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## **ACTION REQUIRED BY SHAREHOLDERS**

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This circular is important and requires your immediate attention. The action you need to take is set out below. The definitions and interpretation commencing on page 4 of this circular have been used in this section.

If you are in any doubt as to what action to take, consult your accountant, attorney, stockbroker or other professional advisor immediately.

### **1. IF YOU HAVE DEMATERIALISED YOUR SIMMERS SHARES WITHOUT "OWN-NAME" REGISTRATION**

#### **1.1 Voting at the general meeting**

If you have not been contacted by your CSDP or broker, it would be advisable for you to contact your CSDP or broker and furnish it with your voting instructions.

If your CSDP or broker does not obtain voting instructions from you, they will be obliged to vote in accordance with the instructions contained in the agreement concluded between you and your CSDP or broker.

You must **not** complete the attached form of proxy.

#### **1.2 Attendance and representation at the general meeting**

In accordance with the agreement between you and your CSDP or broker, you must advise your CSDP or broker if you wish to attend the general meeting or to send a proxy to represent you at the general meeting, in which case your CSDP or broker will issue the necessary letter of authority for you or your proxy to do so.

### **2. IF YOU HAVE NOT DEMATERIALISED YOUR SIMMERS SHARES OR HAVE DEMATERIALISED YOUR SIMMERS SHARES WITH "OWN-NAME" REGISTRATION**

#### **Voting, attendance and representation at the general meeting**

You may attend the general meeting in person. Alternatively you may appoint a proxy to represent you at the general meeting by completing the attached form of proxy in accordance with the instructions thereon and return it to the transfer secretaries to be received by no later than 11:00 on Tuesday, 13 December 2005.

### **3. IF YOU HAVE DISPOSED OF YOUR SIMMERS SHARES**

If you have disposed of your Simmers shares, this circular, together with the attached form of proxy, should be handed to the purchaser of such shares or the stockbroker or other agent who disposed of your Simmers shares for you.

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## IMPORTANT DATES AND TIMES

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**2005**

Circular posted on	Thursday, 24 November
Last day for lodging form of proxy by 11:00 on	Tuesday, 13 December
<b>General meeting of Simmers shareholders at 11:00 on</b>	<b>Thursday, 15 December</b>
Results of general meeting released on SENS on	Thursday, 15 December
Results of general meeting published in the press on	Monday, 19 December

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**Notes:**

1. The above dates and times may be subject to amendment. Any such amendment will be published in the press.
2. The definitions and interpretation commencing on page 4 of this circular have, to the extent applicable, been used on this salient dates and times page.

## DEFINITIONS AND INTERPRETATION

In this circular, and the annexures hereto, unless otherwise stated or the context otherwise clearly indicates, the words in the first column shall have the meaning stated opposite them in the second column. Words in the singular shall include the plural and *vice versa*, words signifying any one gender shall include the other genders and references to natural persons shall include juristic persons and associations of persons:

“the Act”	the Companies Act, 1973 (Act 61 of 1973), as amended;
“the board”	the board of directors of Simmers;
“Bobsat”	Bobsat Investments (Proprietary) Limited (Registration number 1987/005247/07), a wholly-owned subsidiary of Simmers;
“Caledonian”	Caledonian Mining and Exploration Company (Proprietary) Limited (Registration number 1973/008742/07), a wholly-owned subsidiary of Mimco, before the disposal;
“Centurion”	Centurion Mining Company (Proprietary) Limited (Registration number 1966/007352/07), a wholly-owned subsidiary of Mimco;
“certificated shares”	Simmers shares held in the form of certificates or other documents of title and which have not yet been surrendered for dematerialisation in terms of STRATE;
“certificated shareholders”	Simmers shareholders holding certificated shares;
“Cheston”	Cheston Minerals (Proprietary) Limited (Registration number 1993/006878/07);
“circular”	this circular and the annexures hereto;
“CSDP”	a Central Securities Depository Participant registered in terms of the Custody and Administration of Securities Act, 1992 (Act 85 of 1992), as amended, and as defined in section 91A of the Act;
“dematerialisation”	the process whereby paper share certificates and other documents of title are replaced with electronic records of ownership of shares or securities as contemplated in section 91A of the Act under the STRATE system with a CSDP or broker;
“dematerialised shares”	Simmers shares, which have been dematerialised and incorporated into STRATE and which are no longer evidenced by share certificates or other physical documents of title;
“dematerialised shareholders”	Simmers shareholders holding dematerialised shares;
“directors”	the board of directors for the time being of the company;

“the disposal” or “the transaction”	the disposal of the Sale Shares and the Sale Claims in terms of the Mimco Sale Agreement and the retention by Simmers of all the shares in and claims on loan account against Sabie and Caledonian in terms of the Subsidiary Sale Agreement;
“the disposal agreements”	the Mimco Sale Agreement and the Subsidiary Sale Agreement;
“documents of title”	share certificates, certified transfer deeds, balance receipts and other documents of title to shares which are acceptable to the board;
“effective date”	the effective date of the disposal, being 1 September 2004;
“general meeting”	the general meeting of shareholders convened in terms of the notice accompanying this circular, to be held at 11:00 on Thursday, 15 December 2005, in order to approve the disposal;
“the group”	Simmers and its subsidiaries, referred to collectively;
“independent adviser”	NewFound Capital (Proprietary) Limited;
“JSE”	JSE Limited, a company duly registered and incorporated with limited liability under the company laws of South Africa under registration number 2005/022939/06, licensed as an exchange under the Securities Services Act, 2004;
“last practicable date”	23 November 2005, being the last practicable date prior to finalisation of this circular;
“Mimco”	Makonjwaan Imperial Mining Company (Proprietary) Limited (Registration number 1987/005176/07), a wholly-owned subsidiary of Bobsat which, before the disposal, owned Sabie, Caledonian, Centurion and 7 Propcos and which operates the Lily Mine;
“Mimco Sale Agreement”	the agreement, entered into between Simmers, Cheston, Orlyfunt and Bobsat, dated 21 October 2004, in terms of which Simmers and Bobsat disposed of the Sale Claims and the Sale Shares to Orlyfunt for a cash consideration of R3 million;
“Orlyfunt”	Orlyfunt Holdings (Proprietary) Limited (Registration number 2003/014960/07), a company incorporated in accordance with the laws of South Africa;
“ordinary share” or “shares”	an ordinary share in the capital of the company each with a par value of two cents;
“own-name dematerialised shareholders”	shareholders who have dematerialised their shares through a CSDP and have instructed that CSDP to hold their shares in their own name on the sub-register, being the list of shareholders maintained by the CSDP and forming part of the register of the company;
“Sabie”	Sabie Mines (Proprietary) Limited (Registration number 1937/009104/07), a wholly-owned subsidiary of Mimco, before the disposal;

