised until such time that the asset is commissioned. Thereafter, these costs are expensed. Discounts or premiums relating to borrowings are deferred and amortised over the term of the respective borrowing.

INCOME TAX

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from an initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit not taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a tansaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

INCOME TAX *(continued)*

Income tax relating to items recognised directly in equity are recognised in equity and not in the income statement.

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax ("VAT") incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of value added tax included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Secondary taxation on companies

Secondary tax on companies is recognised on the declaration date of all dividends and is charged to the income statement.

ENVIRONMENTAL

Rehabilitation

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

Decommissioning costs

The present value of estimated future decommissioning obligations at the end of the operating life of an operation is included in long-term provisions. The related decommissioning asset is capitalised in fixed assets when it gives access to future economic benefits. Charges related to the unwinding of the obligation are included in the income statement.

Restoration costs

The present value of the estimated cost of restoration caused by production to date is included in long-term provisions and charged to the income statement based on the units-of-production mined during the current year, as a proportion of the estimated total units which will be produced over the life of the mine.

Ongoing rehabilitation costs

Expenditure on ongoing rehabilitation is charged to the income statement as incurred.

Environmental rehabilitation trust fund

The Group makes annual contributions to an environmental rehabilitation trust fund which was created to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the lives of the Group's mines. Annual contributions are determined on the basis of the estimated environmental obligation divided by the remaining life of a mine. Income earned on monies paid to the Trust is accounted for as net investment income.

EXPLORATION EXPENDITURE

Exploration expenditure comprises expenditure incurred and advances made in respect of exploratory ventures, research programmes and other related projects. The costs of exploration programmes are expensed in the year in which they are incurred, except for expenditure on specific properties which have indicated the presence of a mineral resource with the potential of being developed into a mine, in which case the expenditures are capitalised and amortised in the same way as detailed in the Mine development and decommissioning accounting policy below. Where it is subsequently found that no potential exists to develop a mine, the capitalised costs are written off in full.

FINANCIAL INSTRUMENTS

Financial instruments recognised on the balance sheet consist primarily of cash on hand, balances with banks, deposits on call, money-market instruments, trade and other receivables, trade payables, borrowings and investments other than those in subsidiaries or associates. Initial recognition is at cost, including transaction costs. Subsequent recognition is at fair value or at amortised cost. A financial instrument or portion of a financial instrument will be derecognised and a gain or loss recognised when the Group loses the contractual rights or extinguishes the obligation associated with such an instrument.

On derecognition of a financial asset, the difference between the proceeds received or receivable and the carrying amount of the asset is included in income.

On derecognition of a financial liability the difference between the carrying amount of the liability extinguished or transferred to another party and the amount paid for is included in income.

Financial investments

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

Accounts receivable

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

Accounts payable

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

Forward exchange contracts

Forward exchange contracts are valued at the balance sheet date using the forward rate available at the balance sheet date for the remaining maturity period of the forward contract. Any gain or loss from valuing the contract against the contracted rate is recognised in the income statement. A corresponding forward exchange asset or liability is recognised.

On settlement of a forward exchange contract, any gain or loss originating on recorded value is recognised in the income statement.

Long-term borrowings

All loans and long-term borrowings are subsequently measured at amortised cost using the effective interest rate method.

IMPAIRMENT OF ASSETS

The carrying value of assets is reviewed at each balance sheet date to assess whether there is any indication of impairment. If any such indication exists, the recoverable amounts of the assets is estimated. Where the carrying value exceeds the estimated recoverable amount such assets are written down through the income statement to their recoverable amount. If the circumstances leading to the impairment no longer exist, the appropriate portion of the impairment loss previously recognised is written back.

INTANGIBLE ASSETS

Intangible assets represent licence and technical information.

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

RESEARCH AND DEVELOPMENT

Expenditure on research projects (or on the research phase of an internal project) is recognised as an expense when it is incurred. When the development phase of a project demonstrates that it is probable that future economic benefits will be generated, the related expenditure is recognised as an asset if all the following requirements have been met:

- the technical feasibility of completing the asset demonstrates that it will be available for use or sale;
- there is an ability to use or sell the asset;
- there are adequate technical, financial and other resources available to complete the development, and to use or sell the asset; and
- the expenditure attributable to the asset can be measured reliably.

PROPERTY, PLANT AND EQUIPMENT

Tangible assets, other than land, are stated at cost less accumulated amortisation.

Land and buildings

Freehold land and buildings, other than mine properties, are reflected at cost. Land is not depreciated. Buildings on freehold land are depreciated on a straight-line basis over their estimated useful lives to an estimated residual value.

Mine development and decommissioning

Costs to develop new ore bodies, to define further mineralisation in existing ore bodies and to expand the capacity of a mine, or its current production, as well as the decommissioning thereof, are capitalised. Assets representing the future economic benefits relating to environmental rehabilitation provisions for decommissioning are recognised and capitalised when the obligation arises. Development costs to maintain production are expensed as incurred.

Mine development and decommissioning costs are amortised using the lesser of its estimated useful life or the units-of-production method based on proven and probable ore reserves. Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in future from known mineral deposits. These reserves are reassessed annually. Where the reserves are not determinable due to their scattered nature, the straight-line method of amortisation is applied based on the estimated life of the mine. The maximum period of amortisation using these methods is 25 years.

Mineral rights

Mineral rights that are being depleted are amortised over their estimated useful lives using the units-of-production method based on proven and probable ore reserves. Where the reserves are not determinable, due to their scattered nature, the straight-line method is applied. The maximum rate of depletion of any mineral right is 25 years. Mineral rights that are not being depleted are not amortised. Mineral rights that have no commercial value are written off in full.

The excess purchase price over the fair value paid for mineral rights is recognised as being an amount paid for the acquisition of ore reserves. This amount is capitalised and amortised over the period during which future economic benefits are expected to be obtained from these mineral rights, up to a maximum period of 25 years.

Plant and machinery

Mining plant and machinery is amortised using the lesser of its estimated useful life and life of mine, using the units-of-production method based on proven and probable ore reserves. Where ore reserves are not determinable, due to their scattered nature, the straight-line method of amortisation is applied.

Industrial plant and machinery is amortised over its estimated useful life. The maximum life of any single item is 25 years.

PROPERTY, PLANT AND EQUIPMENT (continued)

Furniture, equipment, vehicles and other

Properties (including houses, schools and administration blocks), motor vehicles, furniture and equipment are reflected at cost less accumulated amortisation calculated on the straight-line basis over their expected useful lives, to estimated residual value. The residual value is the amount expected to be realised for the asset at the end of its useful life, after deducting expected costs of disposal.

