

Anglovaal Mining Limited

Annual Results Presentation for the year ended 30 June 2003

RICK MENELL

| **Chairman**

JAN STEENKAMP

| **Chief executive officer**

DOUG CAMPBELL

| **Chief financial officer**

FINANCIAL HIGHLIGHTS

- **Headline earnings before unrealised derivative losses up 18% to R241m (R204m)**
- **Strong rand impacts earnings**
- **Revenues increased by 21% to R4 896m (R4 047)**
- **Net cash inflow from operations up 113% to R630m (R296m)**
- **Operating income decreased by 35% to R521m (R799m)**
- **Head office restructuring completed**
- **Gearing reduced to 11%**

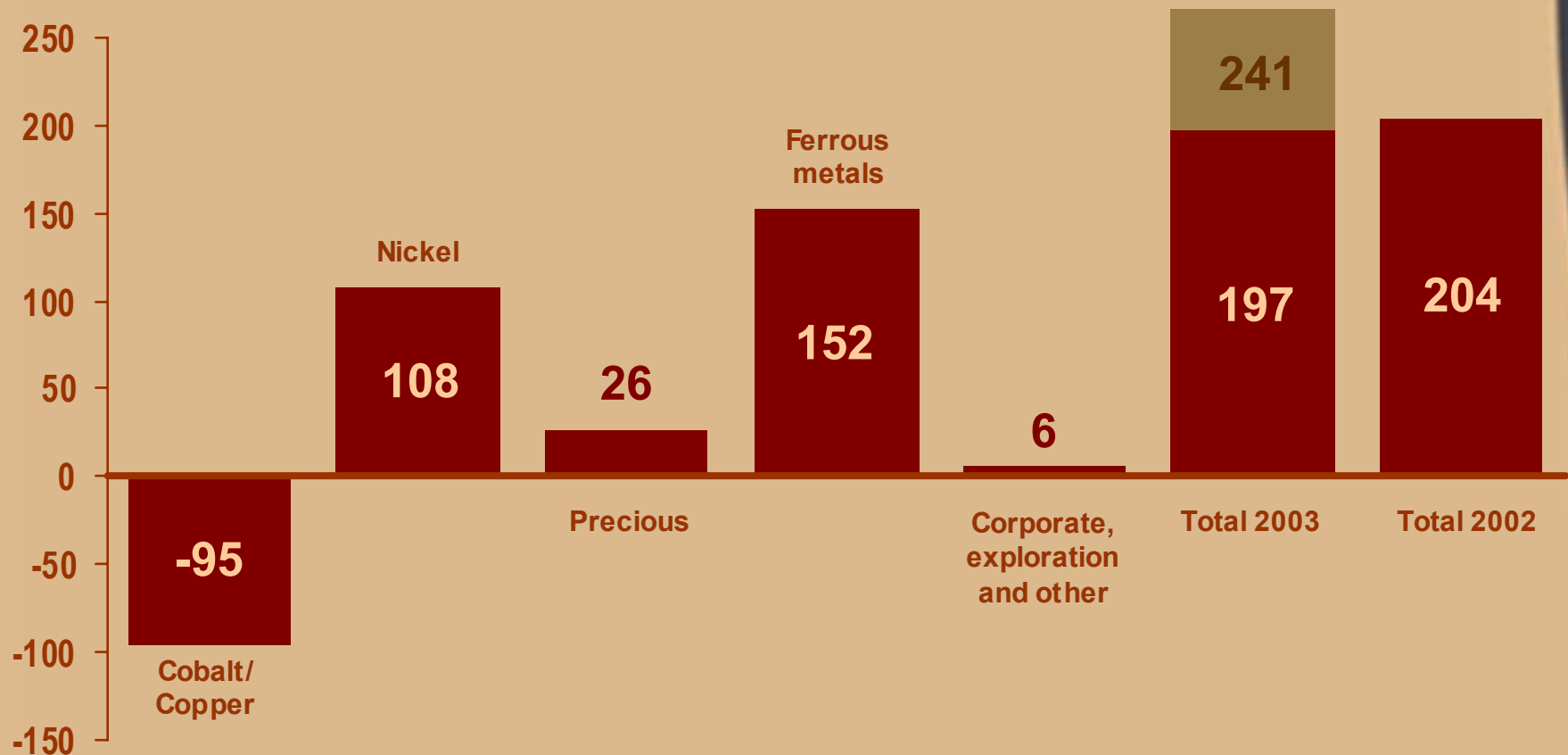
STRATEGIC HIGHLIGHTS


- **Group risk profile improved**
 - Avmin company borrowings eliminated
 - Chambishi, Avgold
- **Record production from Assmang and Nkomati**
- **Target**
 - Initial indications - mine is doing well
- **New projects advanced**
 - Two Rivers – feasibility completed
 - Target North pre-feasibility – nearing completion
 - Nkomati expansion – updating feasibility
 - AvAlloy – feasibility completed, pilot plant commissioned
- **Strategic review well advanced – deadline: early 2004**