“the Sale Claims”	collectively, the claims on loan account of Bobsat and Simmers against Mimco of R20 million and R60 million, respectively, on 21 October 2004;
“the Sale Shares”	100 ordinary shares of R1.00 each, constituting the entire issued share capital of Mimco;
“Simmers” or “the company”	Simmer and Jack Mines, Limited (Registration number 1924/007778/06), the ordinary shares of which are listed on the JSE;
“Simmers shareholders” or “shareholders”	all registered holders of Simmers ordinary shares;
“the subsidiary assets”	collectively: <ul style="list-style-type: none"> <li>– Mimco Claims against Sabie, Caledonian and Vanaxe;</li> <li>– 155 000 ordinary shares of R1.00 each in the issued share capital of Sabie, constituting the entire issued share capital of Sabie; and</li> <li>– 300 ordinary shares of R1.00 each in the issued share capital of Caledonian, constituting the entire issued share capital of Caledonian;</li> </ul>
“Subsidiary Sale Agreement”	the agreement entered into by Mimco, Simmers and Cheston, dated 21 October 2004, in terms of which the subsidiary assets are disposed of by Mimco to Simmers for a consideration of R1.00;
“STRATE”	STRATE Limited (registration number 1998/022242/06), the company operating the electronic settlement system for transactions that take place on the JSE and off-market transactions;
“transfer secretaries”	Computershare Investor Services 2004 (Proprietary) Limited (Registration number 2004/003647/07);
“TGME”	Transvaal Gold Mining Estates Limited (Registration number 1895/000997/06), a wholly-owned subsidiary of Simmers;
“Vanaxe”	Vanaxe Share Block (Proprietary) Limited (Registration number 1965/006366/07), a wholly-owned subsidiary of Sabie; and
“7 Propcos”	seven property owning companies which are wholly-owned subsidiaries of Mimco, each owning one residential property in Barberton.



(Incorporated in the Republic of South Africa)  
 (Registration number 1924/007778/06)  
 Share code: SIM ISIN: ZAE000006722

## Directors

R A R Kebble (*Chairman*)  
 B J Njenje (*Vice-chairperson*)  
 G T Miller\* (*Chief Executive Officer*)  
 G P Wanblad\*  
 J de V Berry\*  
 J P Schumachert  
 V A Mkele  
 D H Brown  
 N R G Brunette  
 K Wakeford  
 A X Sisulu  
 V M Watson (alternate director)  
 E Oosthuizen (alternate director)

\* Executive  
 † Swiss

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## CIRCULAR TO SIMMERS SHAREHOLDERS

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### 1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

It was announced on 24 November 2004, 22 July 2005 and 25 July 2005 that Simmers had, with effect from 1 September 2004, disposed of Mimco to Orlyfunt for a consideration of R3 million. Immediately following the disposal, Orlyfunt disposed of Mimco to Cheston.

The JSE had ruled that Cheston is a related party to Simmers and therefore that the disposal constitutes a related party transaction in terms of section 10.1(b) of the JSE Listings Requirements. As such, full details of the disposal, including a fair and reasonable opinion from an independent advisor on the terms and conditions of the disposal, is presented to shareholders in this circular and Simmers shareholders are requested to ratify the disposal in terms of the notice of general meeting attached hereto. Simmers shareholders holding in excess of 70% of the ordinary shares that are allowed to cast their votes have signed irrevocable undertakings to vote in favour of the disposal.

The purpose of this circular is to provide shareholders with information relevant to the transaction and to convene a general meeting of shareholders to consider and ratify the transaction in terms of the notice of general meeting attached to this circular.

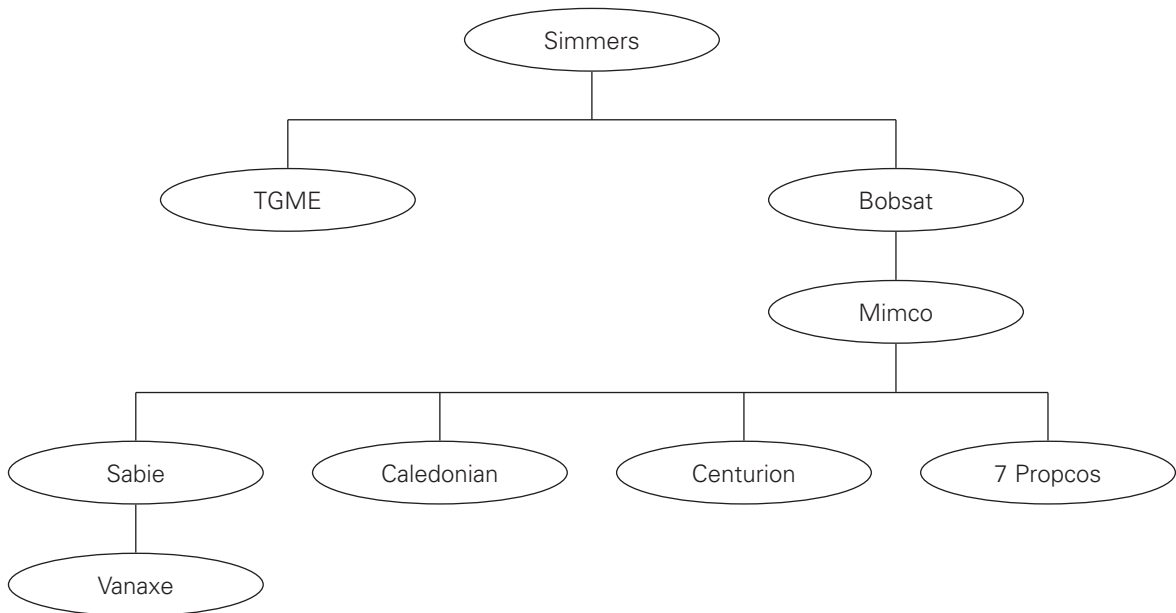
### 2. THE DISPOSAL

In terms of the Mimco Sale Agreement, Simmers and Bobsat disposed of the Sale Shares and Sale Claims to Orlyfunt for a total consideration of R3 million, settled in cash. Orlyfunt then disposed of the Sale Shares and Sale Claims to Cheston for a purchase consideration of R3 million to be settled with the delivery of 11 344 600 Simmers shares.