The amortisation rates generally used in the Group are:

Buildings	– between 2 and 5 percent on a straight line basis;
Mine properties	– lesser of life of mine and expected useful life of the asset on a straight line basis;
Other properties	– expected useful life of the asset on a straight line basis;
Motor vehicles	– 20 percent on a straight line basis;
Furniture and equipment	– 10 to 33 percent on a straight line basis.

Note: Life of mine estimates are reviewed annually and amortisation rates are adjusted accordingly.

FOREIGN CURRENCY TRANSLATIONS

Transactions in foreign currencies are converted to South African rand at the rate of exchange ruling at the date of these transactions. Monetary assets and liabilities denominated in a foreign currency at the end of the financial year are translated to rand at the approximate rates ruling at that date. Foreign exchange gains or losses arising from foreign exchange transactions are included in the determination of net profit.

INVENTORIES

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

- Consumables, stores and maintenance spares are valued at weighted average cost.
- Finished products are valued at weighted average cost including an appropriate portion of direct overhead costs.
- Raw materials are valued at weighted average cost.
- Slow moving stocks are valued at the lower of actual cost of production and estimated net realisable value.

LEASED ASSETS

Leases of fixed and tangible assets where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance leases are capitalised as property, plant and equipment at fair value of the leased assets at inception of the lease, and the corresponding liability to the lessor is raised. Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged against operating profit, and the capital repayment which reduces the liability to the lessor. These assets are depreciated on the same basis as the fixed assets owned by the Group.

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

EMPLOYEE BENEFITS

Current service contributions in respect of defined contribution pension plans are expensed as incurred.

The Group has liabilities in respect of post-retirement medical health care benefits for certain employees. These benefits are unfunded. The entitlement to these benefits is dependent upon the employee remaining in service until retirement age. The actuarially determined costs of providing these benefits are charged to income as incurred and a corresponding liability is raised. Actuarial gains and losses are expensed in the period in which these are incurred.

PROVISIONS

Provisions are recognised when:

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

A present obligation is considered to exist when the Group has no realistic alternative but to make the transfer of economic benefits. The amount recognised as a provision is the best estimate at the balance sheet date of the expenditure required to settle the obligation. Only expenditure related to the purpose for which the provision was raised is charged to the provision.

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

REVENUE RECOGNITION

Revenue is recognised when the risks and rewards of ownership in the goods have been transferred and when the economic benefits associated with a transaction will flow to the Group and the amount of revenue can be measured reliably on the following bases:

Ores and alloys

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

Interest

Interest is recognised on a time proportion basis that takes account of the effective yield on the asset, and an appropriate accrual is made at each accounting reference date.

Turnover

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

Rental income

Rental income arising on investment properties is accounted for on a straight-line basis over the lease term on ongoing leases.

DIVIDENDS DECLARED

Dividends and related taxation thereon at reporting intervals are deducted from shareholders' equity in the period in which the dividend is declared.

DEFINITIONS

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and at bank and excludes bank overdrafts.

Attributable earnings per share

Net profit for the year divided by the weighted average number of shares in issue.

Headline earnings per share

Headline earnings comprise net profit for the year, adjusted for profits and losses on the disposal of items of a capital nature divided by the weighted average number of shares in issue.

Dividends per share

Dividends paid during the year divided by the number of ordinary shares in issue.

Balance sheets

as at 30 June

		GROUP		COMPANY	
	Note	2005 R000	2004 R000	2005 R000	2004 R000
ASSETS					
Non-current assets		2 804 238	2 418 920	2 825 219	2 436 233
Property, plant and equipment	1	2 774 242	2 390 074	2 752 426	2 366 282
Intangible assets	2	4 460	5 257	–	418
Deferred tax assets	9	–	4 972	–	–
Environmental rehabilitation trust fund		25 536	18 617	25 537	18 617
Investment in subsidiaries	3			9 034	12 694
Investment in joint venture	4			38 222	38 222
Current assets		2 265 137	1 807 677	2 205 819	1 718 528
Inventories	5	1 136 587	889 164	1 114 881	848 764
Trade and other receivables	6	1 088 667	908 562	1 053 612	859 979
Cash and cash equivalents		39 883	9 951	37 326	9 785
		5 069 375	4 226 597	5 031 038	4 154 761
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	7	1 774	1 774	1 774	1 774
Share premium		11 611	11 611	11 611	11 611
Retained earnings		3 325 335	2 466 841	3 308 393	2 452 133
Shareholders' equity		3 338 720	2 480 226	3 321 778	2 465 518
Non-current liabilities		841 241	605 702	845 511	594 733
Long-term borrowings	8	13 216	14 285	13 216	14 285
Deferred tax liabilities	9	730 634	527 587	734 904	516 618
Long-term provisions	10	97 391	63 830	97 391	63 830
Current liabilities		889 414	1 140 669	863 749	1 094 510
Short-term provisions	11	18 362	15 450	18 362	15 450
Trade and other payables	12	500 217	373 338	481 967	339 060
Amount owing to subsidiary				–	4 781
Taxation		210 031	14 691	202 616	12 152
Overdrafts and short-term borrowings	13	160 804	737 190	160 804	723 067
		5 069 375	4 226 597	5 031 038	4 154 761

Income statements

for the year ended 30 June

		GROUP		COMPANY	
	Note	2005 R000	2004 R000	2005 R000	2004 R000
Revenue	16	4 575 244	3 323 894	4 504 272	3 254 079
Turnover		4 406 474	3 304 537	4 344 811	3 233 365
Cost of sales		2 916 680	2 740 527	2 855 578	2 714 629
Gross profit		1 489 794	564 010	1 489 233	518 736
Other operating income		167 561	22 125	158 492	23 522
Other operating expenses		204 536	193 824	196 560	184 143
Net profit from operations	17	1 452 819	392 311	1 451 165	358 115
Interest received		2 351	1 734	2 111	1 694
Finance costs	18	40 920	51 741	40 630	48 944
Net profit before taxation and State's share of profit		1 414 250	342 304	1 412 646	310 865
Taxation and State's share of profit	19	465 277	123 981	465 907	113 980
Net profit for the year		948 973	218 323	946 739	196 885
Earnings per share (cents)					
– attributable		26 745	6 153	26 682	5 549
– headline	20	27 030	6 026	27 102	5 422
Dividends paid per share (cents)		2 550	750	2 550	750
Number of shares in issue (thousands)					
– weighted average and at year end		3 548	3 548	3 548	3 548

