



## HIGHLIGHTS

- Massive market capitalisation growth

- Gold production increased by 415%

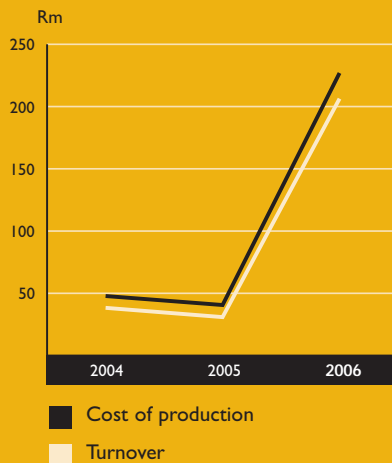
- Jaganda shareholders dispute resolved

- New order mining right awarded for Ezulwini

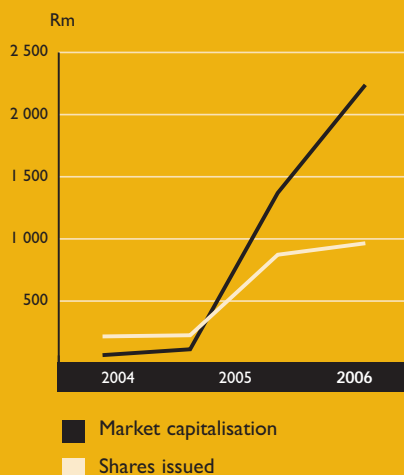
- Net asset value per share increased by 210%

- Substantial increase in resource and reserve base

TURNOVER/COST OF PRODUCTION



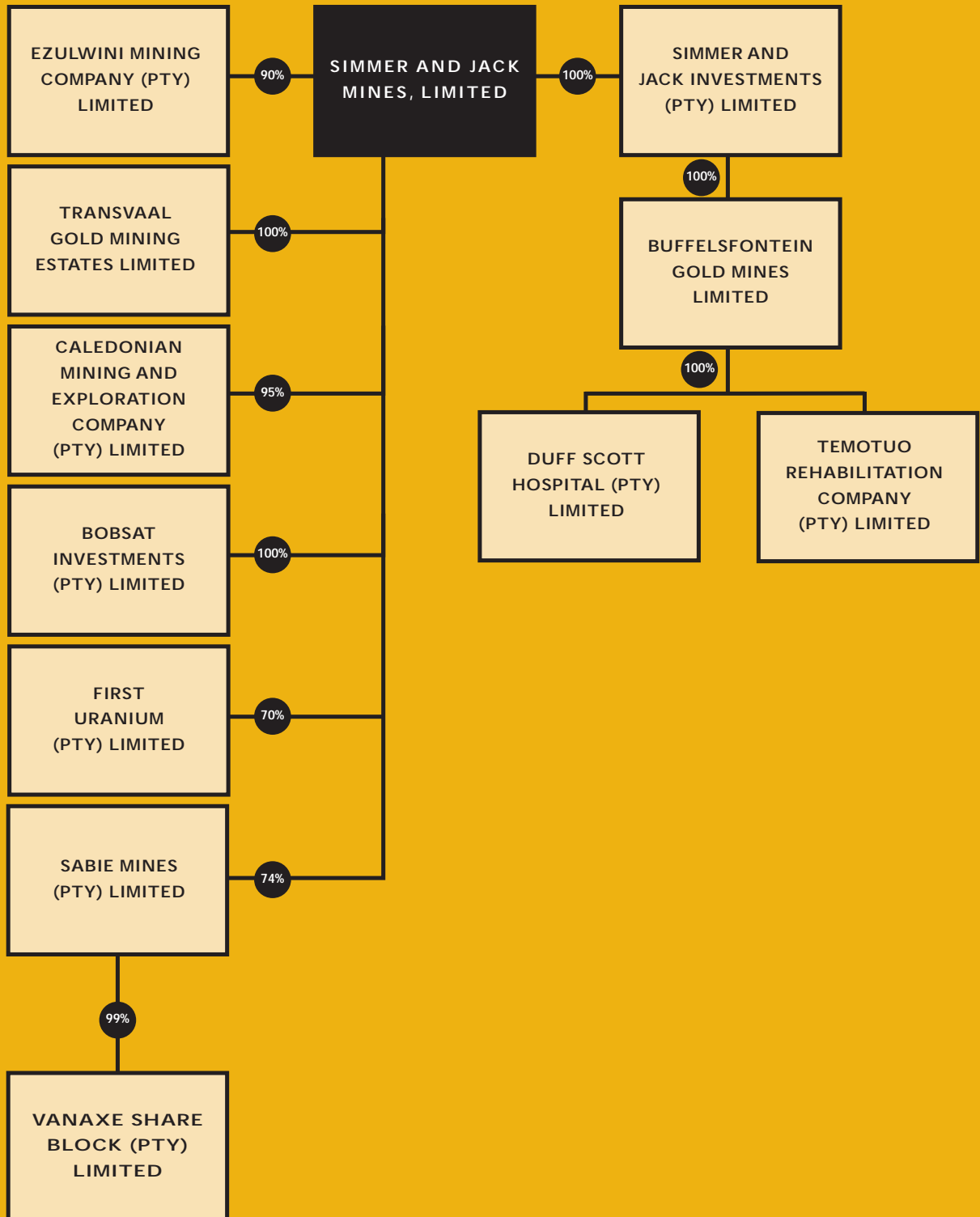
MARKET CAPITALISATION/  
SHARES ISSUED





# GROUP STRUCTURE

as at 18 August 2006





## DIRECTORS

as at 18 August 2006

### **Nigel Rennie Grant Brunette (52)**

(Non-executive Chairman, a member of the Audit committee and chairman of the Nomination and General Purposes committees)

*BL (Zim), LLB (Cantab), H.Dip. Co. Law (Wits)*

Date of appointment: 27 October 2005

Nigel spent 14 years with Rand Merchant Bank where he held the position of joint head of the Corporate Finance department and head of the Resources section. Nigel has been a director of Fralex Limited and Randgold & Exploration Company Limited and is currently also a director of East Cape Agricultural Cooperative Limited. Nigel has been self-employed since 1997 running his sheep and cattle farm in the Eastern Cape.

### **Bulelwa Jean Njenje (48)**

(Non-executive Vice-chairperson)

*Masters degree in Education for Primary Health Care (Manchester University)*

*Advanced Diploma in Health Education (Leeds Polytechnic)*

Date of appointment: 23 June 2005

Baba has spent 10 years in the South African re-insurance industry. An appointment as New Business Development Director with Metrofile was followed by an appointment as a director in the Vulisango Holdings Group of companies in 2003, and Lafarge Aggregates and Continental SA in 2004.

### **Gordon Trevlyn Miller (44)**

(Chief Executive Officer)

*Pr Eng, NHDMM, PAID (UCT), SMP (Henley), MSAIMM*

Date of appointment: 8 November 2004

Gordon has had 25 years' experience in the gold mining industry, occupying senior executive management positions locally and internationally. Gordon has been a director of Randgold & Exploration Company Limited and Western Areas Limited.

### **David Hugh Brown (43)**

(Non-executive Independent Director, a member of the Nomination and Remuneration committees and Chairman of the Audit committee)

*BCom (UCT), CA(SA)*

Date of appointment: 27 October 2005

David was appointed Chief Financial Officer of Impala Platinum Holdings, the second largest platinum producer in the world, in January 1999 and is currently CEO designate of that company. David is also a non-executive director of Zimplats Holdings Limited. During 1990 to 1995 David worked for Exxon Mobil based in London.



## DIRECTORS

as at 18 August 2006

### **John de Villiers Berry (55)**

(Executive Director)

*BA (Rhodes), LLB (Natal), LLM (Wits), MDP (Unisa),  
EDP (Kellogg)*

Date of appointment: 8 November 2004

John joined the mining industry 28 years ago. Prior to his present position John was in charge of the Legal department of Rand Mines Limited, Randgold & Exploration Company Limited and Randgold Resources Limited.

### **Gerhardus Jurgens Jacobs (43)**

(Executive Director)

*BAcc, MBA and MDP (PU for CHE)*

Date of appointment: 23 December 2005

Gerhard has 16 years' experience in the mining industry in the gold, ferrochrome, aluminium and platinum operations in South Africa, Mozambique and Canada. Gerhard also has six years' experience in commerce at the South African Revenue Service and Fisher Hoffman, an auditing firm.

### **Siviwe LB Mapisa (47)**

(Non-executive Director)

Date of appointment: 25 May 2006

*Masters in Business Administration, De Montfort University,  
United Kingdom*

Siviwe is currently Vice-president – Facilities and Infrastructure at South African Airways based in Johannesburg. Previously he was Senior General Manager – Security & Investigations Services with the South African Post Office.

### **Velile Archie Mkele (52)**

(Non-executive Director)

Date of appointment: 23 June 2005

Presently employed by Continental SA in the position of Deputy General Manager, Archie is a director of Lafarge Aggregates, Chairman of the Board of Directors for Vulisango Holdings (Pty) Limited and Chairman of the Isibane Communal Property Association.