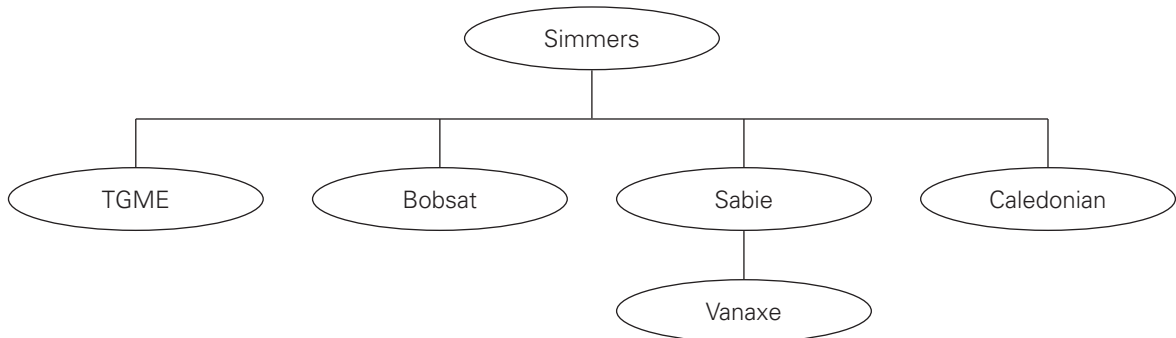
Following the implementation of the Mimco Sale Agreement and in terms of the Subsidiary Sale Agreement, Mimco disposed of the Subsidiary Assets to Simmers for a consideration of R1.00.

The effect of the Mimco Sale Agreement and the Subsidiary Sale Agreement on the group structure of Simmers can be illustrated as follows:

### 2.1 The structure, before the disposal



### 2.2 The structure, after the disposal



## 3. RATIONALE FOR THE DISPOSAL

The board of Simmers recognised that Mimco had non-performing, loss-making assets with significant environmental challenges and took a decision to dispose of these assets.

The transaction simplified the corporate structure of Simmers and allowed the board at the time to focus on the more productive assets of the group.

## 4. RELATED PARTY AND INDEPENDENT ADVISER'S OPINION

Michael McChesney is the sole shareholder of Cheston. McChesney was also a director of Simmers, until his resignation as a director on 8 November 2004. The JSE has ruled that Cheston is a related party to Simmers and therefore that the disposal is a related party transaction in terms of Section 10.1(b) of the JSE Listings Requirements. As such, full details of the disposal, including a fair and reasonable opinion from an independent advisor on the terms and conditions of the disposal, is presented to shareholders in this circular and Simmers shareholders are requested to ratify the disposal. McChesney and any of his associates shall not be entitled to vote in respect of ordinary resolutions to ratify the disposal, as he is a related party in terms of the JSE Listings Requirements. All other shareholders will be entitled to attend and vote at the general meeting or any adjournment thereof.

NewFound has been appointed as the independent advisor and has concluded that the terms of the disposal agreement are fair and reasonable to shareholders. The full text of their opinion is annexed hereto as Annexure I.

Simmers shareholders holding in excess of 70% of the ordinary shares that are allowed to cast their votes have signed irrevocable undertakings to vote in favour of the disposal.

## 5. FINANCIAL EFFECTS

### 5.1 Financial effects of the disposal

The table below sets out the unaudited *pro forma* financial effects of the disposal on Simmers. The audited financial results for the year ended 31 March 2005 includes the disposal. The unaudited *pro forma* financial effects that are the responsibility of the directors reflect the position of Simmers on the assumption that the disposal did not take place and are presented for illustrative purposes only and because of their nature may not fairly present Simmers' results and financial position before the disposal.

	Before Disposal <sup>(3, 4, 5)</sup>	After Disposal <sup>(1, 2)</sup>	Percentage change
Loss per share (cents)	(17.3)	(19.9)	(14.9)
Headline loss per share (cents)	(17.3)	(12.8)	26.0
Diluted loss per share (cents)	(16.9)	(19.4)	(15.0)
Diluted headline loss per share (cents)	(16.9)	(12.5)	25.9
Net liability value per share (cents)	(14.6)	(17.2)	(17.9)
Tangible net liability value per share (cents)	(14.6)	(17.2)	(17.9)
Closing and weighted number of shares in issue	203 441 911	203 441 911	–
Diluted weighted average number of shares in issue	208 726 918	208 726 918	–

#### Notes:

1. The "After" financial information, other than the net liability value and the tangible net liability value per share which have been calculated, has been extracted, without adjustment, from the published audited year-end results for the 12 months ended 31 March 2005.
2. The disposal took place with effect from 1 September 2004, which resulted in the five months' operating results of Mimco being included in the group's results at 31 March 2005. At the date of the disposal the group incurred a loss of R14 497 000.
3. On the assumption that the disposal of Mimco did not take place, the operating results of Mimco were extrapolated to a 12-month period. In addition it is assumed that the additional seven months' loss includes the amortisation of Mimco's assets for a further seven-month period, and the balance of the losses incurred during the seven-month period, other than the amortised amount, were financed through a loan.
4. On the assumption that the disposal of Mimco did not take place, the Mimco assets need to be included in the group assets. Except for the additional amortisation charge referred to in note 3 above, it is assumed that the asset value of Mimco did not change between date of disposal and 31 March 2005.
5. Assuming the disposal of Mimco did not take place, the Mimco liabilities need to be added to the group liabilities. Except for the finance of the additional loss incurred by Mimco, other than the amortised amount, it is assumed that the value of Mimco liabilities did not change between the date of disposal and 31 March 2005.
6. In terms of the agreement, Simmers was entitled to receive a consideration of R3 million for the disposal of Mimco. This amount was set-off against the shareholder's loan due by Simmers. On the assumption that the disposal did not take place, the R3 million was reversed.