Cash flow statements

for the year ended 30 June

	Note	GROUP 2005 R000	GROUP 2004 R000	COMPANY 2005 R000	COMPANY 2004 R000
CASH FLOW FROM OPERATING ACTIVITIES					
Cash receipts from customers		4 390 578	3 093 493	4 306 564	3 045 067
Cash paid to suppliers and employees		2 933 700	2 703 609	2 870 037	2 675 129
Cash generated from operations	23	1 456 878	389 884	1 436 527	369 938
Interest received		2 351	1 734	2 111	1 694
Finance costs	18	(44 588)	(70 003)	(44 298)	(67 206)
Dividends paid		(90 479)	(26 612)	(90 479)	(26 612)
Taxation paid	24	(61 918)	(42 952)	(57 157)	(42 921)
Net cash inflow from operating activities		1 262 244	252 051	1 246 704	234 893
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to property, plant and equipment to maintain operations		(583 054)	(458 105)	(582 906)	(457 897)
Additions to property, plant and equipment to expand operations		(92 427)	–	(92 427)	–
Proceeds on disposal of property, plant, equipment, township property and improvements		20 624	6 217	20 624	5 157
Increase in long-term receivables		–	–	(1 122)	(1 347)
Net cash outflow from investing activities		(654 857)	(451 888)	(655 831)	(454 087)
CASH FLOW FROM FINANCING ACTIVITIES					
Long-term borrowings raised/(repaid)		2 924	(3)	2 924	(3)
Decrease/(increase) in short-term borrowings		(580 379)	206 629	(566 256)	226 057
Net cash (outflow)/inflow from financing activities		(577 455)	206 626	(563 332)	226 054
Net increase in cash and cash equivalents		29 932	6 789	27 541	6 860
Cash and cash equivalents at beginning of year		9 951	3 162	9 785	2 925
Cash and cash equivalents at end of year		39 883	9 951	37 326	9 785

Statements of changes in shareholders' equity

for the year ended 30 June

	GROUP		COMPANY	
	2005 R000	2004 R000	2005 R000	2004 R000
Share capital and premium				
Balance at beginning and end of year	13 385	13 385	13 385	13 385
Retained earnings				
Balance at beginning of year	2 466 841	2 275 130	2 452 133	2 281 860
Earnings per income statement	948 973	218 323	946 739	196 885
Ordinary dividends paid	(90 479)	(26 612)	(90 479)	(26 612)
No 128 totalling 500 cents per share		(17 741)		(17 741)
No 129 totalling 250 cents per share		(8 871)		(8 871)
No 130 totalling 750 cents per share	(26 611)		(26 611)	
No 131 totalling 1 800 cents per share	(63 868)		(63 868)	
Balance at end of year	3 325 335	2 466 841	3 308 393	2 452 133

	Mine development	Plant and machinery	Land and buildings	Mineral rights	Furniture, equipment, vehicles and other	Leased assets capitalised	2005 Total	2004 Total
1. PROPERTY, PLANT AND EQUIPMENT								
Group – R000								
Cost								
Balance at beginning of year	1 054 706	1 336 617	177 866	180 594	430 499	21 630	**3 201 912**	2 754 164
Reclassifications	(1 047)	5 299	(6 372)	(2 180)	4 480	(180)	**–**	–
Additions	314 354	177 225	4 178	–	203 301	–	**699 058**	492 677
Disposals	–	(2 948)	–	(28 614)	(2 161)	–	**(33 723)**	(44 929)
Balance at year end	1 368 013	1 516 193	175 672	149 800	636 119	21 450	**3 867 247**	3 201 912
Accumulated depreciation								
Balance at beginning of year	123 319	437 505	37 226	15 089	197 754	945	**811 838**	688 079
Reclassifications	7	777	(3 152)	(1)	2 496	(147)	**(20)**	–
Charge for the year	77 096	109 979	6 313	16 815	69 707	4 251	**284 161**	166 973
Disposals	–	(813)	–	–	(2 161)	–	**(2 974)**	(43 214)
Balance at year end	200 422	547 448	40 387	31 903	267 796	5 049	**1 093 005**	811 838
Carrying value at 30 June	1 167 591	968 745	135 285	117 897	368 323	16 401	**2 774 242**	2 390 074
Company – R000								
Cost								
Balance at beginning of year	1 054 706	1 306 635	178 998	178 412	423 934	21 630	**3 164 315**	2 715 697
Reclassifications	(1 047)	1 370	(6 321)	(2 180)	8 358	(180)	**–**	–
Additions	314 354	177 078	4 178	–	203 301	–	**698 911**	492 469
Disposals	–	(2 948)	–	(28 614)	(2 160)	–	**(33 722)**	(43 851)
Balance at year end	1 368 013	1 482 135	176 855	147 618	633 433	21 450	**3 829 504**	3 164 315
Accumulated depreciation								
Balance at beginning of year	123 319	424 970	36 345	15 089	197 365	945	**798 033**	676 655
Reclassifications	7	–	(2 355)	(1)	2 496	(147)	**–**	–
Charge for the year	77 096	107 992	6 280	16 815	69 584	4 251	**282 018**	164 575
Disposals	–	(812)	–	–	(2 161)	–	**(2 973)**	(43 197)
Balance at year end	200 422	532 150	40 270	31 903	267 284	5 049	**1 077 078**	798 033
Carrying value at 30 June	1 167 591	949 985	136 585	115 715	366 149	16 401	**2 752 426**	2 366 282

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

Leased assets

Equipment with a net book value of R16 401 000 (2004: R20 685 000) is encumbered as security for finance lease agreements referred to in note 8.

Borrowing costs

Borrowing costs amounting to R3 668 000 were capitalised in respect of mine development for the year to 30 June 2005 (2004: R18 262 000). Borrowing costs were capitalised at prime overdraft rates applicable on Group borrowings during the year.

Capital work-in-progress

Included in mine development and plant and machinery above is R265,4 million (2004: R708,6 million) of assets relating to projects in progress from which no revenue is currently derived.

	GROUP		COMPANY	
	2005 R000	2004 R000	2005 R000	2004 R000
2. INTANGIBLE ASSETS				
Cost				
Balance at beginning of year	8 979	8 979	1 776	1 776
Reclassifications	1	–	–	–
Balance at year end	8 980	8 979	1 776	1 776
Accumulated amortisation				
Balance at beginning of year	3 722	2 866	1 358	861
Reclassifications	20	–	–	–
Charge for the year	778	856	418	497
Balance at year end	4520	3 722	1 776	1 358
Carrying value at 30 June	4 460	5 257	–	418

Intangible assets consist of a licence and technical agreement.