### **Jean-Pierre Schumacher (Swiss) (46)**

(Non-executive Independent Director)

*Betriebsökonom, KSZ, Kaufmann, Eidg. Handelsdiploma*

Date of appointment: 8 December 2004

Jean-Pierre began his career at UBS in Zurich. In December 2001 he founded Lion Capital Group and is currently the CEO of that company and of its gold fund "Top-Gold", launched in February 2003. He serves on the board of J-Pacific Gold Inc., a junior exploration company based in Vancouver, Canada.

### **Ayanda Xoliswa Sisulu (30)**

(Non-executive Director)

*BA (Hons) (Wetherley College, USA)*

Date of appointment: 27 October 2005

Ayanda has seven years' experience in the investment banking industry.



## DIRECTORS

as at 18 August 2006

### **Kevin Peter Edwin Wakeford (44)**

(Non-executive Independent Director, a member of the Audit and Nomination committees and Chairman of the Remuneration Committee)

*BA (Hons) (NMMU) Professorship (Extraordinaire) (NMMU)*

Date of appointment: 27 October 2005

Kevin is currently convener of ASGI-SA Special Task in the Eastern Cape. He also acted as Chief Executive Officer of the Eastern Cape Development Corporation and the South African Chamber of Business. Kevin was a founding member of the multi-billion Rand Coega Development Project and instigator of the Rand Commission.

### **Graham Peter Wanblad (64)**

(Executive Director)

*NHDMECH Eng, EDP (Manchester), MSAICE*

Date of appointment: 8 December 2004

Graham has 45 years' experience in the mining industry and has occupied various executive management positions including appointments as Executive Technical Director in the Johnnies and JCI Group.

### **Valence Michael Watson (54)**

(Non-executive Director)

*BCom (Hons) (NMMU), Masters degree in*

*Business Leadership (Unisa)*

Date of appointment: 19 August 2005

Valence is presently the Chief Executive Officer of Vulisango Holdings (Pty) Limited. He has also acted in an advisory capacity to several well-known local companies.

### **Emmerentia Oosthuizen (33)**

(Alternate Director to JP Schumacher)

*BCom (Hons) (UP), CA(SA)*

Date of appointment: 18 March 2005

Emma joined the South African Revenue Service shortly after qualifying as an accountant. After a number of years at the South African Revenue Services she joined Randgold & Exploration Company Limited and served as Group Financial Accountant before joining Simmers to perform the Group Financial Reporting function.



## CHAIRMAN'S REPORT

A YEAR ago Roger Kebble, then Chairman of Simmers, wrote in his chairman's report about the restructuring of Simmers and its Board of Directors, the formation of management teams to bring the operations in Sabie and Pilgrim's Rest back to profitability, the setting up of an appropriate BEE structure to enable the Group to acquire mineral rights and the raising of capital by way of rights "... which will not only allow the Group to revitalize and expand its mining operations, but will also create the first black-controlled gold producer on the JSE".

To say that these goals have been realised might possibly amount to a statement that protects the writer rather than informs the reader. The Group has indeed been revitalised, and is genuinely black controlled, but the journey has been onerous.

During October 2005 the Board of Directors was expanded to include Mr Kevin Wakeford, Mr David Brown and me. The purpose was to include persons independent of the "founding directors" and Vulisango, their empowerment partners, thereby improving the corporate governance capabilities of the Board.

In December 2005 Roger Kebble decided, for personal reasons, to relinquish both the chair and also his directorship of Simmers, and I succeeded him as chairman with effect from the beginning of January 2006. As F Scott Fitzgerald once wrote "Optimism is the contentment of small men in high places".

During the year under review, Simmers proceeded with the acquisition of DRDGold's North West operations and the Ezulwini project, and the development of TGME. The gold price moved strongly in our favour, the market appeared to react positively to the appointment of the independent directors and

by January Simmers seemed poised to deliver sparkling performance to its shareholders.

I will not detail here the matters of dispute between the shareholders of Jaganda (Pty) Limited, which held 44% of Simmers' issued shares. They have been extensively reported and commented upon elsewhere. The effects of the dispute were also visible to all. The application by the Group for new order mining rights was severely jeopardised, cash flow was stretched, and the reputation of management was called into question.

The dispute has now been comprehensively resolved, the new order mining rights for Ezulwini have been awarded, sufficient capital for our near-term needs has been successfully raised by the placement of new shares, and a forensic audit conducted by Umbono Financial Services into various transactions which took place during 2005 and earlier has given the Company a clean bill of health.

The Board of Directors, myself included, could and should have resolved matters more speedily. I am not convinced that a proper distinction between the general interest of shareholders and the sectarian interests of particular groups was always drawn. However, better sense eventually prevailed and I am confident that all contentious issues have been resolved. I now look forward to a stage where the diverse and undoubted skills available at Board level can be put to good use.

The price of gold has, during the year under review, strengthened to a level which appears to be generally perceived as much more than a temporary phenomenon. If this turns out to be genuinely the case, then I believe that much will change in the present structure of the South African gold-mining





industry, as top-tier producers adjust to the availability of far greater payable reserves. This will provide Simmers with many opportunities, as it is a company whose strengths include the successful, profitable mining of reserves left in the old mines under different economic imperatives.

Our goal now is to demonstrate these skills in the operations which we presently manage and to capitalise upon the opportunities that we believe will inevitably come our way.

Similarly to the improved outlook for gold production, the opportunities for uranium production now offer significant benefits. There are substantial resources and reserves available to us at both the Ezulwini project and the Buffelsfontein operations, and plans are currently being laid to raise sufficient capital to commence production of uranium. Our BEE structure is such that, to protect the level of BEE shareholding, we will probably raise capital via the dual listing on the Toronto Stock Exchange and the JSE of a subsidiary company in which the uranium operations are housed. Indications are that such an exercise would in all probability satisfy the remaining capital needs of the Group for a considerable period.

The overall outlook for Simmers is therefore very positive. Dissension has been dispelled, development of the Group is back on track, and our carefully assembled management team is still in place.

I wish to pay tribute to my predecessor, Roger Keble. It was his vision that led to the re-emergence of Simmers as a vigorous, rejuvenated Group, and his skills at spotting opportunities and picking men are the key ingredients to the good prospects which we now face.

In closing, I wish to thank those people who manage this Group, and acknowledge the extent of their achievement. Simmers does not do any easy mining,

if there is indeed such a thing in the gold business. Yet, throughout a year of extreme corporate uncertainty, competent mining plans have been drawn up and adhered to, production methods have consistently been improved and targets met, development has continued and, most important of all, safety standards have not been compromised. Old, decrepit mines, which others turned their backs on, have been given a new lease of life, not only by a higher gold price but also by improved systems and better management.

Shareholders owe much to these people, who face difficulty, uncertainty and outright danger on a daily basis. To Gordon Miller, who leads them, and to every man and woman who works for Simmers, I extend my thanks.

**NRG Brunette**  
Non-executive Chairman

Johannesburg  
18 August 2006



# CHIEF EXECUTIVE OFFICER'S REPORT

## GROUP OVERVIEW

The year under review covering the period 1 April 2005 to 31 March 2006 has been exceptionally active for the Simmers management team who, notwithstanding a variety of technical, socio political and operational challenges, oversaw a period of significant growth that resulted in real value for all stakeholders. These include the many new shareholders, the Board and Management and the approximately 4 000 new employees who joined the Group as a result of the acquisition of Buffelsfontein Gold Mines Limited ("Buffelsfontein") in October 2005. Included as well are the planned expansion of operations at TGME and the interim pumping agreement entered into by Simmers at Ezulwini Mining Company (Pty) Ltd ("Ezulwini") (formerly No. 4 Shaft Randfontein Estates Ltd/Harmony) during October 2005, pending the granting of mining rights.

In addition to these operations, which are covered more comprehensively below, Simmers also established a subsidiary, First Uranium (Pty) Ltd ("First Uranium"), to maximise the value of the prolific uranium potential which exists at Buffelsfontein and Ezulwini, thus positioning the Group to take full advantage of the growing requirement for uranium as a significant component of the global energy equation. An agreement was reached with First Uranium Corporation ("FUC") of Toronto whereby FUC would provide US\$3 million by mid-December 2005 for the purposes of a detailed feasibility study. Assuming that technical evaluations remain in line with the pre-feasibility study, capital raising will be complete by the 4th Quarter of 2006. Gold recovery from slimes dams is scheduled to begin by the end of 2006 while uranium production is set to commence by 2008.