## 6. INFORMATION RELATING TO THE COMPANY

### 6.1 Simmers

Simmers was incorporated as a public company in South Africa on 10 March 1924. It is a mining holding company whose subsidiary companies are engaged in the gold mining activities in the Pilgrims Rest goldfields and the North West Province in South Africa. Following the disposal, Simmers's principal subsidiaries are: TGME, Bobsat, Sabie, Caledonian and Buffelsfontein Gold Mines Limited.

**6.2 Major shareholders**

At the last practicable date, the following shareholders, other than directors, directly or indirectly, beneficially held 5% or more of the company's shares:

	<b>Number of ordinary shares</b>	<b>Percentage held</b>
Jaganda (Pty) Limited	378 607 457	44.6
Top-Gold AG mvK*	231 764 125	26.4

\*A private investment company incorporated in the principality of Liechtenstein which holds shareholding for various shareholders and therefore classified as a public shareholder.

**6.3 Material changes**

Except as detailed in the rights offer circular dated 20 June 2005, there has been no material changes in the financial and trading position of the company between the date of the last published annual results of the company for the year ended 31 March 2005, being 21 September 2005, and the last practicable date.

**6.4 Material contracts**

Save for the disposal agreements referred to in this circular and the agreements referred to in the rights offer circular dated 20 June 2005, the issue of shares for cash and various cautionary announcements in respect of potential acquisitions as released on SENS, Simmers has not entered into any material contracts within the two years prior to the date of this circular, or at any time, which contains an obligation or settlement which remains material to the group at the date of this circular.

**6.5 Litigation**

There are no legal or arbitration procedures, including proceedings that are pending or threatening, of which Simmers is aware, that may have or have had, in the past 12 months preceding the date of this circular, a material effect on the financial position of Simmers and the group.

**7. INFORMATION RELATING TO THE DIRECTORS****7.1 Directors**

The full names, addresses and occupations of the directors of Simmers are set out below:

<b>Name</b>	<b>Business address</b>	<b>Occupation</b>
R A R Kebble	5 Press Avenue Selby 2001	Non-executive chairman
G T Miller	5 Press Avenue Selby 2001	Chief executive officer
J de V Berry	5 Press Avenue Selby 2001	Executive director
G P Wanblad	3rd Floor, Harrison Street Johannesburg 2001	Executive director
J P Schumacher	Strehlgasse 4, Zurich Switzerland 8022	Non-executive director
E Oosthuizen	5 Press Avenue Selby 2001	Alternate director to J P Schumacher
B J Njenje	Ernst & Young Building 145 Cape Road, Port Elizabeth	Non-executive Vice-chairperson

Name	Business address	Occupation
V A Mkele	Ernst & Young Building 145 Cape Road, Port Elizabeth	Non-executive director
V M Watson	Ernst & Young Building 145 Cape Road, Port Elizabeth	Alternate director to V A Mkele
D H Brown	Old Trafford 4, Boundary Road Isle of Houghton, Houghton	Non-executive director
N R G Brunette	Fountainhead Farm Piet Retief	Non-executive director
K Wakeford	Ocean Terrace Park, Moore Street Quigney, East London	Non-executive director
A X Sisulu	4 Riverside Lodge 7 Sycamore Road, Sandton	Non-executive director

## 7.2 Directors' interests in securities

7.B.20

At the last practicable date, the direct and indirect beneficial interests of the directors in the shares of Simmers were as follows:

	Beneficial		Total	Percentage of ordinary shares
	Direct	Indirect		
R A R Kebble		4 000 000 <sup>1</sup>	4 000 000	0.5
G T Miller		4 000 000 <sup>1</sup>	4 000 000	0.5
G P Wanblad		4 000 000 <sup>1</sup>	4 000 000	0.5
J de V Berry		4 000 000 <sup>1</sup>	4 000 000	0.5
J Stratton*	1 000 000		1 000 000	0.1
H C Buitendagt†	1 000 000		1 000 000	0.1
M McChesney‡	758 600		758 600	0.1
	<b>2 758 600</b>	<b>16 000 000</b>	<b>18 758 800</b>	<b>2.2</b>

1. Beneficial interest held by the directors in Jaganda.

\*Resigned as director with effect from 14 December 2004.

†Resigned as director with effect from 23 June 2005.

‡Resigned as director with effect from 4 November 2004.

The directors do not have any direct or indirect non-beneficial interests in the issued shares of Simmers.

## 7.3 Directors' interest in respect of share options

Participant	Date of issue	Issue price per share (cents)	Number of shares
R A R Kebble	2 October 2000	10	1 000 000
	1 December 2004	25	3 000 000
G T Miller	1 December 2004	25	3 500 000
J de V Berry	1 December 2004	25	3 500 000
G P Wanblad	1 December 2004	25	3 500 000
J P Schumacher	1 December 2004	25	1 000 000
E Oosthuizen	1 December 2004	25	2 000 000
<b>Total allocated to directors</b>			<b>17 500 000</b>

**7.4 Directors' emoluments**

No emoluments were paid to the directors during the year ended 31 March 2005.

**7.5 Directors' interests in transactions**

Other than the disposal detailed in this circular none of the directors had any direct or indirect material beneficial interest in any transaction of the company that was effected during the current or immediately preceding financial year or in any transaction effected during any previous financial year which remains in any respect outstanding or unperformed.

**7.6 Directors' service contracts**

The salient terms of the service agreements for executive directors are as follows:

- the service agreement can be terminated on 12 calendar months' written notice by either Simmers or the director;
- annual remuneration is a market-related salary package and shall be reviewed in February of each year;
- the executive director shall be awarded 3 500 000 share options; and
- standard confidentiality undertakings are given by each executive in favour of Simmers.