3. INVESTMENT IN SUBSIDIARIES

Name and nature of business	Issued capital		Interest in capital		Book value of the Company's interests: Shares		Indebtedness	
	2005 R000	2004 R000	2005 %	2004 %	2005 R000	2004 R000	2005 R000	2004 R000
Feralloys Limited – dormant	–	2 900	–	100	–	4 781	–	–
Cato Ridge Development Company Limited – township development	1 950	1 950	100	100	1 520	1 520	7 514	6 393
					1 520	6 301	7 514	6 393

Company's aggregate interest in the losses, after taxation of subsidiaries was R1 694 000 (2004: R1 877 000 loss).

Loans to subsidiaries are interest free and no fixed terms of repayment have been agreed upon.

All subsidiaries are incorporated and carry on operations in the Republic of South Africa.

	GROUP		COMPANY	
	2005 R000	2004 R000	2005 R000	2004 R000
4. INVESTMENT IN JOINT VENTURE				
The Company has a 50 percent interest in Cato Ridge Alloys (Proprietary) Limited, which is controlled jointly by the Company, Mizushima and Sumitomo and whose business is the production of refined ferromanganese. Included in the Group financial statements are the following amounts relating to its share of the joint venture which were proportionately consolidated.				
Income statement				
Turnover	213 252	149 604		
Cost of sales	160 543	115 588		
Other operating expenses	29 961	6 910		
Other operating income	35	429		
Finance costs	52	2 396		
Profit for the year after taxation	22 696	15 683		
Balance sheet				
Property, plant and equipment	24 477	26 809		
Current assets	82 936	85 540		
Current liabilities	25 926	34 043		
Short-term borrowings	–	14 188		
Cash flows				
Net cash inflow from operating activities	16 594	19 714		
Net cash outflow from investing activities	(148)	(203)		
Net cash outflow from financing activities	(14 122)	(19 429)		
Cash and cash equivalents	2 475	151		
There are no commitments for future capital expenditure or for contingent liabilities relating to the Company's interest in the joint venture.				
5. INVENTORIES				
Raw materials	671 974	525 772	656 979	427 511
Consumable stores	70 868	63 157	70 868	46 753
Finished goods	393 745	300 235	387 034	374 500
	1 136 587	889 164	1 114 881	848 764
Carrying value of inventory written down to net realisable value	52 999	–	–	–
6. TRADE AND OTHER RECEIVABLES				
Trade receivables	956 913	785 329	925 252	743 393
Other receivables	131 754	123 233	128 360	116 586
	1 088 667	908 562	1 053 612	859 979

	GROUP 2005 R000	GROUP 2004 R000	COMPANY 2005 R000	COMPANY 2004 R000
7. SHARE CAPITAL				
Authorised				
3 636 260 ordinary shares of 50 cents each	1 818	1 818	1 818	1 818
63 740 unclassified shares of 50 cents each	32	32	32	32
Issued				
3 548 206 ordinary shares of 50 cents each	1 774	1 774	1 774	1 774
8. LONG-TERM BORROWINGS				
South African long-term borrowings				
Secured loans	17 209	20 810	17 209	20 810
Finance lease liabilities over mining vehicles with a book value of R16 401 000 (2004: R20 685 000) are repayable in varying monthly instalments over 60 months and bear interest at 1,75% below the prime overdraft rate.				
Less: Repayable within one year included in short-term borrowings (refer note 13)	3 993	6 525	3 993	6 525
	13 216	14 285	13 216	14 285

Interest payable and repayments

Group and Company	Rate of interest	Total borrowings 2005 R000	Repayable during the years ending 30 June 2006 R000	2007 R000	2008 R000	2009 R000	2010 R000
Finance lease liabilities	1,75% below the prime overdraft rate	17 209	3 993	4 357	4 755	4 102	2

The Group has finance leases over mining vehicles, these leases have no terms of renewal or purchase options and escalation clauses. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	GROUP AND COMPANY 2005 Minimum payments R000	GROUP AND COMPANY 2005 Present value of payments R000	GROUP AND COMPANY 2004 Minimum payments R000	GROUP AND COMPANY 2004 Present value of payments R000
Within one year	3 993	2 363	6 525	5 275
After one year but not more than five years	13 216	9 957	14 285	10 169
Total minimum lease payments	17 209	12 320	20 810	15 444
Less amounts representing finance charges	4 889	–	5 366	–
Present value of minimum lease payments	12 320	12 320	15 444	15 444

	GROUP		COMPANY	
	2005 R000	2004 R000	2005 R000	2004 R000
9. DEFERRED TAX ASSETS AND LIABILITIES				
Net deferred tax opening balance	522 615	435 762	516 618	437 227
– deferred tax assets	(4 972)	(12 006)	–	–
– deferred tax liabilities	527 587	447 768	516 618	437 227
Movement during the year	208 019	86 853	218 286	79 391
Reduction due to change in rate of taxation	(14 816)	–	(14 611)	–
Reversing temporary difference from assessed loss	–	4 782	–	–
Originating temporary difference on fixed assets	228 370	87 880	231 173	88 502
Temporary difference from provisions made	(1 024)	(9 382)	(1 078)	(9 382)
Temporary difference from valuation of inventories	(7 317)	3 287	–	–
Other	2 806	286	2 802	271
Net deferred tax closing balance	730 634	522 615	734 904	516 618
– deferred tax assets	–	(4 972)	–	–
– deferred tax liabilities	730 634	527 587	734 904	516 618
Consisting of:				
Accelerated depreciation for tax purposes	732 880	545 406	726 442	539 457
Provisions made deductible only when costs are incurred/paid	8 358	(22 500)	8 304	(22 500)
Provisions made for inventories written down to net realisable value	(10 604)	50	–	–
Other	158	(341)	158	(339)
	730 634	522 615	734 904	516 618
10. LONG-TERM PROVISIONS				
Environmental obligations				
Provision for decommissioning cost				
Balance at beginning of year	17 735	11 611	17 735	11 611
Movement for the year	28 609	6 124	28 609	6 124
Discounted amount for decommissioning of expansion projects	5 893	4 325	5 893	4 325
Charged to interest paid	2 807	1 799	2 807	1 799
Other amounts raised during the year	19 909	–	19 909	–
Balance at year end	46 344	17 735	46 344	17 735
Provision for restoration cost				
Balance at beginning of year	29 158	6 700	29 158	6 700
Movement for the year	3 100	22 458	3 100	22 458
Discounted amount for increase in restoration obligation charged to income statement	2 643	20 388	2 643	20 388
Charged to interest paid	457	2 070	457	2 070
Balance at year end	32 258	29 158	32 258	29 158
Environmental obligation – gross	78 602	46 893	78 602	46 893
Environmental obligations before funding	78 602	46 893	78 602	46 893
Less: Amounts contributed to Nature Conservation Trust Fund	25 536	18 617	25 536	18 617
Obligation provided for but unfunded	53 066	28 276	53 066	28 276