MARKET ENVIRONMENT – Strong and Volatile Rand



HEADLINE EARNINGS BY DIVISION



 Headline earnings excluding unrealised losses on derivatives

JAN STEENKAMP | Chief executive officer

AVMIN CORPORATE STRUCTURE

Chief Executive Officer

Jan Steenkamp

**Senior Vice President
Business Development**

Gerhard Potgieter

**Chief Financial Officer
Finance/Admin**

Doug Campbell

**Senior Vice President
Ferrous Metals**

Bryan Broekman

**Vice President
SA Operations**

Arne Lewis

**Vice President
Corporate Development**

Julian Gwillim

AvAlloy
 Namibia
 DRC
 Zambia
 Two Rivers, 55%
 Nchwaning III

Assmang, 50,3%

Avgold, 42%
 Nkomati, 75%

- Head office restructured at a cost of R35m
- Annual cost savings estimated at + R30m pa

FERROUS METALS - Financial Highlights

Earnings down on stronger rand
Cash flow strong on improved volumes

Rm	2003	2002
Turnover	2905	2809
Profit from operations	389	758
Headline earnings	204	443
Borrowings	524	577
Cash flow from operations	378	163
Capital expenditure	338	372

FERROUS METALS

Record sales volumes for all products

FOR THE YEAR ENDED 30 JUNE	2003	2002	%
'000 metric tons			
Manganese ore	1 200	1 000	20
Iron ore	5 300	4 800	10
Manganese alloys	210	187	12
Charge chrome	244	190	28

FERROUS METALS

Manganese: Nchwaning III Shaft Complex

- **Scheduled for completion May 2004**
- **Cost at completion R600 million**
- **Life in excess of 20 years**
- **Low cost operation**

Iron ore:

- **Agreement between Assmang and Kumba**
 - To evaluate iron ore deposits
 - Possible exchange of deposits
- **Also investigating other alternatives**

PRECIOUS METALS

Syndicated loan book repaid in full

First full year of production from Target – satisfactory

Avgold revenue reaches R1 billion

FOR THE YEAR ENDED 30 JUNE	2003	2002	%
Headline earnings	25	36	-44
Headline earnings *	128	36	239
Ore milled (t)	1 389 000	488 000	185
Gold sold (Kg)	11 899	4 179	185
Yield (g/t)	8,57	8,56	
Cash cost (R/Kg)	56 503	64 277	-12
(US\$/oz)	193	198	-3
Rand/US\$ exchange rate	9,04	10,15	-11
Capital expenditure (Rm)	123	438	-72

* Before unrealised non-hedge derivatives

PRECIOUS METALS - Target

- **Life of mine increased to 18 years**
- **Learning curve over last 12 months:**
 - Size of massive stopes reduced
 - Configuration of excavation roofs changed
 - Draw-points spaced further apart – stability of pillars
 - New ‘slots’ outside abutment stresses established
- **Exceeding plans**

PRECIOUS METALS - Northern Free State

- **Exploration drilling completed**
- **5,7Moz upgraded from Inferred to Indicated resources**
- **Pre-feasibility study will be presented at end September 2003**
 - Staged growth to access one of the world's largest unexploited resource base
 - Funding for this option within Avgold's capacity

PRECIOUS METALS - Two Rivers

- **60Mt UG2 Resource, 40Mt UG2 Reserve**
- **Grades: Resource 4,93g/t, Reserve 4,18g/t**
- **Production remains planned at more than 200 000oz PGMs pa**
 - 110 000oz Pt, 65 000oz Pd pa
- **20 year life**
 - 185 000 tons pm U/G trackless operations
 - 40 000 tons pm from open pit (2 to 3 years) / adit
- **Capital expenditure in excess of R1,1bn**
- **R47m approved for continuation of project**
 - Includes establishment of box cut, bridge and access roads, trial mining, ongoing design and project management
- **Impact of Royalty Bill**
 - IRR assumes BEE at 20-25% and royalty of 3%
 - Mining license issued – March 2003

BASE METALS

Nkomati performs well:

- Exceptional operating performance
- Strong US\$ nickel price

FOR THE YEAR ENDED 30 JUNE		2003	2002	%
Operating profit	(Rm)	236	209	13
Operating margin	(%)	48	49	
Sales achieved				
Nickel	(tons)	4 900	3 900	26
Copper	(tons)	3 300	3 000	10
Cobalt	(tons)	62	52	19
PGMs	(tons)	39 000	35 000	11
Nickel cash operating costs* (US\$/lb)		0,67	0,32	
* Net of by-products				

BASE METALS PROJECTS

Nkomati expansion

- **Various options being assessed**
 - Small mine with concentrator
 - Large mine with concentrator
 - Large mine with Activox
 - Large mine with joint Activox
- **Potential alliances being discussed**
- **Decision to expand the mine dependent on financing**

AvAlloy – nickel-based superalloys project

- **Pilot testing underway at secured site - Pelindaba**
- **Large engine manufacturer alliance secured for product offtake**
- **Further expansion dependent on market penetration/product quality**

BASE METALS – Chambishi Sale Agreement

- **US\$6,5m received**
- **Up to \$25m payable to Avmin over the next 6 years, dependent on:**
 - Production volumes
 - Defined minimum cobalt prices
 - Resolution of Chambishi's tax position
 - Not accrued
- **Purchaser responsible for \$25m infrastructural contingent liabilities**
- **Avmin has no future material liabilities or any obligations relating to Chambishi**