**7.7 Directors' opinion**

The board have considered the terms and conditions of the disposal agreement and are of the opinion that the disposal is beneficial to the company and shareholders and unanimously recommend that shareholders vote in favour of the ordinary resolutions to implement the disposal at the general meeting. The directors intend to vote in favour of the ordinary resolutions necessary to implement the disposal in respect of the shares beneficially owned by them or under their control.

**8. DIRECTORS' RESPONSIBILITY STATEMENT**

The directors of Simmers, whose names appear in paragraph 7.1 above, collectively and individually, accept full responsibility for the accuracy of the information given in this circular and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement herein false or misleading and that they have made all reasonable enquiries to ascertain such facts and that the circular contains all information required by the JSE Listings Requirements.

**9. CONSENTS**

The independent advisor, sponsor, the auditors and reporting accountants and the corporate law adviser, have consented in writing to act in the capacity stated and to their names being stated in this circular, and have not withdrawn their consents prior to the issue of this circular.

**10. GENERAL MEETING**

A general meeting of shareholders will be held in the Boardroom, 5 Press Avenue, Selby, Johannesburg at 11.00 on Thursday, 15 December 2005.

Shareholders who hold their shares in certificated form or who are own-name dematerialised shareholders and who are unable to attend the general meeting but wish to be represented thereat, must complete and return the attached form of proxy in accordance with the instructions contained therein, so as to be received by Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 11:00 on Tuesday, 13 December 2005.

Shareholders who have dematerialised their shares through a CSDP or broker, other than by own-name registration, who wish to attend the general meeting referred to above, should instruct their CSDP or broker to issue them with the necessary authority to attend the general meeting in terms of the custody agreement between the shareholders and their CSDP or broker.

Shareholders who have dematerialised their shares through a CSDP or broker, other than by own-name registration, who wish to vote by way of proxy at the general meeting referred above, must provide their CSDP or broker with their voting instructions, in terms of the custody agreement entered into between such shareholders and their CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature.

The related party, Mr McChesney and his associates, while being taken into account in determining the quorum at the general meeting, will not be able to vote at the general meeting in relation to any resolution in connection with the disposal.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the registered office of Simmers during normal business hours from Thursday, 24 November 2005 to Thursday, 15 December 2005:

- 11.1 the memorandum and articles of association of the company;
- 11.2 the financial results of Simmers for the three financial years ended 31 March 2005;
- 11.3 the reporting accountants' report on the *pro forma* financial information ;
- 11.4 the independent advisor's opinion, the text of which is included in Annexure I to this circular;
- 11.5 the disposal agreements;
- 11.6 the relevant consent letters referred to in paragraph 9 above;
- 11.7 a signed copy of this circular; and
- 11.8 directors' service contracts.

By order of the board

**SIMMER AND JACK MINES, LIMITED**

**G T Miller**  
*Chief Executive Officer*

Johannesburg  
24 November 2005

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**REPORTING ACCOUNTANTS' REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION**

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"The Directors  
Simmer and Jack Mines, Limited  
3rd Floor  
28 Harrison Street  
Johannesburg  
2001

16 November 2005

Dear Sirs

**REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS ON THE UNAUDITED *PRO FORMA* FINANCIAL EFFECTS PERTAINING TO THE DISPOSAL BY SIMMER AND JACK MINES LIMITED ("SIMMERS") OF ALL THE ISSUED SHARES IN AND CLAIMS ON LOAN ACCOUNT AGAINST MAKONJWAAN IMPERIAL MINING COMPANY (PROPRIETARY) LIMITED TO A RELATED PARTY ("THE DISPOSAL")**

**1. INTRODUCTION**

We report on the unaudited *pro forma* financial effects as set out in paragraph 5 of the circular to Simmers shareholders, to be dated on or about 24 November 2005 ("the circular"). The abovementioned *pro forma* financial information has been prepared, for illustrative purposes only, to provide information about how the disposal has affected Simmers' audited financial information in respect of the year ended 31 March 2005, as it is already included in such information.

To illustrate the effects of the disposal to shareholders on a *pro forma* basis, the disposal will effectively be excluded from the reported results in respect of the year ended 31 March 2005 and the "Before" column will effectively present the position of the company on the basis that the disposal had not taken place by 31 March 2005. The "After" column will accordingly present the position of the company as per the audited reported results in respect of the year ended 31 March 2005.

The *pro forma* financial effects will accordingly compare the earnings, headline earnings, net liability value and net tangible liability value per share at 31 March 2005 (where the disposal has already been fully accounted for) to *pro forma* "Before the disposal results" which would have been reflected had the disposal not taken place during that period.

Because of their nature, the unaudited *pro forma* financial effects may not fairly present Simmers' financial position before the disposal.

At your request, and for purposes of the disposal, we present our report on the unaudited *pro forma* financial effects a of Simmers in compliance with the Listings Requirements of the JSE Limited ("JSE").

**2. RESPONSIBILITIES**

The directors are solely responsible for the preparation of the unaudited *pro forma* financial effects to which this reporting accountants' report relates, and for the financial statements and financial information from which it has been prepared.

It is our responsibility to express an opinion on the unaudited *pro forma* financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited *pro forma* financial information of Simmers, beyond that owed to those to whom those reports were addressed at their dates of issue.

**3. BASIS OF OPINION AND SCOPE OF WORK PERFORMED**

Our work, which did not involve any independent examination of any of the underlying financial information, consisted primarily of agreeing the unadjusted financial information to the audited financial statements of Simmers for the year ended 31 March 2005, considering the evidence supporting the adjustments, recalculating the amounts based on the information obtained and discussing the unaudited *pro forma* financial information with the directors of Simmers.

Because the above procedures do not constitute either an audit or a review made in accordance with Statements of South African Auditing Standards, we do not express any assurance on the fair presentation of the unaudited *pro forma* financial information, other than the opinion set out below.