	GROUP		COMPANY	
	2005 R000	2004 R000	2005 R000	2004 R000
10. LONG-TERM PROVISIONS (continued)				
Post-retirement health care benefits				
Balance at beginning of year	16 937	17 534	16 937	17 534
Net benefit movement (refer note 22)	1 852	(597)	1 852	(597)
Balance at year end	18 789	16 937	18 789	16 937
Total long-term provisions at year end	97 391	63 830	97 391	63 830
11. SHORT-TERM PROVISIONS – leave pay				
Balance at beginning of year	15 450	11 355	15 450	11 355
Provision for the year	5 648	6 831	5 648	6 831
Less payments made during the year	2 736	2 736	2 736	2 736
Balance at year end	18 362	15 450	18 362	15 450
12. TRADE AND OTHER PAYABLES				
Trade payables	474 425	367 978	456 175	333 700
Other payables	25 792	5 360	25 792	5 360
Balance at year end	500 217	373 338	481 967	339 060
13. OVERDRAFTS AND SHORT-TERM BORROWINGS				
Overdrafts and short-term borrowings	156 811	730 665	156 811	716 542
Current portion of long-term borrowings (Note 8)	3 993	6 525	3 993	6 525
Balance at year end	160 804	737 190	160 804	723 067
14. CAPITAL COMMITMENTS				
Approved by directors				
– contracted for	183 187	112 640	183 187	112 640
– not contracted for	271 193	328 837	271 193	328 837
	454 380	441 477	454 380	441 477
It is anticipated that this expenditure which relates wholly to plant and equipment will be incurred over a one year period and will be financed from the Group's operating cash flows and by utilising available borrowing resources.				
15. BORROWING POWERS				
The borrowing powers of the Group in terms of its articles of association, are as follows:				
Borrowing powers	3 338 720	2 480 226		
Borrowings at year end				
– long-term	13 216	14 285		
– overdrafts and short-term	160 804	737 190		
Unutilised borrowing powers	3 164 700	1 728 751		
The borrowing powers of the Group are limited to the aggregate of the issued and paid up share capital, the share premium of the Company and the consolidated retained earnings.				

	GROUP 2005 R000	GROUP 2004 R000	COMPANY 2005 R000	COMPANY 2004 R000
16. REVENUE				
Revenue comprises				
– Mining and other related products	4 406 474	3 304 537	4 344 811	3 233 365
– Interest received	2 351	1 734	2 111	1 694
– Other operating income	166 419	17 623	157 350	19 020
	4 575 244	3 323 894	4 504 272	3 254 079
17. NET PROFIT FROM OPERATIONS				
Profit from operations includes:				
(Loss)/surplus on disposal of property, plant and equipment	(7 990)	4 502	(7 990)	4 502
Loss on scrapping of fixed assets	2 134	–	2 134	–
Realised foreign exchange gain/(loss)	75 956	(28 942)	69 932	(29 706)
Unrealised foreign exchange gain/(loss)	72 615	(8 678)	79 683	(7 914)
Inventory written down	19 594	–	–	–
Remuneration for:				
– technical advisory services	5 677	3 307	5 677	3 307
– secretarial, management, administrative, technical and advisory services	85 211	72 240	85 211	72 240
Amortisation and depreciation	284 939	167 829	282 436	165 072
– mine development	77 096	24 488	77 096	24 488
– plant and machinery	109 979	79 548	107 992	77 705
– land and buildings	6 313	7 117	6 280	6 685
– mineral rights	16 815	3 945	16 815	3 945
– furniture, equipment, motor vehicles and other assets	69 707	51 233	69 584	51 110
– leased assets capitalised	4 251	642	4 251	642
– intangible assets	778	856	418	497
Auditors' remuneration	2 450	2 305	2 363	2 235
– audit fees	2 254	1 988	2 167	1 918
– expenses	61	69	61	69
– other services	135	248	135	248
Directors' emoluments for services as directors			302	302
– executive			144	144
– non-executive			158	158
Exploration expenditure	1 946	3 704	1 946	3 704
JSE listing fees	52	95	52	95
Movements in provisions				
– long-term	13 652	27 985	13 652	27 985
– short-term	5 648	6 831	5 648	6 831
Staff costs				
– salaries and wages	339 837	355 925	339 837	355 925
– pension fund contributions	25 493	21 467	25 493	21 467
– health care	19 017	16 455	19 017	16 455

	GROUP		COMPANY	
	2005	2004	**2005**	2004
	R000	R000	**R000**	R000
18. FINANCE COSTS				
Finance costs incurred	**44 588**	70 003	**44 298**	67 206
Less amounts capitalised	**3 668**	18 262	**3 668**	18 262
	40 920	51 741	**40 630**	48 944
19. TAXATION AND STATE'S SHARE OF PROFIT				
South African normal taxation				
– current year	**209 639**	32 369	**200 002**	29 830
– prior year under/(over) provision	**106**	(10)	**106**	(10)
State's share of profits	**36 202**	1 442	**36 202**	1 442
Deferred taxation				
– temporary differences	**222 835**	86 853	**232 897**	79 391
– adjustment for reduction in rate of taxation	**(14 816)**	–	**(14 611)**	
Secondary tax on companies	**11 311**	3 327	**11 311**	3 327
	465 277	123 981	**465 907**	113 980
Reconciliation of rate of taxation:	**%**	%	**%**	%
Standard rate of company taxation	**29,0**	30,0	**29,0**	30,0
Adjusted for:				
Deferred tax income resulting from reduction in tax rate	**(1,1)**	–	**(1,0)**	–
Exempt income	**–**	(1,7)	**–**	(1,8)
Effect of State's share of profits	**3,4**	6,2	**3,4**	6,9
Secondary tax on companies	**0,8**	1,0	**0,8**	1,1
Other	**0,8**	0,7	**0,8**	0,4
Effective rate of taxation	**32,9**	36,2	**33,0**	36,6
	R000	R000	**R000**	R000
Estimated unredeemed capital expenditure available for reduction against future taxable income	**218 998**	572 534	**218 998**	572 534

The Group has no unused credits in respect of secondary tax on companies (2004: Nil). The latest tax assessment received for the Company relates to the year ended 30 June 2000 and is dated 7 October 2004. The 2001, 2002 and 2003 tax returns have been timeously submitted to the revenue authorities, but have not yet been assessed.