EXPLORATION AND NEW VENTURES

- **Otjikoto**
 - Gold deposit discovered in Namibia
 - Current drilling programme to advance project to pre-feasibility stage
- **DRC**
 - Exploration drilling of near surface copper/cobalt deposits at Kasonta and Lupoto
- **Zambia**
 - Low level exploration continues on base metals projects

SAFETY, HEALTH AND ENVIRONMENT

- **Sustainable development report**
- **Safety**
 - Fatalities
 - Achievements
- **Health**
 - HIV/AIDS
- **Environment**
 - Licencing
 - Achievements

DOUG CAMPBELL | Chief financial officer

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE

	2003 Rm	2002 Rm
INCOME STATEMENT		
Revenue	4 896	4 047
Profit before tax and exceptional items	424	694
Exceptional items	(388)	(1 084)
Earnings	(191)	(866)
Headline earnings*	241	204
Headline earnings* per share (cents)	215	184
Headline earnings	197	204
Headline earnings per share (cents)	176	184

** Before unrealised non-hedge derivatives*

EXCEPTIONAL ITEMS

	2003	2002
	Rm	Rm
Surplus on disposal of Iscor investment and Kumba options	-	418
Surplus on disposal of Avgold shares	241	48
Surplus on disposal – other	20	69
Loss on sale of Chambishi	(649)	
Chambishi: impairment *	-	(1619)
	(388)	(1084)

* Net of foreign exchange

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE

2003

2002

Rm

Rm

Cash flow from operating activities

630

296

Cash flow from investing activities

205

(71)

Reduction in net debt

1 360

(119)

BALANCE SHEET

As at 30 June 2003

Rm	Assets	Liabilities	
Non-current assets (fixed assets, trust funds, deferred taxation)	5 064	4 962	Shareholders' interest (minority interest: R2 451m)
		775	Non-current liabilities
Current assets	1 832	602	Current liabilities
Deposits and cash	265	822	Borrowings
TOTAL	R7 161	R7 161	

CORPORATE FINANCE

- **Reduced risk**
 - Chambishi sale
 - Development agreement
 - SADC investment constraints
 - High debt levels
 - No foreseen cash flow to Avmin
 - SARB requirements
 - **No further funding**
 - **Inability to use rands to repay US\$ debt**
 - **No minority interest**
- **Reduced debt**
 - Sale of Avgold shares
 - Avgold debt refinanced
 - US\$ debt eliminated at favourable exchange rates
- **Net gearing 11%**

RICK MENELL | Chairman

PROJECT SCORECARD 1997 – 2003

Bought (5)	Rm
• Fairview – Au	90
• Chambishi – Co/Cu	350
• Dwarsrivier – Cr	160
• Iscor – Fe	500
• Two Rivers – PGMs	<u>550</u>
	<u>1 650</u>

Sold (10)	Rm
• Venetia – Diamonds	3 700
• ETC – Au	270
• Harties – Au	250
• Forzando – Coal	240
• Rhino – Industrial minerals	120
• Lavino – Cr	40
• Horizon – Cr	20
• Iscor – Fe	900
• Chambishi – Co/Cu	235
• Avgold (18%) – Au	<u>730</u>
	<u>6 505</u>

Built (9)	Rm
• Target – Au	2 100
• Chambishi – Co/Cu	1 800
• Nchwaning – Mn	600
• Machadodorp – FeCr	500
• Nkomati – Ni	300
• Dwarsrivier – Cr	180
• Mid South – Fe	180
• Forzando – Coal	140
• Iron ore beneficiation plant (Jig) – Fe	<u>120</u>
	<u>5 920</u>

**Distributed to shareholders:
R3bn (2000)**

RETURN TO SHAREHOLDERS

COMPOUND AVERAGE PER ANNUM

	RANDS	DOLLARS
3 YEARS	20%	17%
5 YEARS*	40%	31%

* Avmin began trading on the JSE on 7 December 1998

STRATEGIC REVIEW - Objectives

- **Value driven – long-term viability**
- **Leading empowerment player**
- **Development of attractive projects**
 - Nchwaning III manganese mine
 - Nkomati nickel expansion
 - Two Rivers platinum mine
 - AvAlloys
 - Northern Free State exploration
 - Otjikoto

UNLOCKING VALUE FOR ALL STAKEHOLDERS

STRATEGIC REVIEW PROGRESS

- **July 2003** Strategic options developed
- **August 2003** Financial adviser appointed - Deutsche Bank
- **2 September 2003** Options reviewed by Board
- **Now** Further evaluation of specific option
- **Early 2004** Announcement of final strategic intention

CONCLUSION

- **Satisfactory performance in difficult environment**
- **Record production at Assmang and Nkomati**
- **Elimination of debt at Avmin centre**
- **Risk profile reduced**
- **Portfolio of high quality assets**
- **Strategic review well advanced to accelerate development of project pipeline and unlock significant value for shareholders**

QUESTIONS AND ANSWERS