One of the most important aspects of the Group's growth and acquisition strategy has been the raising of the necessary funds to support exploration and

development in the Sabie/Pilgrim's Rest Goldfields in Mpumalanga. When the fully underwritten rights issue was completed on 8 July 2005, it eliminated shareholder debt of R90 million and provided cash of some R59 million. Of that R43,5 million was spent on the Mpumalanga assets, being the Group's only operational mines at the time. As a result TGME is now ready to commence the development of new mining areas at both Dukes Hill and Frankfort. Preparation for the creation of a portal to access the highly prospective Beta Mine has been completed and the metallurgical plant has been redesigned and refurbished. With respect to the original competent persons report ("CPR")

which underpinned the technical component of the rights issue, it should be noted that although capital has been expended to prepare TGME to commence its future life, no expansion development has taken place due to the delay in obtaining the mining rights. Until the mining rights have been granted by the Department of Minerals and Energy ("DME"), year one as described in the CPR cannot be said to have started. This delay in the awarding of the mining rights has resulted in depleted mineral reserves. The losses incurred by this company were principally as a result of staffing the mine with the requisite skills for mechanised expansion based on the expectation that the mining rights were to have been approved in January 2006. The delay in the awarding of mining rights to operations in this area also impacted on the extent to which new exploration drilling could be undertaken. It is anticipated that these rights will be awarded in the 3rd quarter of 2006.

The acquisition of Buffelsfontein (formerly DRDGold's North West Operations), comprising the Buffelsfontein and Hartebeestfontein mines, was of substantial benefit for all Simmers' stakeholders. These assets were purchased in October 2005, having been placed in provisional liquidation on 22 March 2005 by the





former owners. The scheme of arrangement for this acquisition was approved by the High Court on 20 October 2005 and Simmers commenced underground production during November 2005. To the purchase price of R45 million was added approximately R30 million in re-start funding as well as holding costs of around R30 million incurred while operating as preferred bidder on behalf of the provisional liquidators. The total acquisition cost was therefore approximately R100 million (\$16 million). This acquisition purchased 14,1 million ounces of gold resource in the measured and indicated (M&I) category and 57.97 m/lb U<sup>3</sup>O<sup>8</sup> (M&I), which indicates just how significant the transaction was. From an operational perspective Buffelsfontein may be lagging in its initial planned production build up by about 15% after 5 months, but has generated revenue of R173 million during the same period, recording only a small operating loss of R19,5 million. Buffelsfontein is expected to reach an annualised production rate of 206 000 ozs (535 kgs)/month by October 2006. This production rate will continue to increase to an equivalent annualised rate of 230 000 ozs (590 kg/m) by March 2007 when the metallurgical plant capacity will have increased from the current 125 000 tpm to 170 000 tpm. Buffelsfontein is now the anchor of the Group and, without excessive capital requirements, will remain so while the Mpumalanga, Ezulwini and uranium projects are developed.

The acquisition of Ezulwini has been particularly challenging given that 65 megalitres of water have to be pumped from a depth of 1 300 m every day in order to maintain access to the underground workings. The cost of merely holding the asset is thus between R4 million and R5 million per month. Simmers submitted an application for a new order mining right for this shaft in May 2005. In the interim, the DME approved the South Deep mine water barrier and plug arrangements in September 2005, which physically allowed for South Deep's separation from 4 Shaft. Simultaneously the DME also approved the closure plan for the Randfontein Estates Limited

("REL") No. 4 Shaft, which allowed for controlled flooding of the mine. Simmers therefore needed to act quickly so as not to lose the asset. With the assistance of Harmony Gold (the former holders of the mining right to REL), Simmers met with the DME and it was agreed that in light of the expensive holding costs, the application for the mining right would be expedited within a minimum of 60 days and a maximum of 120 days beyond the submission by Simmers of an Environmental Management Programme ("EMP"), which included a compliant social and labour plan. On the basis of this undertaking, Simmers entered into an interim pumping agreement with REL in October 2005 which also provided for the Group to acquire the surface and underground assets from REL within four months. This assumed that the necessary permission would be granted by the end of January 2006 with a total associated pumping cost for Simmers' account of R20 million.

The pre-feasibility study which underpinned the acquisition strategy contemplated the mining of the high grade main shaft pillar. It was therefore necessary to design a rectification programme for the shaft to secure its integrity for more than 20 years. This required an extensive geotechnical drilling programme which was approved by the DME. A detailed bankable feasibility study commenced and skilled staff were recruited to continue pumping operations at the shaft. Board approval for an interim budget of R30 million was obtained but financing needed to be procured. Board and JSE approval was obtained to issue two share placements in October 2005. As a result some R67 million were raised through the placement of 108 million ordinary shares, representing a 14,85% increase in the Group's ordinary issued share capital.

The successful share placement however resulted in the dilution of the stake of Jaganda, the Group's primary BEE partner, from 51% post rights offer, to 44%. As has been well publicised, the dilutionary effect on Jaganda raised considerable issues regarding Simmers' BEE status and was a point of tension between the shareholders of Jaganda. As at the year-



# CHIEF EXECUTIVE OFFICER'S REPORT

end it was clearly understood that mining rights would not be awarded until the shareholder dispute was resolved. The expectation of receiving such rights was therefore projected to the end of May 2006, a further delay of four months. As a result, the Group had to bear additional costs of up to R30 million.

Mining the 4 Shaft pillar which forms the basis of the Ezulwini Project is expected to add at least one million ounces of high grade gold mineable reserves to Simmers' reserve base. Additionally, another feasibility study which includes the reopening of the mothballed Middle Elsburg gold and uranium mine is due for completion by September 2006. The current forecast net present value ("NPV") for the project indicates a conservative value of R2,4 billion and the feasibility studies referred to are expected to add to this value. On-Reef development will commence by March 2007 once the shaft has been fully refurbished and

stabilised. Based on the results of the geo-technical drilling within the shaft pillar, consultants Steffen Robertson Kirsten ("SRK") have completed an engineering report which provides detailed recommendations for the stabilisation and safe extraction of a significant portion of the shaft pillar. The shaft refurbishment and pillar extraction design criteria for this project call for an operating life of greater than 20 years.

## HEALTH AND SAFETY

Mining is a risky business and none more so than in marginal mines which have been allowed to deteriorate due to a lack of capital. For this reason, health and safety is of critical importance to the Group. Enormous resources are devoted to creating and sustaining a 'Safety First' ethic, and on ensuring that the necessary infrastructure is in place to ensure the safest possible working environment.

## SIMMER AND JACK MINES, LIMITED MONTHLY MILLION MAN HOUR RATES

MONTH	LOST TIME INJURIES		REPORTABLE INJURIES		FATAL INJURIES	
	No.	Rate	No.	Rate	No.	Rate
Apr 2005	1	9.80	1	9.80	0	0.00
May 2005	1	9.01	1	9.01	0	0.00
Jun 2005	0	0.00	0	0.00	0	0.00
Jul 2005	2	9.54	2	9.54	0	0.00
Aug 2005	0	0.00	0	0.00	0	0.00
Sep 2005	1	3.17	0	0.00	0	0.00
Oct 2005	3	7.51	2	5.00	1	2.50
Nov 2005	13	19.30	6	8.91	0	0.00
Dec 2005	16	17.89	9	10.06	0	0.00
Jan 2006	11	10.53	4	3.83	0	0.00
Feb 2006	21	21.63	6	6.18	0	0.00
Mar 2006	16	13.89	7	6.08	0	0.00
<b>Year</b>	<b>85</b>	<b>13.66</b>	<b>38</b>	<b>6.10</b>	<b>1</b>	<b>0.16</b>

Gold mining industry average rates for the 2005 year:

- Reportable injuries 6.81
- Fatal injuries 0.3



TABLE 1: TOTAL RESOURCES AND RESERVES FOR THE SIMMERS GROUP (SAMREC COMPLIANT)

	As at 31 March 2006						As at 31 March 2005									
	Measured and Indicated Resource			Proven and Probable Reserve			Measured and Indicated Resource			Proven and Probable Reserve						
	Gold		Uranium		Gold		Uranium		Gold		Uranium					
	Moz	Mt	g/t	Mlb	Mt	lb/t	Moz	Mt	g/t	Mlb	Mt	lb/t	Moz	g/t	Mlb	lb/t
<b>Underground</b>																
Buffelsfontein	11.3	36.2	9.72	15.2	36.2	0.42	4.0	21.5	5.81	5.6	21.5	0.26				
Mpumalanga TGME	2.1	6.0	10.59	-	-	-	0.6	3.3	5.78	-	-	-	2.2	13.02	-	-
<b>Total Underground</b>	<b>13.4</b>	<b>42.2</b>	<b>9.84</b>	<b>15.2</b>	<b>36.2</b>	<b>0.42</b>	<b>4.6</b>	<b>24.8</b>	<b>5.81</b>	<b>5.6</b>	<b>21.5</b>	<b>0.26</b>	<b>2.2</b>	<b>13.02</b>	<b>-</b>	<b>-</b>
<b>Surface</b>																
First Uranium	2.8	282.8	0.31	42.8	281.0	0.15										
Mpumalanga TGME	0.1	3.6	0.84	-	-	-							0.1	0.84	-	-
<b>Total Surface</b>	<b>2.9</b>	<b>286.4</b>	<b>0.32</b>	<b>42.8</b>	<b>281.0</b>	<b>0.15</b>							<b>0.1</b>	<b>0.84</b>	<b>-</b>	<b>-</b>
<b>Total Surface and Underground</b>	<b>16.3</b>	<b>328.6</b>	<b>1.54</b>	<b>58.0</b>	<b>317.2</b>	<b>0.18</b>	<b>4.6</b>	<b>24.8</b>	<b>5.81</b>	<b>5.6</b>	<b>21.5</b>	<b>0.26</b>	<b>2.3</b>	<b>8.09</b>	<b>-</b>	<b>-</b>