	GROUP		COMPANY	
	2005 R000	2004 R000	2005 R000	2004 R000
20. HEADLINE EARNINGS				
Earnings per income statement	948 973	218 323	946 739	196 885
Adjusted for:				
Loss/(surplus) on disposal of property, plant and equipment	7 990	(4 502)	7 990	(4 502)
Loss on scrapping of plant and equipment	2 134	-	2 134	–
Investment in subsidiary written off	–	-	4 781	
Headline earnings	959 097	213 821	961 644	192 383

21. RETIREMENT BENEFIT INFORMATION

The Group has made provision for pension plans covering all employees. These comprise a defined contribution pension fund, which is governed by the Pension Fund Act, 1956, and two defined contribution provident funds administered by employee organisations within the industries in which members are employed. The contributions paid by the Group for retirement benefits are charged to the income statement as they are incurred.

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

Reviews of the plans are carried out by independent actuaries at regular intervals.

Members contribute 7,5% and the Company 12,5% of pensionable salaries to the funds.

22. POST-RETIREMENT HEALTH CARE BENEFITS

The Group has obligations to fund a portion of certain retiring employees' medical aid contributions based on the cost of benefits. The anticipated liabilities arising from these obligations have been actuarially determined using the projected unit credit method, and a corresponding liability has been raised.

The following table summarises the components of the net benefit expense recognised in the consolidated income statements:

	GROUP	
	2005 R000	2004 R000
Current service cost	975	887
Interest cost on benefit obligation	1 701	1 547
Net actuarial gain recognised in the year	(824)	(3 031)
Net benefit movement for the year	1 852	(597)

The liability is assessed periodically by an independent actuarial survey. This survey uses the following principal actuarial assumptions:

– a discount rate of 2,50% per annum;
– an increase in health care costs at a rate of 10,0% per annum;
– assumed rate of return on assets at 10% per annum.

The liabilities raised are based on the present values of the post-retirement benefits and have been recognised in full. The most recent actuarial valuation was conducted on 27 September 2004 for the year ended 30 June 2004.

The provisions raised in respect of post-retirement health care benefits amounted to R18,789 million (2004: R16,937 million) at the end of the year. Of this amount, R1,852 million (2004: R0,597 million credit) was charged against income in the current year (refer to note 10).

	GROUP		COMPANY	
	2005	2004	**2005**	2004
	R000	R000	**R000**	R000
23. RECONCILIATION OF NET PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS				
Profit from operations	**1 452 819**	392 311	**1 451 165**	358 115
Adjusted for:	**251 340**	202 318	**237 252**	198 765
– depreciation on property, plant and equipment	**284 939**	167 829	**282 436**	165 072
– loss/(surplus) on disposal of property, plant and equipment	**10 124**	(4 502)	**10 124**	(4 502)
– long- and short-term provisions	**19 300**	33 388	**19 300**	33 388
– unrealised foreign exchange (gain)/loss	**(72 615)**	8 678	**(71 697)**	7 914
– inventory written down to net realisable value	**19 594**	–	**–**	–
– other non-cash flow items	**(10 002)**	(3 075)	**(2 911)**	(3 107)
Operating profit before working capital changes	**1 704 159**	594 629	**1 688 417**	556 880
Increase in inventories	**(266 682)**	(58 670)	**(268 093)**	(45 926)
Increase in receivables	**(109 457)**	(226 333)	**(123 902)**	(204 188)
Increase in payables	**128 858**	80 258	**140 105**	63 172
Cash generated from operations	**1 456 878**	389 884	**1 436 527**	369 938
24. TAXATION PAID				
Balance due at beginning of year – normal taxation (net)	**(14 691)**	(20 515)	**(12 152)**	(20 484)
Amounts charged to the income statement	**(465 277)**	(123 981)	**(465 907)**	(113 980)
Adjustment for deferred taxation	**208 019**	86 853	**218 286**	79 391
Balance due at year end	**210 031**	14 691	**202 616**	12 152
	(61 918)	(42 952)	**(57 157)**	(42 921)

25. SEGMENT INFORMATION

The Group's primary segment reporting format is by business segment and its secondary reporting format is by the geographical location of customers.

Business segment

On the basis of the Group's internal financial reporting systems, the directors have identified the following business segments:

R000	Iron Ore Division	Manganese Division	Chrome Division	Total
Primary segmental information				
Year to 30 June 2005				
Turnover	837 671	2 409 063	1 159 740	4 406 474
Contribution to earnings	135 231	736 386	77 356	948 973
Contribution to headline earnings	134 451	738 158	86 488	959 097
Other information				
Consolidated total assets	1 097 454	2 230 273	1 741 648	5 069 375
Consolidated total liabilities	365 358	114 647	1 250 650	1 730 655
Capital expenditure	193 223	353 141	152 694	699 058
Depreciation	112 635	92 990	79 314	284 939
Net cash inflow from operating activities	217 778	958 052	86 414	1 262 244
Cash outflow from investing activities	(192 443)	(343 635)	(118 779)	(654 857)
Cash (outflow)/inflow from financing activities	21 007	(554 475)	(43 987)	(577 455)
Primary segmental information				
Year to 30 June 2004				
Turnover	643 547	1 587 492	1 073 498	3 304 537
Contribution to earnings	11 085	232 117	(24 879)	218 323
Contribution to headline earnings	8 010	230 935	(25 124)	213 821
Other information				
Consolidated total assets	911 587	1 869 353	1 445 657	4 226 597
Consolidated total liabilities	314 722	399 634	1 032 015	1 746 371
Capital expenditure	148 389	267 849	76 439	492 677
Depreciation	54 448	62 230	51 151	167 829
Net cash inflow/(outflow) from operating activities	83 722	247 450	(79 121)	252 051
Cash outflow from investing activities	(124 069)	(264 950)	(62 869)	(451 888)
Cash inflow from financing activities	25 137	42 589	138 900	206 626

Secondary segmental information – by geographical location of customers:
An analysis of the geographical locations to which product is supplied is set out below:

	Group revenue by segment		Group receivables by segment	
	2005 R000	2004 R000	2005 R000	2004 R000
South Africa	105 501	282 882	31 430	83 300
Europe	1 497 002	1 087 163	373 609	363 623
USA	786 538	572 027	101 668	109 590
Far East	1 223 169	1 291 929	315 809	227 986
Other	794 264	89 893	266 151	124 063
	4 406 474	3 323 894	1 088 667	908 562

All the Group's property, plant and equipment is located in South Africa.