Had we performed additional procedures or had we performed an audit or review of the *pro forma* financial information in accordance with Statements of South African Auditing Standards, other matters might have come to our attention that would have been reported to you.

**4. OPINION**

Based on our procedures, nothing has come to our attention that causes us to believe that:

- the unaudited *pro forma* financial effects have not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of Simmers;
- the adjustments are not appropriate for the purposes of the unaudited *pro forma* financial effects as disclosed, in terms of Section 8.30 of the JSE Listings Requirements.

**5. CONSENT**

We hereby consent to the inclusion of this report in the circular in the form and context in which it appears.

Yours faithfully

**GRANT THORNTON**

*Registered Accountants and Auditors  
Chartered Accountants (SA)*

Sandown"

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**FAIR AND REASONABLE OPINION**

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“Simmer and Jack Mines, Limited  
5 Press Avenue  
Selby  
Johannesburg 2001

23 November 2005

*Attention:* The Board of Directors

Dear Sirs

**INDEPENDENT FAIR AND REASONABLE OPINION TO THE SHAREHOLDERS OF SIMMER AND JACK MINES, LIMITED (“SIMMERS”) IN RESPECT OF THE DISPOSAL OF ALL THE ISSUED SHARES IN AND CLAIM BY SIMMERS ON LOAN ACCOUNT AGAINST MAKONJWAAN IMPERIAL MINING COMPANY (PROPRIETARY) LIMITED (“MIMCO”)**

**1. INTRODUCTION**

- 1.1 On 21 October 2004 Simmers entered into an agreement with Cheston Minerals (Proprietary) Limited (“Cheston”), Orlyfunt Holdings (Proprietary) Limited (“Orlyfunt”), Bobsat Investments (Proprietary) Limited (“Bobsat”) and Mimco, the net effect of which can be summarised as follows:
  - 1.1.1 Simmers sold its shares in and claims on loan account against Mimco for R3 million to Orlyfunt, which on-sold same to Cheston voetstoots at the same price (*“the Mimco disposal”*); and
  - 1.1.2 Simmers retained the shares in and claims on loan account against Sabie Mines (Pty) Limited (“Sabie”) and Caledonian Mining and Exploration Company (Pty) Limited (“Caledonian”).
- 1.2 The JSE Limited (“the JSE”) has ruled that the Mimco disposal is a related party transaction and that shareholders of Simmers have to ratify the Mimco disposal at the forthcoming annual general meeting.
- 1.3 In terms of Rule 10.4(f) of the Listings Requirements of the JSE, NewFound Capital (Proprietary) Limited (“NewFound”) has been appointed to advise the shareholders of Simmers as to whether the Mimco disposal are fair and reasonable.

**2. DEFINITION OF THE TERMS “FAIR” AND “REASONABLE”**

- 2.1 A disposal transaction is generally considered to be fair and reasonable if the consideration is equal to or greater than the fair market value of the subject matter of the disposal. Fairness is primarily based on quantitative issues and reasonableness on qualitative considerations surrounding the transaction. Even though the purchase consideration may differ from the value of the assets disposed of, the transaction may nevertheless still be considered fair and reasonable in certain circumstances after considering other significant factors.
- 2.2 This fair and reasonable opinion does not purport to cater for an individual shareholder’s position but rather the general body of shareholders. A shareholder’s decision regarding fairness and reasonableness of the terms of a transaction may be influenced by his or her particular circumstances. Should a shareholder be in doubt, such shareholder should consult an independent advisor.

### 3. SOURCES OF INFORMATION

- 3.1 In the course of its analysis, NewFound relied upon financial and other information, including prospective financial information, obtained from management of Mimco and Simmers and from various public, financial and industry sources. Whilst all information provided by management was critically reviewed for reasonableness, our procedures and enquiries did not constitute an audit and accordingly we cannot express any opinion on the financial and other information used in arriving at our opinion. Our conclusion is therefore dependent on such information being accurate in all material respects.
- 3.2 The principal sources of information used in formulating our opinion regarding the terms and conditions of the Mimco disposal include:
- 3.2.1 an agreement entered into amongst Simmers, Cheston, Orlyfunt and Bobsat in respect of the sale of shares of Mimco, dated 21 October 2004;
  - 3.2.2 an agreement entered into amongst Cheston, Simmers and Mimco in respect of the sale of shares in and claims against Sabie and Caledonian, dated 21 October 2004;
  - 3.2.3 management agreement between Simmers, Transvaal Gold Mining Estates Limited ("TGME") and Cheston in respect of the management of mining assets owned by Simmers and TGME, dated 23 January 1998;
  - 3.2.4 notice of termination of management agreement, dated 31 August 2004;
  - 3.2.5 summary of findings of the Technical Review of the Lily Mine conducted by JCI Limited ("JCI") between April and June 2004;
  - 3.2.6 the audited annual financial statements of Simmers for the five financial years ended 31 March 2005;
  - 3.2.7 information made available by the management of Mimco and Simmers as to the present and future prospects of Mimco;
  - 3.2.8 various reports and schedules in relation to the technical and financial feasibility of Mimco's mines; and
  - 3.2.9 three reports by GCS (Proprietary) Limited, Water, Environmental and Earth Science Consultants, dated 6 September 2005, in respect of the environmental rehabilitation liability of the current pit of the Lily mine, the old Safola pit, the old Makonjwaan pit and slimes dam, the Makonjwaan plant site and the Bonanza/Centurion crushing plant, CIP plant, tailings dam and slimes dam on Camelot 321 ("the Mimco mines' rehabilitation liability"). These reports by GCS were reviewed and relied upon by NewFound.

### 4. PROCEDURES PERFORMED

In order to assess the fairness and reasonableness of the Mimco disposal, we have performed, amongst others the following procedures:

- 4.1 performed an indicative valuation of Mimco using discounted cash flow, life of mine and comparable trading price to net present value and per unit of resource multiple valuation methodologies;
- 4.2 considered our indicative valuation in relation to the net asset value of Mimco and the Mimco mines' rehabilitation liability;
- 4.3 considered the financial effects of the Mimco disposal on Simmers using different criteria; and
- 4.4 considered the additional factors set out below.