TABLE 2: TOTAL RESOURCES AND RESERVES FOR THE SIMMERS GROUP (NOT CODE COMPLIANT OR PRE-FEASIBILITY STUDY RESULT)

	As at 31 March 2006											
	Measured and Indicated Resource			Proven and Probable Reserve								
	Gold		Uranium		Gold		Uranium					
	Moz	Mt	g/t	Mlb	Mt	lb/t	Moz	Mt	g/t	Mlb	Mt	lb/t
<b>Underground</b>												
Ezulwini	6.4	31.1	6.40				1.4	4.7	9.30			
Middle Elsburgs	1.1	5.5	6.24	8.0	5.5	1.46	0.4	1.9	6.39	3.2	1.9	1.64
<b>Total Underground</b>	<b>7.5</b>	<b>36.6</b>	<b>12.64</b>	<b>8.0</b>	<b>5.5</b>	<b>1.46</b>	<b>1.8</b>	<b>6.6</b>	<b>8.45</b>	<b>3.2</b>	<b>1.9</b>	<b>1.64</b>
<b>Surface</b>												
First Uranium	-	-	-	-	-	-	1.8	183.8	0.31	12.2	80.1	0.15
<b>Total Surface and Underground</b>	<b>7.5</b>	<b>36.6</b>	<b>6.38</b>	<b>8.0</b>	<b>5.5</b>	<b>1.46</b>	<b>3.6</b>	<b>190.4</b>	<b>0.59</b>	<b>15.4</b>	<b>82.0</b>	<b>0.19</b>
<b>Total of Table 1&amp;2</b>	<b>23.8</b>	<b>365.2</b>	<b>2.02</b>	<b>66.0</b>	<b>322.7</b>	<b>0.20</b>	<b>8.2</b>	<b>215.2</b>	<b>1.19</b>	<b>21.0</b>	<b>103.5</b>	<b>0.20</b>

Note: Reserves are included in resources for both of the above tables.



# CHIEF EXECUTIVE OFFICER'S REPORT

## OPERATIONS

### BUFFELSFONTEIN

Buffelsfontein Mine [Previously known as the Hartebeestfontein (North Division) and Buffelsfontein Mines (South Division)] is located in the Klerksdorp area 160 km south-west of Johannesburg. Buffelsfontein started production in 1954; production at Hartebeestfontein began a year later. Randgold & Exploration Company Limited acquired Buffelsfontein from mining house Gencor in 1995. In September 1997, Durban Roodepoort Deep Group ("DRD") was formed, when Durban Roodepoort Deep Limited merged with Blyvooruitzicht Gold Mining Company Limited and Buffelsfontein Gold Mines Limited. In August 1999 DRD acquired the Hartebeestfontein Gold Mining Company Limited from Anglovaal.

Buffelsfontein exploits the rich and laterally extensive Vaal Reef horizon, which occurs in the Central Rand group. Both Buffelsfontein and Hartebeestfontein mines extracted uranium from gold bearing ore until the mid 1990's when the uranium spot price dropped to sub economical levels, rendering the extraction of uranium unviable.

Buffelsfontein has 12 surface shaft complexes, six secondary shafts and one tertiary sub shaft system. No's 1 and 3 shafts are ventilation shafts and shaft No's 2, 5, 6, 7, 8, 10, and 12 are current producing shafts. The No 5 secondary sub shaft system was extensively damaged as a result of a seismic event in March 2005, allowing access only to the upper levels of the main shaft. No's 4, 9, 11 as well as the Strathmore tertiary shaft stopped operating prior to 2005.

### Safety, Health and Environment

#### Safety

This has been a period of intense and high-risk activity to re-establish the underground workings and infrastructure at Buffelsfontein and, despite a renewed and ongoing commitment to safety, we were unable to avoid a fatality. It is with deep regret and sadness that we report that one of our employees, Mr Magawane

Romaro, lost his life in an accident which took place on surface on 10 October 2005. The Group extends its condolences to Mr Romaro's family and friends and remains committed to entrenching a safety-conscious culture. From the outset, safety has been management's top priority with mandatory training and induction programmes designed to sustain an environment in which every employee is expected to enjoy the right to work safely.

Buffelsfontein has also contracted IRCA to assist with the compilation of an updated base line risk assessment. IRCA is an international risk management solution provider in the areas of safety, health and environment. Risk assessment training for all supervisors, electronic capturing of Codes of Practice, Standards and Procedures, as well as the implementation of an Electronic Business Management System will enhance the mine's ability to integrate risk assessment data, standard practice amendments, and training module updates.

#### Health

Buffelsfontein offers a comprehensive range of medical services to employees at its Duff Scott Hospital. Situated on mine property, the hospital is licenced for 395 beds and boasts its own pharmacy, X-ray facilities, dental and ophthalmic units, three operating theatres, a high-care ward, outpatient care, as well as a 24-hour casualty facility. The hospital also provides physio and occupational therapy and employs 103 medical staff including three doctors. Its focus is on prevention, detection and treatment of occupational diseases through compliance with the relevant legislation including medical surveillance.

#### Environment

Buffelsfontein acknowledges its responsibility to operate in an environmentally responsible manner and to comply with all relevant legislation. The mine has employed an adequate number of qualified and experienced staff and has established an Occupational Health and Safety Committee tasked with the integration of all data and reporting mechanisms.



Buffelsfontein has also contracted an independent company to determine the extent of the operations' environmental liability as well as to convert the current EMP to comply with new legislative requirements. A Rehabilitation Steering Committee has been established and has progressed well with the rehabilitation of the North Metallurgical Complex. The committee is currently investigating a number of alternative rehabilitation options with the assistance of the University of the Witwatersrand.

Buffelsfontein has applied to the National Nuclear Regulator ("NNR") for the conversion of the Nuclear Licence to a Certificate of Registration ("COR"). It is expected that the COR for Buffelsfontein will be issued by mid-August 2006.

### Production

Buffelsfontein suffered extensive damage and neglect prior to its acquisition by Simmers. The liquidation process dragged on for almost eight months, resulting in significant damage to underground workings, primarily caused by theft and neglect. The extent of the deterioration was only uncovered once the go-ahead to proceed was obtained in November 2005. In addition, it was clear that essential maintenance had been neglected in the period prior to liquidation.

Re-establishing the mine's infrastructure and workings to an acceptable and safe level was a massive challenge. The bulk of the workforce was recruited between November 2005 and January 2006 and the main focus during this period was to open up and re-support the underground workings and initiate mining with a gradual build up of production. Despite the fact that some haulages, access ways, and panels were rendered inaccessible, production progressed.

The production build up is planned to continue over the next 4 to 6 months when the underground production profile will stabilise at an annualised volume of 206 000 oz's (535 kgs/month from 92 000 t @ 5.94 g/t) of gold. Key to this build up is a progressive increase in opening up and development to create flexibility with respect to mineable face length at the optimum grade mix. The balance of the production to make up 230 000 oz's (590 kgs)/month will be surface sources (excluding slime dams) which will total 9 647 oz's (25 kgs)/month from 35 000 t @ 0.71 g/t for the remainder of the 2006 calendar year and increase to 24 000 oz's (55 kgs)/month from 78 000 t @ 0.69 g/t by March 2007 when the Metallurgical Plant treatment capacity will have increased from the current 125 000 tpm to 170 000 tpm.

### Mineral Resources

The Buffelsfontein mineral resources have been independently audited and deemed compliant with the South African Code for the Reporting of Mineral Resources and Mineral Reserves ("SAMREC") and Ontario Securities Commission National Instrument 43-101 Code ("NI 43-101") by Minxcon, an independent advisory company whose directors are in good standing with the appropriate professional institutions.

The Minxcon audit team comprised 4 mineral resource specialists who examined, respectively the drilling, sampling methods and approach, sample preparation analysis and security, data verification and mineral resource estimates and classification. Minxcon concentrated on the auditing processes and procedures against a list of best practice items to confirm and endorse that the mineral resources have been classified and reported in accordance with SAMREC and NI 43-101.