26. CONTINGENT LIABILITIES

The Group has issued a back to back guarantee to Assore Limited in respect of guarantees issued to bankers by Assore Limited to secure a short-term export finance agreement facility of R180 million (2004: R180 million).

There were no short-term export finance loans in terms of the above facility in the ordinary course of business at year end.

A termination account of a contractor, which went into liquidation in 2004 prior to contract completion, is in dispute. This account deals with claims and counterclaims between the Company and the contractor in liquidation. The ultimate outcome of the matter cannot presently be determined and the directors are of the opinion that no provision needs to be made in this regard.

In addition to the above the following guarantees have been issued by the Group:

	GROUP	
	2005 R000	2004 R000
– Eskom: Electricity supply and accounts	10 748	10 294
– Department of Mineral and Energy Affairs: Rehabilitation	9 421	9 341
– First National Bank: Loan account	5 000	–
	25 169	19 635

27. RELATED PARTY TRANSACTIONS

Related party transactions are concluded at arm's length and under terms and conditions that are no less favourable than those arranged with third parties.

The following entities were identified as related parties to the Group:

Cato Ridge Development Company Limited:	Wholly owned subsidiary
Cato Ridge Alloys (Proprietary) Limited:	Jointly controlled entity
African Rainbow Minerals Limited:	Major shareholder
Assore Limited:	Major shareholder
Two Rivers Platinum (Proprietary) Limited:	Subsidiary of ARM

The following significant related party transactions occurred during the year:

		2005 R000	2004 R000
African Rainbow Minerals Limited	– fees for provision of services	89 179	72 240
Assore Limited	– fees for provision of services	127 672	104 169
Two Rivers Platinum (Proprietary) Limited (55% held by ARM)	– proceeds received from the disposal of property	1 482	–

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group does not hold financial instruments for speculative purposes but, in the normal course of its operations, the Group is exposed to currency, commodity price, credit, liquidity and interest rate risks. In order to manage these risks, the Group may enter into transactions that make use of financial instruments.

A treasury risk management committee has been established by the Group to manage these risks.

Currency risk

The Group's markets are predominantly priced in US dollars which exposes the Group's cash flows to foreign exchange currency risks. The Group is also exposed to currency risk relating to the purchase of certain products and assets during the ordinary course of its business. Where considered appropriate, these risks are hedged using forward exchange contracts.

The extent to which foreign currency receivables and payables are covered by forward exchange contracts is continuously reviewed in the light of changes in operational forecasts and market conditions and the Group's hedging policy.

Forward exchange contracts open at year end	R000	Foreign currency amount 000	Average exchange rate	Maturity date
2005				
Sales	198 086	US$ 30 013	6,66	1 July 05 – 30 March 06
2004				
Purchases	38 383	US$ 6 056	6,34	30 Sept 04 – 7 Oct 04
Purchases	2 255	AU$ 518	0,23	30 Sept 04 – 11 Feb 05

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk

Credit risk arises from possible defaults on payments by customers or their bank counterparties where letters of credit have been issued. The Group minimises credit risk by careful evaluation of the ongoing credit worthiness of the Group's customers and bank counterparties before any transactions are concluded. Cash is only deposited with institutions which have exceptional credit rankings with the amounts distributed appropriately among these institutions to minimise credit risk through diversification.

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

Liquidity risk

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

Interest rate risk

Fluctuations in interest rates give rise to interest rate risks through the impact these fluctuations have on the value of short-term cash investments and financing activities.

Interest rates offered by financial institutions are continually monitored to ensure interest expense is kept to a minimum.

Cash is managed to ensure that surplus funds are invested in a manner to achieve maximum returns while minimising risks.

Exposures to interest rate risk at year end were as follows:

	Carrying value at year end R000	Maturity date	Effective interest rate
Financial assets			
Year ended 30 June 2005			
Cash – financial institutions	**39 883**	**Current**	**Overnight call deposit**
Year ended 30 June 2004			
Cash – financial institutions	9 951	Current	Overnight call deposit
Financial liabilities			
Year ended 30 June 2005			
Local long-term borrowings			
– Finance lease agreements	**13 216**	**2010**	**1,75% below prime overdraft rate**
Local short-term borrowings			
– Financial institutions	**160 804**	**Current**	**linked to money market**
	174 020		
Year ended 30 June 2004			
Local long-term borrowings			
– Finance lease agreements	14 285	2009	1,75% below prime overdraft rate
Local short-term borrowings			
– Financial institutions	737 190	Current	linked to money market
	751 475		

Fair value of financial instruments

The estimated fair value of the Group's financial instruments as at 30 June 2005 and for 30 June 2004 is estimated to approximate the carrying amounts reflected in the balance sheet.

Notice of annual general meeting

Notice is hereby given that the seventieth annual general meeting of members of Assmang Limited will be held at 10:00 on Tuesday, 8 November 2005 at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, South Africa, for the following purposes:

1. To receive and consider the annual financial statements for the financial year ended 30 June 2005.
2. To elect the following directors in place of those who retire in accordance with the provisions of the Company's articles of association, and who, being eligible, offer themselves for re-election, namely Messrs B R Broekman, C J Cory and J C Steenkamp.
3. To elect Messrs A J Wilkens and F Abbott who were appointed as directors' of the Company since the last annual general meeting and who, being eligible, offer themselves for election.

Curriculum vitae of directors retiring by rotation and seeking re-election.

Bryan Robert Broekman, 49, MBA (Wits), BSc Eng (Wits), Pr Eng. An executive director of the Company appointed to the board on 27 June 2002. A member of the Operations Committee and Audit Committee.

Christopher John Cory, 53, BA, CA(SA), MBA (Wits), A non-executive director of the Company appointed to the board on 1 January 1993. Chairman of the Audit Committee.

Jan Christiaan Steenkamp, 51. An executive director of the Company appointed to the board on 20 April 1999.