The key value drivers were the Mimco mines' rehabilitation liability defined in 3.2.9 above, as well as the factors referred to in 5.2 to 5.8 below.

## 5. MATERIAL FACTORS CONSIDERED

The following material factors were taken into account as well:

- 5.1 before its rights offer dated 20 June 2005, Simmers had historically been hampered by a lack of capital resulting in insufficient funding for development and capital expenditure;
- 5.2 during the period March 2003 to June 2004 Mimco's low grade open-pit Lily mine incurred operating losses and had negative free cash flows of an average of R840 000 per month, *inter alia*, as a result of the strengthening of the Rand against the US dollar, operational problems, falling grades, limited open pit reserves, transportation costs to the higher lying Makonjwaan plant, and capacity constraints at the Makonjwaan plant and slimes dam;
- 5.3 JCI Limited was no longer prepared to fund the unsustainable operations in 5.4 below and demanded that alternatives be considered;
- 5.4 *continuation* with the Lily mine would require considerable waste stripping costs caused by sub-optimal pit management in the past and significant capital expenditure in respect of underground mining and the erection of a new plant at Lily mine;
- 5.5 *closing the Lily mine, placing it on a care and maintenance programme and simultaneously preparing a bankable feasibility study* carried the risk that the study could conclude that the mine was not feasible. Closure would be inevitable with the resultant retrenchment costs and the costs in respect of the Mimco mines' rehabilitation liability;
- 5.6 *closure* of the mine would lead to significant costs in respect of staff retrenchment and the Mimco mines' rehabilitation liability;
- 5.7 the *voetstoots disposal* of Mimco resulted in:
  - Simmers not incurring the costs in respect of staff retrenchment and the Mimco mines' rehabilitation liability;
  - savings by Simmers in respect of staff, creditors, capital expenditure, Cheston management fee and operational losses;
  - the new management team of Simmers focusing on TGME and the pursuit of sustainable additional mining assets, a rights offer and selecting a suitable BEE partner;
- 5.8 no other offer was received for Mimco;
- 5.9 a mandatory offer to shareholders at 25 cents per share was waived by the requisite majority of Simmers shareholders on 28 February 2005;
- 5.10 in the renounceable rights offer of 516 241 685 new ordinary shares at a subscription price of 25 cents per share to raise R129 million, which closed on 8 July 2005, Simmers shareholders subscribed for 91.5% of the shares offered to minority shareholders – the balance was underwritten;
- 5.11 on 22 August 2005 Simmers announced that it entered into a binding letter of intent with Canadian group Aberdeen International to provide Simmers with a loan facility of up to US \$10 million, to be used to acquire the Buffelsfontein and Hartebeesfontein gold mines. Aberdeen has an option to convert the debt into equity in Simmers shares at the end of the loan period, subject to Simmers shareholder approval, at 80 cents per share;
- 5.12 on 12 October 2005 Simmers announced that it had issued and successfully placed 37 million ordinary shares for cash at a price of 59 cents per share;
- 5.13 on 21 October 2005 it was announced that the High Court approved a scheme of arrangement in terms of which Simmers will take-over the Buffelsfontein and Hartebeesfontein mines in Stilfontein; and
- 5.14 on 27 October 2005 Simmers announced that it had issued and successfully placed 70 952 539 ordinary shares for cash at a price of 64.5 cents per share.

**6. ASSUMPTIONS**

Our opinion is based on the following key assumptions:

- current economic, regulatory and market conditions;
- that all relevant information had been disclosed to us;
- that Mimco was not involved in any material legal proceedings;
- that Mimco does not have any material outstanding disputes with the South African Revenue Service;
- that there are no other contingencies that could affect the value of Mimco; and
- that reliance could be placed on the audited financial results and the representations made by management and directors during the course of forming our opinion.

**7. OPINION**

Having regard to the information provided to us, the procedures performed and the material factors set out above, we are of the opinion that the Mimco disposal is fair and reasonable to the shareholders of Simmers.

In particular, our opinion is based on the fact that the Mimco disposal resulted in significant cost savings, a cessation of operational losses, and other benefits at Simmers which, together with the proceeds of the Mimco disposal, far exceeded our indicative valuation.

**8. LIMITING CONDITIONS**

- 8.1 In forming our opinion, we have assumed and relied upon the accuracy of the information provided to us, whether in writing or obtained through discussions with the management of Mimco and Simmers (“the information”). We did not visit the Lily mine, but GCS (Proprietary) Limited conducted a site visit of the mine and the surrounding area. With respect to the life of mine forecasts contained in the life of mine valuation (“the forecasts”), whilst we believe that these have been reasonably prepared by experts on bases reflecting the best currently available estimates and judgments, we have carried out a limited evaluation of the sensitivity of the forecasts to different inputs. We disclaim responsibility and liability for any errors, omissions or inaccuracies contained in the information and the forecasts.
- 8.2 Budgets/Projections/Forecasts relate to future events and are based on assumptions, which may not remain valid for the whole of the relevant period. Consequently this information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely actual results will correspond to those projected/forecast by the management of Mimco/Simmers/JCI.
- 8.3 Our opinion is based on the current economic, financial, market and other conditions prevailing as at the date of this opinion and on the information made available to us at the date hereof. Subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

**9. INDEPENDENCE AND CONSENT TO PUBLISH**

- 9.1 At the time of the Mimco disposal we had no interest in the share capital of Simmers. We did not act as financial advisor to the board of directors of JCI or Simmers or any of the other parties in connection with the Mimco disposal.
- 9.2 On 13 April 2005 NewFound entered into a 50% profit sharing arrangement above 31 cents per share with JCI in respect of 37 621 524 Simmers shares. This transaction, if added to a direct shareholding of 375 513 Simmers shares acquired during June 2005, brought NewFound’s effective interest in Simmers at such date to 2.59%.

- 9.3 We will receive a fee for our services in respect of this opinion, payment of which is in no way linked to the ratification of the Mimco disposal by the shareholders.
- 9.4. This letter and opinion is provided solely for the benefit of shareholders of Simmers in connection with and for the purpose of their consideration of the proposed resolution to ratify the Mimco disposal, as required by the JSE. This letter is not addressed to and may not be relied upon by any third party for any purpose whatsoever. We consent to its inclusion in the circular and to the references made therein in the form and context in which they appear.