# CHIEF EXECUTIVE OFFICER'S REPORT

The following persons are qualified persons, as defined in SAMREC and NI 43-101\*, and responsible for the preparation of the Mineral Resources Statement:

Johan Odendaal (Director Minxcon): *BSc (Geol), BSc Hons (MinEcon), MSc (Min Eng), Pr Sci Nat, FSAIMM, MGSSA, MAusIMM).*

Daan van Heerden (Director Minxcon): *BSc (MinEng), MComm (Bus Admin), ECSA, MSAIMM, AMMSA.*

Geology – Francois Martens (Associate Minxcon): *BSc Hons MSc (Geol), Pr Sci Nat, MGSSA.*

Geostatistics – Carina Lemmer: *PhD (Stanford), Consultant, Geological & Geostatistical Services.*

The qualified person at mine level:

The person who oversees the Buffelsfontein Resource and Reserve statements is Jan Johannes Jacobus Petrus Pretorius, a Qualified Surveyor with 32 years experience and registered with SAIMM.

Independent Consultants:

*Underground Resource*

Simmers personnel, along with Geologix (Mineral Resource Consultants), completed the resource block models and resources with input and discussion from Minxcon. Koos Pienaar completed the work on behalf of Geologix. He has an MSc in Geology and is registered with SACNASP.

*Slimes Dams Resource*

The Resource was completed by Jim Fisher of Jim Fisher and Associates. He holds a BSc (Mineral Technology), an MBA and is a Fellow and registered as a Chartered Engineer with the Institute of Materials, Minerals and Mining, as well as being a member and past president of the Mine Metallurgical Managers Association of South Africa. He has 28 years experience in the mining industry, including 14 years in metallurgical and general management in South African gold mines. Jim Fisher has been employed by Simmers subsequent to the finalisation of the Mineral Resource Statement.



### Buffelsfontein 2006 Gold Resource Statement

Underground	Block Tons		Gold	
	Mt	g/t	( 000 oz)	(tons)
Measured	22.70	10.32	7 533	234.32
Indicated	13.45	8.71	3 764	117.08
<b>Total measured and indicated</b>	<b>36.15</b>	<b>9.72</b>	<b>11 297</b>	<b>351.40</b>
Inferred	11.40	8.45	3 095	96.28
Surface	Tons		Gold	
Measured	115.06	0.31	1 144	35.59
Indicated	167.69	0.31	1 658	51.55
<b>Total measured and indicated</b>	<b>282.75</b>	<b>0.31</b>	<b>2 802</b>	<b>87.14</b>
Total	Tons		Gold	
Measured	137.76	1.96	8 677	269.91
Indicated	181.14	0.93	5 422	168.63
<b>Total measured and indicated</b>	<b>318.89</b>	<b>1.38</b>	<b>14 099</b>	<b>438.54</b>
Inferred	11.40	8.44	3 095	96.28
<b>Total Resource</b>	<b>330.29</b>	<b>1.62</b>	<b>17 194</b>	<b>534.82</b>
Underground	Block Tons		Uranium	
	Mt	U <sup>3</sup> O <sup>8</sup> kg/t	U <sup>3</sup> O <sup>8</sup> tons	U <sup>3</sup> O <sup>8</sup> Mlb
Measured	22.70	0.19	4 409	9.72
Indicated	13.45	0.19	2 498	5.51
<b>Total measured and indicated</b>	<b>36.15</b>	<b>0.19</b>	<b>6 907</b>	<b>15.23</b>
Surface	Tons		Uranium	
Measured	107.22	0.08	8 849	19.51
Indicated	173.80	0.06	10 540	23.24
<b>Total measured and indicated</b>	<b>281.02</b>	<b>0.07</b>	<b>19 389</b>	<b>42.75</b>
Total	Tons		Uranium	
Measured	129.92	0.10	13 258	29.23
Indicated	187.25	0.07	13 038	28.75
<b>Total measured and indicated</b>	<b>317.17</b>	<b>0.08</b>	<b>26 296</b>	<b>57.98</b>
Inferred	1.74	0.24	423	0.93
<b>Total Resource</b>	<b>318.91</b>	<b>0.08</b>	<b>26 719</b>	<b>58.91</b>



# CHIEF EXECUTIVE OFFICER'S REPORT

## Notes to Underground Resources

Mineral resources are inclusive of the reserve figures;

- All figures disclosed are in metric tons;
- Resource below 2 g/t excluded from table – calculated at R134 000/kg;
- Specific gravity was 2.76 of the solids;
- Stoping width: South Division 130 cm, North Division 120 cm;
- The effective date is March 2006;
- The method employed by Geologix entails the digitisation of the ore blocks on site in Datamine format to 1:1 000 scale. This programme computes the block grades and reef widths by means of Kriging and compiles the block plan;
- Mining method is a mix of breast stoping and cave mining; and
- Includes additional work done on the resource blocks for the Buffelsfontein section since January 2006.

## Mineral Reserves

For the conversion of mineral resources to mineral reserves, applicable mining and economic parameters have been applied.

*The reserves are classified as tons, content and grade delivered to the plant and are included in the mineral resources as at 31 March 2006.*

## Buffelsfontein 2006 Gold Reserve Statement

Underground	Mill Tons		Gold	
	Mt	g/t	( 000 oz)	(tons)
Proven	13.37	6.15	2 642	82.20
Probable	8.12	5.24	1 369	42.58
<b>Total proven and probable</b>	<b>21.49</b>	<b>5.81</b>	<b>4 011</b>	<b>124.78</b>

Underground	Mill Tons		Uranium	
	Mt	U <sup>3</sup> O <sup>8</sup> kg/t	U <sup>3</sup> O <sup>8</sup> tons	U <sup>3</sup> O <sup>8</sup> Mlb
Proven	13.37	0.12	1 634	3.60
Probable	8.12	0.11	901	1.99
<b>Total proven and probable</b>	<b>21.49</b>	<b>0.12</b>	<b>2 535</b>	<b>5.59</b>

## Notes to Underground Reserves

- The Uranium Reserve Statement is based on the Revised Resource Statement dated April 2006;
- The Mineral Reserve figures are included in the Mineral Resources;
- Mill tons refer to tons delivered to the metallurgical plant;
- All figures are disclosed in metric tons;
- Specific gravity was 2.76 of the solids;
- The effective date is April 2006; and
- The surface tailings resources are attributable to First Uranium.



## TRANSVAAL GOLD MINING ESTATES (TGME)

TGME is situated in the Sabie/Pilgrim's Rest goldfields of Mpumalanga, approximately 450 km north east of Johannesburg. It is one of the oldest operational mining companies in South Africa and has been the focus of an intense exploration and development programme during the year under review.

### Safety, Health and Environment

The intensity and frequency of safety campaigns have successfully improved the levels of safety awareness at TGME. The upward trend in the lost time frequency rate towards year-end has ensured a renewed focus on safety training. In addition to thorough accident investigations, this includes the training of safety representatives, implementation of safety team leaders on each main shift and job-specific training with special focus on winch drivers, loco drivers and drillers. Competent A & B training is done through Barberton Mines Training Centre with on-site assessments at TGME where the focus is on planned task observations by line supervisors.

The health of all employees is of prime importance and continues to receive attention via our occupational hygiene programme. Regular check-ups are carried out with the appropriate action being taken when needed. AIDS awareness campaigns are conducted on a regular basis.

The management of all environmental aspects of TGME's business is ongoing with extensive assistance from external consultants to advise on the EMP and to monitor progress.

### Production

At TGME the focus was on capital construction of two new major mining sectors at Dukes Hill Mine and Frankfort. The plant was also refurbished and expanded to enable it to operate at its designed milling capacity of 10 000 tpm. The Dense Media Separation plant ("DMS") has also been upgraded to match the milling capacity and as this unit generally

separates waste from upgraded reef in the ratio of 70:30, the plant can now process 34 000 tpm of run of mine ore. This is a 100% improvement on capacity compared with this time last year and a significant step towards increasing the mine production from 10 000 ozs to 50 000 ozs per annum.

The capital amounts spent to prepare the mine for expansion once the mining rights are awarded are as follows:

Description	Actual Expenditure R 000
Project management design and construction costs	11 078
Ongoing mining equipment capital	2 811
TGME new mine development capital	29 024
<b>Total capital for 2006 year-end</b>	<b>42 913</b>

An application for new order mining rights to Dukes Hill Mine, Frankfort and Beta Mines was submitted to the DME in May 2005. These rights had not been awarded as at 31 March 2006 and it is anticipated that they will be awarded during the 3rd quarter of 2006. From a production perspective, the operations remained constrained to the Dukes Hill and Clewer sections of the mine. Poor ground conditions in the Dukes Hill upper section severely hampered the development of urgently required replacement mineral reserves. This rapid depletion of reserves provided very little flexibility to maintain the correct mining mix. This resulted in ever reducing grades which caused the mine to continuously increase the production of run of mine ore in an attempt to maintain gold production at acceptable levels.

The production and cost statistics reflect a mine that has incurred the capital cost of expansion but which has not yet benefited from this, because mining rights have not yet been approved. Once approved, development of the new sections will be in higher grade reef and the financial results should rapidly flow to the bottom line.