Andries Jacobus Wilkens, 53, Mine Managers Certificate of Competency, MDPA (Unisa), RMIIA. Mining Engineer. A non-executive director and deputy chairman of the Company appointed to the board on 20 January 2005.

Frank Abbott, 50, BCom, CA(SA), MBL. A non-executive director of the Company appointed to the board on 20 January 2005.

Voting and proxies

Each shareholder of the Company who is registered as such and who, being an individual, is present in person or by proxy or which, being a company, is represented at the annual general meeting is entitled to one vote on a show of hands.

On a poll, each shareholder present in person or by proxy or represented shall have one vote for every share held by such shareholder.

Footnotes

Certificated/Dematerialised shareholders with own name registrations

Shareholders who have not yet dematerialised their shares or who have dematerialised their shares with own name registration (entitled shareholders) may appoint one or more proxies to attend, speak and vote or abstain from voting in such shareholders' stead. The person so appointed need not be a member of the Company. A form of proxy is attached for the use of those entitled shareholders who wish to be so represented. Entitled shareholders should complete the attached form of proxy in accordance with the instructions contained therein and return it to the registered office of the Company, namely 24 Impala Road, Chislehurston, 2196, South Africa (PO Box 782058, Sandton, 2146) or the transfer secretaries, Computershare Limited, 70 Marshall Street, Johannesburg, 2001, South Africa (PO Box 1053, Johannesburg, 2000, South Africa).

Dematerialised shareholders

Shareholders who have dematerialised their shares (other than those with own name registrations) should provide their Central Securities Depository Participant (CSDP) or broker with their voting instructions in terms of the custody agreement entered into with the relevant CSDP or broker. Should such shareholders wish to attend the annual general meeting or appoint a proxy to represent them at the annual general meeting, they should inform their CSDP or broker timeously and request their CSDP or broker to issue the necessary authorisation to attend.

By order of the board

African Rainbow Minerals Limited
Secretaries

Per: A Jepson

Johannesburg
29 September 2005

Shareholders' diary

Financial year end		30 June
Annual financial statements		Issued: September
Annual general meeting		November
Interim report		Published February
Dividends	**Declared**	**Paid**
Interim	February	March
Final	August	September

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Form of proxy

DEMATERIALISED SHAREHOLDERS

Shareholders who have dematerialised their shares (other than those with own name registrations) should provide their Central Securities Depository Participant (CSDP) or broker with their voting instructions in terms of the custody agreement entered into with their relevant CSDP or broker. Should such shareholders wish to attend the annual general meeting of Assmang Limited (the Company), they should inform their CSDP or broker timeously and request their CSDP or broker to issue them with the necessary authorisation to attend.

FOR COMPLETION BY SHAREHOLDERS WHO HAVE NOT YET DEMATERIALISED THEIR SHARES OR WHO HAVE DEMATERIALISED THEIR SHARES WITH OWN NAME REGISTRATION

Shareholders who have not yet dematerialised their shares or who have dematerialised their shares with own name registration (entitled shareholders) may appoint one or more proxies to attend, speak and vote or to abstain from voting in such shareholder's stead. The person so appointed need not be a member of the Company. This form of proxy is for the use of those entitled members who wish to be so represented. Such entitled shareholders should complete this form of proxy in accordance with the instructions contained herein and return it to the registered office or the transfer secretaries of the Company, to be received by the time and date stipulated herein.

If you are unable to attend the seventieth annual general meeting of shareholders of Assmang Limited convened for Tuesday, 8 November 2005 at 10:00, you should complete and return this form of proxy as soon as possible, but in any event to be received by not later than 10:00 on Friday, 4 November 2005.

I/We (name in block letters)

of (address)

being the holder of shares in the issued share capital of **Assmang Limited**, do hereby appoint

or failing him/her,

or failing him/her, the chairman of the Company, or failing him/her the chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the Company to be held at 10:00 on Tuesday, 8 November 2005 and at any adjournment thereof and in particular in respect of the following resolutions:

*Indicate with an X in the spaces below how votes are to be cast. Unless otherwise directed, the proxy will vote or abstain as he thinks fit in respect of the member's holding.

Resolutions	For	Against	Abstain
1. To re-elect the following directors, who retire by rotation:			
B R Broekman			
C J Cory			
J C Steenkamp			
2. To confirm the appointment of the following directors made on 20 January 2005:			
A J Wilkens			
F Abbott			

Number of shares

Unless this section is completed for a lesser number, the Company is authorised to insert in the said section the total number of shares registered in my/our name(s) one business day before the meeting.

Signed at on 2005

Signature

Assisted by me (where applicable)

Please see notes overleaf

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Form of proxy (cont)

INSTRUCTIONS ON SIGNING AND LODGING FORMS OF PROXY

Please read the notes below:

1. The completion and lodging of this form of proxy will not preclude the entitled member who grants this proxy from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should he or she wish to do so.

2. Every member present in person or represented by proxy and entitled to vote shall, on a show of hands, have only one vote and upon a poll every member shall have a vote for every ordinary share held.

3. You may insert the name of any person(s) whom you wish to appoint as your proxy in the blank space(s) provided for that purpose. The person whose name appears first on the form of proxy and who is present at this meeting will be entitled to act as proxy to the exclusion of those whose names follow.

4. When there are joint holders of shares, only that holder whose name appears in the register need sign this form of proxy.

5. If the form of proxy is signed under the authority of a power of attorney or on behalf of a company or any other juristic person, then it must be accompanied by such power of attorney or a certified copy of the relevant enabling resolution or other authority of such company or other juristic person, unless proof of such authority has been recorded by the Company.

6. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration must be signed, not initialled.

7. The chairman of the meeting may, in his absolute discretion, reject any form of proxy which is completed other than in accordance with these instructions.

8. Forms of proxy, powers of attorney or any other authority appointing a proxy shall be deposited at the **registered office** of the Company, 24 Impala Road, Chislehurston 2196 South Africa (or posted to PO Box 782058, Sandton 2146 South Africa), or at the **transfer secretaries**, Computershare Investor Services 2004 (Proprietary) Limited, 70 Marshall Street, Johannesburg 2001 South Africa (or posted to PO Box 61051, Marshalltown, 2107, South Africa) so as to be received not later than 10:00 on Friday, 4 November 2005 (in respect of the meeting) or 48 hours, excluding Saturdays, Sundays and public holidays, before the time appointed for holding of any adjourned meeting.

9. No form of proxy shall be valid after the expiration of six months from the date when it was signed except at an adjourned meeting in cases where the meeting was originally held within six months from the aforesaid date.

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