Yours faithfully

**NEWFOUND CAPITAL (PROPRIETARY) LIMITED**

**C F Turner”**



(Incorporated in the Republic of South Africa)  
(Registration number 1924/007778/06)  
Share code: SIM ISIN: ZAE000006722  
("the company")

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## **Directors**

R A R Kebble (*Chairman*)  
B J Njenje (*Vice-chairperson*)  
G T Miller\* (*Chief Executive Officer*)  
G P Wanblad\*  
J de V Berry\*  
J P Schumachert  
V A Mkele  
D H Brown  
N R G Brunette  
K Wakeford  
A X Sisulu  
V M Watson (*alternate director*)  
E Oosthuizen (*alternate director*)  
\* Executive  
† Swiss

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## **NOTICE OF GENERAL MEETING**

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Notice is hereby given that a general meeting of shareholders will be held in the Boardroom, 5 Press Avenue, Selby, Johannesburg at 11:00 on Thursday, 15 December 2005 for the purposes of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions set out below, in the manner required by the Companies Act, 1973 (Act 61 of 1973), as amended ("the Act"):

### **ORDINARY RESOLUTION NUMBER 1**

"Resolved that the disposal of all the issued shares in and claims on loan account against Makonjwaan Imperial Mining Company (Proprietary) Limited ("Mimco"), a wholly-owned subsidiary of Simmer and Jack Mines, Limited ("Simmers") through Bobsat Investment (Proprietary) Limited ("Bobsat"), to Orlyfunt Holdings (Proprietary) Limited ("Orlyfunt") for a consideration of R3 million in terms of the Mimco Sale Agreement entered into between Simmers, Bobsat and Orlyfunt on 21 October 2004 and as more fully described in the circular containing the notice of general meeting of which this resolution forms part, a signed copy of which agreement, initialled by the chairperson of this meeting for identification purposes, was tabled at the meeting, be and it is hereby ratified and approved in terms of the Listings Requirements of the JSE Limited."

*The validity, for the purposes of the Listings Requirements of JSE Limited, of this resolution will be subject to a simple majority of votes of shareholders, other than M McChesney, the related party, and his associates, being cast in favour of this resolution.*

### **ORDINARY RESOLUTION NUMBER 2**

"Resolved that any one of the directors of the company be and is hereby authorised to sign all documents required and do all such other acts, matters and things as may be necessary to give effect to ordinary resolution number 1 above and all actions taken in this regard are hereby ratified and approved."

*M McChesney and any of his associates shall not be entitled to vote in respect of ordinary resolutions numbers 1 and 2, as he is a related party in terms of the Listings Requirements of the JSE Limited. All other shareholders will be entitled to attend and vote at the general meeting or any adjournment thereof.*

**Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, speak, and on a poll, vote on their behalf.**

Shareholders who hold their shares in certificated form or who are own-name dematerialised shareholders and who are unable to attend the general meeting but wish to be represented thereat, must complete and return the attached form of proxy in accordance with the instructions contained therein, so as to be received by Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 11:00 on Tuesday, 13 December 2005.

Shareholders who have dematerialised their shares through a Central Securities Depository Participant (“CSDP”) or broker, other than with own-name registration, who wish to attend the general meeting referred to above, must instruct their CSDP or broker to issue them with the necessary authority to attend the general meeting in terms of the custody agreement between the shareholders and their CSDP or broker.

Shareholders who have dematerialised their shares through a CSDP or broker, other than with own-name registration, who wish to vote by way of proxy at the general meeting referred to above, must provide their CSDP or broker with their voting instructions, in terms of the custody agreement entered into between such shareholders and their CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature.

By order of the board

**SIMMER AND JACK MINES, LIMITED**

**G T Miller**

*Chief Executive Officer*

Johannesburg  
24 November 2005



(Incorporated in the Republic of South Africa)  
 (Registration number 1924/007778/06)  
 Share code: SIM ISIN: ZAE000006722  
 ("Simmers" or "the company")

## FORM OF PROXY FOR USE BY CERTIFICATED AND OWN NAME DEMATERIALISED SHAREHOLDERS ONLY

For use at the general meeting of Simmers members to be held on Thursday, 15 December 2005 at 11.00 at the Boardroom, 5 Press Avenue, Selby, Johannesburg.

I/We (BLOCK LETTERS)

of

Telephone: (Work) ( )

Telephone: (Home) ( )

being the holders of  ordinary shares in the company, hereby appoint (refer note 1):

1. \_\_\_\_\_ or failing him/her,

2. \_\_\_\_\_ or failing him/her,

3. the chairman of the general meeting,

as my/our proxy to act for me/us on my/our behalf at the general meeting which will be held at 11:00 on Thursday, 15 December 2005, at the Boardroom, 5 Press Avenue, Selby, Johannesburg for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions or to abstain from voting in respect of the shares in the issued capital of the company registered in my/our name/s, in accordance with the following instructions (refer note 2):

	Number of votes (one vote per ordinary share)		
	For	Against	Abstain
<b>Ordinary resolution number 1</b> Related party disposal			
<b>Ordinary resolution number 2</b> Authority to sign documents			

Dated at \_\_\_\_\_ on this the \_\_\_\_\_ day of \_\_\_\_\_ 2005

Signature \_\_\_\_\_

Assisted by me (where applicable) \_\_\_\_\_

**Each shareholder is entitled to appoint one or more proxies (who need not be a member of the company) to attend, speak and vote in place of that member at the general meeting.**

**Please read the notes on the reverse side hereof.**

**Notes:**

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the general meeting", but any such deletion must be initialled by the shareholder. The person whose name stands first on this form of proxy and who is present at the general meeting will be entitled to act as a proxy to the exclusion of those whose names follow.
2. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.
3. Forms of proxy must be lodged at the company's transfer secretaries, Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 11:00 on Tuesday, 13 December 2005.
4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer secretaries or waived by the chairman of the general meeting.
6. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.