# CHIEF EXECUTIVE OFFICER'S REPORT

TGME year-on-year comparisons of production statistics	2006 to 2005 Variances
Square metres mined translating to ROM tons	+100%
Tons milled increased from 23 209 t to 38 930 t	+ 68%
Recovered grade declined from 11.68 g/t to 8.35 g/t	- 28%
Gold produced increased from 271 kg to 325 kg	+ 20%
Gold price received increased from R82 718/kg to R99 030/kg	+ 20%
Operating cost increased from R30,12 m to R37,53 m	+ 25%
Labour complement increased from 322 to 526	+ 63%
Gold revenue increased from R22,39 m to R32,17 m	+ 44%
Labour cost/kg increased from R41 880/kg to R48 893/kg	+ 17%
Average cost/ROM ton reduced from R367/t to R284/t	- 22%
Cost per kilogram increased from R111 125/kg to R115 532/kg	+ 4%

## Additional cost drivers to double ROM production

Diesel driven compressors + R274 000 additional.

Stope support + R258 000.

Drill steel and explosives + R585 000.

Ore transport costs + R613 K.

Milling costs + R1,5 m.

The TGME production statistics show a direct mining and processing loss of R5,36 million which, when combined with the amortisation of ore reserve replacement development costs of R9,76 million, resulted in a total operating loss of R15,13 million. Total capital expenditure, including exploration and primary capital development, came to R62,66 million.

Reference to the original CPR indicates a negative cash flow of R47 million in year one. However this assumed production from the new development on reef at Frankfort within the 2nd Quarter which, as previously stated, has not yet commenced.

The mine is however primed to surge ahead once mining rights are approved and the cumulative negative cash position for the first two years of the CPR will be improved upon.

## Mineral Resources

The mineral resources have been reviewed and deemed compliant with SAMREC by Prof RCA Minnitt, PrSciNat (400389/83), FGSSA, FSAIMM, who has over 30 years' experience in Archean greenstone belt geology and mineralisation.



### TGME Gold Resource Statement

	As at 31 March 2005				As at 31 March 2006			
	Tons kt	Grade g/t	Content kg	Ounces R 000	Tons kt	Grade g/t	Content kg	Ounces R 000
<b>Underground</b>								
Measured	2 374	12.55	29 800	957	2 520	11.89	29 964	963
Indicated	2 975	13.41	39 900	1 282	3 488	9.65	33 670	1 083
Inferred	–	–	–	–	2 946	10.91	32 130	1 033
<b>Total</b>	<b>5 349</b>	<b>13.03</b>	<b>69 700</b>	<b>2 239</b>	<b>8 954</b>	<b>10.70</b>	<b>95 764</b>	<b>3 079</b>
<b>Surface</b>								
Measured	3 640	0.85	3 100	99	3 640	0.84	3 068	98
Indicated	–	–	–	–	–	–	–	–
Inferred	–	–	–	–	–	–	–	–
<b>Total</b>	<b>3 640</b>	<b>0.85</b>	<b>3 100</b>	<b>99</b>	<b>3 640</b>	<b>0.84</b>	<b>3 068</b>	<b>98</b>
<b>Total</b>								
Measured	6 014	5.47	32 900	1 056	6 160	5.36	33 032	1 061
Indicated	2 975	13.41	39 900	1 282	3 488	9.65	33 670	1 083
Inferred	–	–	–	–	2 946	10.91	32 130	1 033
<b>Total</b>	<b>8 989</b>	<b>8.10</b>	<b>72 800</b>	<b>2 338</b>	<b>12 594</b>	<b>7.85</b>	<b>98 832</b>	<b>3 177</b>
<b>Variance from 2005 to 2006</b>					<b>3 605</b>	<b>(0.25)</b>	<b>26 032</b>	<b>839</b>

A comparison between the resource statement at the 2005 year-end and the current statement highlights a gain of 3.6 million tons and an additional 26 tons of gold. This is as a result of:

- Improved estimation by using computer modeling whereby the indicated resources have been reduced due to a reduction in grade. Additional resources have been established in the inferred resource category for the first time;
- A minor drop in the specific gravity at certain areas from 3.80 to 3.45. This has an impact on the reef tonnages.

### Mineral Reserves

For the conversion of mineral resources to mineral reserves, applicable mining and economic parameters have been applied. Each mine has a comprehensive mine plan and has been planned out to its known limits.

Mr RG Koelmans, PrEng, the Competent Person from Read, Swatman & Voight (Pty) Ltd (“RSV”), has audited and verified the mineral reserve portion as stated below.



# CHIEF EXECUTIVE OFFICER'S REPORT

## TGME Gold Reserve Statement

	As at 31 March 2005				As at 31 March 2006			
	Tons kt	Grade g/t	Contents kg	Ounces 000	Tons kt	Grade g/t	Contents kg	Ounces 000
<b>Underground</b>								
Proven	776	5.22	4 047	130	1 337	6.24	8 348	268
Probable	1 349	6.26	8 445	272	1 935	5.46	10 558	340
<b>Total</b>	<b>2 125</b>	<b>5.88</b>	<b>12 492</b>	<b>402</b>	<b>3 272</b>	<b>5.78</b>	<b>18 906</b>	<b>608</b>
<b>Surface</b>	—	—	—	—	—	—	—	—
<b>Total</b>	<b>2 125</b>	<b>5.80</b>	<b>12 492</b>	<b>402</b>	<b>3 272</b>	<b>5.78</b>	<b>18 906</b>	<b>608</b>

- Assumes gold price of \$500/ounce and an exchange rate of R6.30 to the US dollar or R101 000/kilogram;
- In the past two years, depletion has come from the Clewer – Duke's Hill operations only. This depletion amounts to 30 415 tons and 773 kilograms of gold;
- The reserves have increased by 54% in terms of tonnage and by 51% in terms of kilograms and ounces;
- Six mines have had a conversion of mineral resources to mineral reserves. These are Clewer, Duke's Hill, Frankfort and Beta in the Pilgrim's Rest area, and Rietfontein and Olifantsgeraamte in the Sabie area; and
- The increase in mineral reserve is mainly due to the inclusion of Rietfontein and Olifantsgeraamte which adds 209 416 ounces to the reserves.

## Exploration

Approximately R4 million was spent on exploration in the area. Of particular interest is The Molototse Valley Exploration Project ("MVEP") in the vicinity of Frankfort Mine. Incorporated into Simmers' subsidiary, Caledonian Mining and Exploration Company (Pty) Ltd, MVEP has been prepared for development in anticipation of being awarded the mining rights for the area. It displays characteristics of a carlin-type deposit ("CTD") as witnessed in Nevada, USA, and therefore presents the possibility of large economic concentrations of gold amenable to open pit and shallow underground mining.

The delay in the granting of both mining and prospecting rights has limited the scope of work to the accumulation of archived documentation and an understanding of the regional geology, as well as limited fieldwork which focuses on those adits still accessible. Detailed studies were carried out on previous exploration programmes and the results are encouraging: grab sampling on Frankfort has returned economic concentrations of gold in the Eccles formation dolomite West of the hydrothermally altered Vaalhoek Dyke and mineralisation is extensive along strike and dip (estimated to be >1 km and 500 m respectively). Sampling of a previously drilled borehole (FRA2) has returned gold values of 1.45 g/t over 24 m in carbonaceous shale above the Bevetts Reef.

## FIRST URANIUM

First Uranium was established in November 2005 as a subsidiary of Simmers to extract value from uranium possibilities within the Simmers' operations. An agreement with First Uranium Corporation of Toronto was reached, which provided funding for a feasibility study into the uranium possibilities, in return for future equity commitment from First Uranium Corporation, contingent on a successful feasibility study. US\$3 million was received by mid December 2005 and is being used to fund the feasibility study.



The Uranium Resource Statement for Buffelsfontein including the surface and underground material, was released on 18 January 2006. The report was independently audited and found to be NI 43-101 and SAMREC compliant. The statement indicated 42.75 and 15.21 million pounds of uranium in the measured and indicated category in the surface and underground resource respectively. A Resource Statement for the Ezulwini underground uranium resource is being prepared and is expected during the third quarter of 2006.

The first thrust of the metallurgical test work, conducted by Mintek, was to determine a process route for gold recovery from the Buffelsfontein tailings dams. The test work showed that the optimal gold recovery was achieved through a hybrid flotation and Carbon In Leach ("CIL") process. This process is similar to other gold from slimes reclamation carried out in the area. Test work to determine a uranium process route is ongoing.

A project was started to gain an early cash flow from a flotation-only process using the existing 250 000 tpm flotation plant at Buffelsfontein's South Plant. However test work indicated that the flotation recovery would be sub-economic, and the project was shelved.

A project has commenced to determine an order of magnitude capital and operating cost estimate of a uranium plant, using details of the demolished plant at Ezulwini. A visit to McClear Lake, a recently constructed uranium plant in Saskatchewan, Canada, built by AREVA, showed no major advances in uranium extraction, suggesting that a new plant would utilise similar metallurgical processes with changes in materials of construction.

An interim report on the overall project was completed in May 2006, and is expected to be updated in August 2006.

GT Miller  
Chief Executive Officer

Johannesburg  
18 August 2006



# CORPORATE GOVERNANCE

## THE KING II REPORT ON CORPORATE GOVERNANCE ( KING II REPORT )

The Board of Directors is committed to the principles of openness, integrity and accountability and the provision of timely, relevant and meaningful reporting to all stakeholders. Simmers has taken cognisance of and implemented, where possible, the recommendations of the King II Report and has, where possible, improved upon its internal structures, including the composition of the Board and its sub-committees. The directors are satisfied that Simmers is continuously benchmarking itself against the recommendations of the Code of Corporate Practices and Conduct ("the Code"), as contained in the King II Report, and complies to the extent considered practical. If and when areas of non-compliance are discovered, they are immediately addressed.

In supporting the Code, the Board actively reviews and enhances the Group's systems of control and governance on a continuous basis to ensure that its business is managed ethically and in conformity with accepted standards of best practice. These policies relate, *inter alia*, to the duties of the Board, delegation of powers to Board committees, responsibilities and levels of authority.

## DIRECTORS RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The directors are required by the Companies Act to prepare annual financial statements which fairly present the state of affairs of the Company and of the Group, and the results of their operations. The auditors are responsible for independently examining, reviewing and reporting their findings on these financial statements.

The annual financial statements as set out in this report have been prepared in conformity with International Financial Reporting Standards and are based on appropriate accounting policies which have been consistently applied and which are supported by reasonable and prudent judgement and estimates. The independent auditors' report is set out on page 31.

The directors are of the opinion that the annual financial statements fairly present the financial position of the Company and of the Group at 31 March 2006

and the results of the operations and cash flow information for the year then ended.

## ACCOUNTABILITY AND CONTROL

The Board recognises its responsibility to retain full and effective control over the Group, meeting four times a year with additional meetings being arranged when necessary, to review strategy, planning, operational and financial performance, acquisitions and disposals, major capital expenditure, stakeholder communications and other material matters reserved for its decision. Board meetings are held in South Africa. In addition, there is a provision in the Group's Articles of Association for decisions to be taken between meetings by way of directors' written resolutions.

To enable the directors to meet their responsibilities, management sets standards and implements systems of internal control aimed at reducing the risk of error, fraud or loss in a cost-effective manner. These controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties. The controls are monitored throughout the Group, and all employees are required to maintain the highest ethical standards in ensuring that the Group's business practices are conducted in a manner which are in all reasonable circumstances beyond reproach. The Board also authorises acquisitions, disposals and other material matters reserved for its consideration. The Board further reviews practices for the monitoring of senior management and the Board will continue revising terms of references for the various subcommittees.

The directors are of the opinion, based on the information and explanations given by management and the auditors, and on comments by the auditors on the results of their audit, that the internal accounting controls are adequate, so that the financial records may be relied on for preparing the financial statements and maintaining accountability for assets and liabilities.

## COMPOSITION OF THE BOARD

The Board is currently made up of 13 directors and one alternate director. Nine of the directors are non-executive and four of the non-executive directors are



independent. In line with the recommendations of King II as encompassed in the JSE Listing Rules, the posts of chairman and chief executive officer are separately held with a clear division of duties. The chairman's post is held by a non-executive director. The non-executive directors have a wide range of differing expertise, as well as financial and commercial experience and other skills that enable them to bring an independent judgement to Board deliberation and decisions. None of the executive directors have service contracts.

Particulars regarding directors' remuneration and share options, as well as their interests in the issued ordinary share capital of the Company, are set out in full on pages 35 and 36 of this report.

#### **BOARD CHARTER**

A Board Charter was approved and adopted by the Board with effect from 10 June 2004. This Charter forms part of the governance practices which are required under the Code and sets out the Board's powers, duties and responsibilities and, in particular, important aspects concerning the following:

- The authority and composition of the Board;
- The directors' fiduciary responsibilities;
- Board membership and appointments;
- Board meetings and procedures;
- Board subcommittees;
- Matters reserved for Board decision;
- Share dealings by directors;
- Evaluation of directors;
- Remuneration; and
- Declaration of interests.

The directors have a responsibility, in terms of the Board Charter, to become acquainted with all of their duties, as well as the issues pertaining to the operations and business of the Group, to enable them to fulfil their functions.

#### **THE COMPOSITION OF THE BOARD IS CATEGORISED AS FOLLOWS:**

##### **EXECUTIVE DIRECTORS, BEING INDIVIDUALS INVOLVED IN THE DAY-TO-DAY MANAGEMENT OF THE GROUP, NAMELY:**

GT Miller (Chief Executive Officer)  
J dV Berry  
GJ Jacobs  
GP Wanblad

##### **NON-EXECUTIVE DIRECTORS, BEING INDIVIDUALS NOT INVOLVED IN THE DAY-TO-DAY MANAGEMENT OF THE GROUP, NAMELY:**

NRG Brunette (Chairman, Independent)  
BJ Njenje (Vice-chairperson)  
DH Brown (Independent)  
SLB Mapisa  
VA Mkele  
AX Sisulu  
JP Schumacher (Independent, alternate: E Oosthuizen)  
KPE Wakeford (Independent)  
VM Watson

During the year under review Messrs NRG Brunette, DH Brown, KPE Wakeford and Ms A Sisulu were appointed as directors on 27 October 2005. Mr RAR Kebble resigned as Chairman and director on 22 December 2005 with Mr NRG Brunette being appointed non-executive Chairman in his stead. On 23 December 2005 Mr GJ Jacobs was appointed an executive director. On 25 May 2006 Mr VM Watson, previously an alternate to Mr VA Mkele, and Mr SLB Mapisa were appointed as non-executive directors.



# CORPORATE GOVERNANCE

## BOARD MEETINGS

The Board met on eight separate occasions during the year.

Attendance at Board meetings during the year is detailed below:

Director	Date of meeting							
	15 June 2005	26 July 2005	19 August 2005*	3 October 2005*	26 October 2005	24 November 2005*	17 January 2006	1 March 2006*
NRG BRUNETTE	NYA	NYA	NYA	NYA	√	√	√	√
GT MILLER	√	√	√	√	√	√	√	√
J dV BERRY	√	√	√	√	√	√	√	√
DH BROWN	NYA	NYA	NYA	NYA	A	A	√	√
GJ JACOBS	NYA	NYA	NYA	NYA	NYA	NYA	√	√
VA MKELE	NYA	√	A	A	A	A	A	A
BJ NJENJE	NYA	√	√	A	√	√	√	√
E OOSTHUIZEN (Alt)	√	†	†	†	√	†	†	†
JP SCHUMACHER	A	√	√	√	√	√	√	√
AX SISULU	NYA	NYA	NYA	NYA	√	√	√	√
KPE WAKEFORD	NYA	NYA	NYA	NYA	√	√	√	√
GP WANBLAD	√	√	√	√	√	√	√	√
VM WATSON	NYA	NYA	√	√	√	√	√	√
RAR KEBBLE (Retired)	√	√	√	A	√	A	N/A	N/A

A Absent with apology

√ Present (includes attendance through teleconference or video conference facilities)

NYA Not yet appointed

† Not required to be present

\* Unscheduled meetings



### RETIREMENT BY ROTATION

Article 76 of the Articles of Association requires one third of the directors to retire by rotation and they may offer themselves for re-election every three years. In accordance with the Articles of Association the following directors retire by rotation and, being eligible, have offered themselves for re-election:

J de V Berry  
GP Wanblad

### NEW APPOINTMENTS

In terms of article 84 of the Articles of Association any director appointed during the year shall hold office only until the next annual general meeting and shall then be eligible for re-election at that meeting. The following directors, being eligible, have offered themselves for re-election:

NRG Brunette  
DH Brown  
GJ Jacobs  
SLB Mapisa  
AX Sisulu  
KPE Wakeford  
VM Watson

### BOARD SUB-COMMITTEES

The Board has also established a number of sub-committees to enable it to properly discharge its duties and responsibilities and to effectively fulfil its decision-making process. Each committee acts within written terms of reference under which specific functions of the Board are delegated with defined purposes, membership requirements, duties and reporting procedures.

Attendance at the Audit Committee meetings during the year was as follows:

Attendee	Date of meeting		
	15/06/05	25/10/05	27/03/06
HC BUITENDAG (retired)	√	–	–
BJ NJENJE	–	√	–
E OOSTHUIZEN	√	√	–
RAR KEBBLE (retired)	√	√	–
DH BROWN	NYA	NYA	√
NRG BRUNETTE	NYA	NYA	√
KPE WAKEFORD	NYA	NYA	√

Remuneration of non-executive directors for their services on the committees concerned is determined by the Board. Currently, this comprises in the case of each committee, per meeting, the following:

Audit Committee	R10 000
Nomination Committee	R5 000
Remuneration Committee	R8 500

### AUDIT COMMITTEE

The Audit Committee, inclusive of its chairman, comprises three independent non-executive directors. The majority of members of the committee have considerable financial knowledge and experience to help oversee and guide the Board and the Group in respect of the audit and corporate governance disciplines. The Board does not require the Chief Executive Officer to attend meetings of the committee but, if required, he may attend by invitation from the chairman of the committee. The primary responsibility of the Audit Committee is to assist the Board of Simmers in carrying out its duties relating to accounting policies, internal control, financial reporting practices and identification of exposure to significant risks. The Group does not have a separate Risk Committee, as all risk matters are addressed by the Audit Committee. At year-end the Audit Committee comprised of the following members:

DH Brown (Chairman)  
KPE Wakeford  
NRG Brunette



# CORPORATE GOVERNANCE

## NOMINATION COMMITTEE

The Nomination Committee makes recommendations to the Board on any new appointments. The committee is also responsible for establishing and

reviewing succession plans for members of the Board, and particularly that of the Chief Executive Officer and Board Chairman. At year-end the members of this committee were:

NRG Brunette (Chairman)  
DH Brown  
KPE Wakeford

Attendance at the Nomination Committee meetings during the year was as follows:

Attendee	Date of meeting	
	26/10/05	17/01/06
RAR KEBBLE (retired)	√	–
BJ NJENJE	√	√
GT MILLER	√	√
NRG BRUNETTE	NYA	√
DH BROWN	NYA	NYA
KPE WAKEFORD	NYA	NYA

## REMUNERATION COMMITTEE

The Remuneration Committee is primarily responsible for approving remuneration policies of the Group and the terms and conditions of employment of the executive directors. The Remuneration Committee is also responsible for evaluating the performance of the executive directors and executive officers, and setting appropriate remuneration for such officers of the Group, on behalf of the Board. The Remuneration

Committee meets as and when required. Full details of the Group's remuneration payments for all directors are available on pages 35 to 36 of this annual report. A Remuneration Committee mandate was updated and subsequently approved and adopted by the Board of Directors with effect from 7 April 2006. At year-end the Remuneration Committee comprised of the following members:

KPE Wakeford (Chairman)  
DH Brown  
NRG Brunette

Attendance at the Remuneration Committee meetings during the year was as follows:

Attendee	Date of meeting		
	08/06/05	28/11/05	27/03/06
HC BUITENDAG (retired)	–	–	–
RAR KEBBLE (retired)	√	√	–
GP WANBLAD	√	√	–
KPE WAKEFORD	NYA	NYA	√
NRG BRUNETTE	NYA	NYA	√
DH BROWN	NYA	NYA	√



#### GENERAL PURPOSES SUB-COMMITTEE

After year-end the Board established a General Purposes Sub-Committee to provide a forum for dealing with non-statutory issues which would ordinarily be raised at Board meetings, with the aim to expedite proceedings at Board meetings. This Committee is chaired by the Chairman of the Board and held its inaugural meeting on 25 July 2006.

#### EXECUTIVE COMMITTEE

The Executive Committee reviews current operations in detail, develops strategy and policy proposals for consideration by the Board and implements its directives. The committee meets on a fortnightly basis. The committee comprises GT Miller, GP Wanblad, J de V Berry, G Jacobs, DT van der Mescht, J Fisher, R Freeman, E Oosthuizen and A Townsend. The committee is chaired by the CEO, Mr Miller, with Mr Wanblad as his alternate.

#### COMPANY SECRETARY AND PROFESSIONAL ADVICE

The Company Secretary is appointed by the Board. The Company Secretary's statement of compliance is set out on page 30 of the financial statements.

All directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring compliance with procedures and regulations of a statutory nature. Furthermore, all directors are entitled to seek independent professional advice concerning the affairs of the Group at the Group's expense, should they believe that course of action would be in the best interests of the Group.

The Company Secretary is also responsible for alerting directors to any relevant changes to the Companies Act, the Insider Trading Act and the JSE Listings Requirements, as well as any other statutory regulations or laws affecting them in their capacity as a director.

During the year under review, Consolidated Mining Management Services Limited resigned as Company Secretaries with effect from 16 January 2006. They are succeeded by Ms AI Townsend.

#### CODE OF ETHICS AND WHISTLEBLOWER POLICY

In order to comply with the Group's obligations in terms of the King Code, and in the interests of good governance, the Group has adopted a code of ethics for employees and Directors, and a "Whistleblower"

policy that encourages employees and other stakeholders to confidentially and anonymously report acts of an unethical or illegal nature affecting the Group's interests. The purpose of this policy is to require reporting of any suspected business, accounting, financial reporting or similar irregularities or improprieties and to provide a workplace free of discrimination, harassment and/or retaliation arising therefrom. All reports made in terms of the "Whistleblower" policy are fielded by the Chairman of the Audit Committee, who ensures that all reports are treated confidentially or anonymously depending on the preference of the caller. The information is relayed to management and internal audit for investigation. All reports and the progress of the investigations are conveyed to the Audit Committee by the Chief Financial Officer.

#### CONFLICT OF INTEREST POLICY

The Board adopted a Conflict of Interest Policy on 23 June 2006. In terms of this policy employees and directors undertake not to resort to bribery or to pursue any private business interests that will conflict with those of the Group. All conflicts of interest that may arise, including employment of family members and any business or contracts with related parties, must be declared. Employees and directors further undertake to act *bona fide* in the interests of the Group at all times, with disregard for any personal ulterior or improper motive, and not to compete improperly with the Group. Employees and directors are further obliged to declare gifts and hospitalities received in connection with their role in the Group.

#### MANAGEMENT REPORTING

Simmers has comprehensive management reporting disciplines in place, which include, amongst others, the preparing of annual budgets by all operating units. The Group's budgets, which include all the individual operations, are approved by the Board.

Monthly results and the financial status of operating units are reported against approved budgets at the operations' monthly management committee meetings. Profit projections and cash flow forecasts are updated monthly, whilst working capital levels are monitored on an ongoing basis. These controls and procedures are designed to provide reasonable assurance that assets are safeguarded from material loss or unauthorised use, and that the financial records may be relied on for preparing the financial statements and maintaining accountability for assets and liabilities.



# CORPORATE GOVERNANCE

## RISK MANAGEMENT

The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk within the Group. Whilst operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that the appropriate infrastructure, controls, systems and ethics are applied throughout the Group and managed within predetermined procedures and constraints.

## EMPLOYEE PARTICIPATION AND EMPLOYMENT EQUITY

The Group is committed to equal opportunities for all employees and designated groups, regardless of their ethnic origin or gender, and is in the process of executing an employment equity programme that focuses strongly on providing training and development opportunities for historically disadvantaged groups.

## PRICE-SENSITIVE INFORMATION AND DEALING POLICY

No employee may deal directly or indirectly in the Group's ordinary shares on the basis of unpublished price-sensitive information regarding its business or affairs. Similarly, no director or officer may trade in shares of the Group during a closed period determined by the Board. Closed periods are operated prior to the publication of the half-yearly and year-end results. Where appropriate, a closed period is also operated during periods where major transactions are being negotiated and a public announcement is imminent.

A Directors' Dealing Policy has been adopted and subscribed to by the Board, which regulates the dealings in securities by directors and sets out the applicable dealing procedures.

## SAFETY, HEALTH AND ENVIRONMENT

The Group strives to conform to safety, health and environmental laws applicable to its operations. A major review of all existing policies and practices was undertaken to ensure that the Group complies with both local and international standards and legislation. A new Group Environmental policy and Health and Safety policy were approved by the Executive Committee on 22 February 2006.

## STAKEHOLDER COMMUNICATION

The Group is committed to transparency and to ensuring regular and open communication with its various stakeholders. The members of the Group's executive committee, and more specifically the executive directors, are available at all times to address shareholder queries and concerns. All communication takes full cognisance of the obligations placed on the Group by its listing and the regulatory environment in which it operates.

The Group's communication with its shareholders is premised on a clear understanding of shareholders' desire to maximise returns on investment and that, in order to do so, they and/or their advisors require equitable, timeous access to operating, financial and other information relevant to the health of the Group.

Information defined or deemed to be influential on the Group's share price is first released to the market via the JSE Limited's Stock Exchange News Service ("SENS") and, as soon as possible thereafter, to local and international media and to the addressees on the Group's electronic shareholder data base. These addressees include shareholders, fund managers, and analysts. All information is also available on the Group's website.

Information relating to the Group's operating and financial performance is released proactively to the market at least quarterly in the same way, and sometimes more frequently, as determined by circumstance. At half-year and year-end the Group disseminates the results by means of a leaflet which is distributed to all shareholders on the data base.

The Group hosted its first analysts' briefing during the year under review and will be hosting such briefings on a more regular basis in the future.

## INTERNAL AUDIT

A selection process is currently underway to appoint an auditing firm who will fulfil the role as internal auditor. In the interim period, professional accounting firms are used on a contract basis to perform ad hoc internal audits.