

SALIES

1998 ANNUAL REPORT

SALIES

THE SOUTH AFRICAN LAND
& EXPLORATION COMPANY
LIMITED

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DIRECTORS

E F G Nealon (Chairman)
O R Dix
K S Lidell
J M Scheepers
M J Tuite

CHAIRMAN'S REVIEW

During the year, Anglo American Corporation and certain of its subsidiaries disposed of their shareholding in SALLIES resulting in the appointment of a new Board of Directors for your company.

The new Board, of which I am Chairman, restructured SALLIES during the year to allow your company to develop in the resources sector. To this end the company reduced the par value of its ordinary shares to 0,1 cent by the transfer of 34,9 cents per share to a non-distributable reserve in terms of Section 84 of the Companies Act No. 61 of 1973 (as amended). The authorised share capital was subsequently increased from 9 500 000 ordinary shares of 35 cents each to 500 000 000 ordinary shares of 0,1 cent each.

Shareholders will be requested at the company's AGM to be held on Tuesday, 22 June 1999, to pass the following resolution:

- a special resolution authorising the reduction of share capital in terms of section 83 of the Companies Act No. 61 of 1973 (as amended), to eliminate the accumulated loss of the company and to ensure that the share capital and share premium account of the company are represented by available assets.

The above restructure has put SALLIES in a position to raise capital and pursue acquisition opportunities as and when they arise, and in this regard, shareholders are referred to the cautionary announcements published on 4 May 1999 and 26 May 1999. A detailed announcement with regard to a potential acquisition is expected to be made in the near future.

EFG Nealon

Chairman

Johannesburg

31 May 1999

CORPORATE GOVERNANCE

CODE OF CORPORATE PRACTICES AND CONDUCT

The company's Board supports the principles of openness, integrity and accountability in its dealings with all its stakeholders.

Fundamental to the fulfilment of corporate responsibilities and the achievement of financial objectives is an effective system of corporate governance. In line with the Code of Corporate Practices and Conduct contained in the King Report on Corporate Governance, the Board ensures that the company's policies continue to meet current requirements. These policies relate, inter alia, to the duties of the Board and to the delegation of powers to a Board committee, and specify responsibilities and levels of authority.

FINANCIAL STATEMENTS

The directors are required by the Companies Act No. 61 of 1973 (as amended) to prepare annual financial statements which fairly present the state of affairs of the company as at the end of the financial year and of the profit or loss for the year, in conformity with Generally Accepted Accounting Practice. The external auditors are responsible for carrying out an independent examination of the financial statements in accordance with Generally Accepted Auditing Standards and reporting their findings thereon. The auditors' report is set out on page 5.

In preparing the financial statements contained on pages 5 to 12, the company has used appropriate accounting policies consistently, supported by reasonable and prudent judgments and estimates, and has complied with all applicable accounting standards generally adopted by the mining industry in South Africa. The directors are of the opinion that the financial statements fairly present the financial position of the company as at 31 December 1998 and the results of the operations and cash flow information for the year then ended.

INTERNAL CONTROL

The directors are responsible for ensuring the company maintains adequate accounting records, which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act No. 61 1973 (as amended) and Generally Accepted Accounting Practice. The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

To enable the directors to meet their responsibilities they have set standards and implemented systems of internal control aimed at reducing the risk of error 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 company is committed to a policy of fair dealing and integrity in the conduct of its business.

The directors are of the opinion, based on the information and explanations given by the administrative advisers, and on comment by the external 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. The directors believe that assets are protected and used as intended with appropriate authorisation. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of the controls, procedures and systems has occurred during the year under review.

The external auditors concur with the above statements by the directors.

CORPORATE GOVERNANCE (CONTINUED)

BOARD AND COMMITTEE STRUCTURE

The Board comprises executive and non-executive directors. The non-executive directors have a wide range of differing skills and significant commercial experience and other interests that enable them to bring an independent judgment to Board deliberation and decisions.

The composition of the members of the Board of Directors at the date of this report is given below.

DIRECTORATE

The following are details of changes in the composition of the Board of Directors from the beginning of the accounting period to the date of this report:

JG Best	(resigned 4 May 1998)
ID Cockerill	(resigned 4 May 1998)
MM Doyle	(resigned 4 May 1998)
PJ Eustace	(resigned 4 May 1998)
RM Godsell	(resigned 4 May 1998)
WA Kretschmer	(resigned 4 May 1998)
CWP Yates	(resigned 4 May 1998)
OR Dix	(appointed 4 May 1998)
KS Liddell	(appointed 4 May 1998)
EFG Nealon (Managing)	(appointed 4 May 1998)
JM Scheepers (Mrs)	(appointed 4 May 1998)
MJ Tuite	(appointed 4 May 1998)

In terms of the company's articles of association, all the newly appointed directors retire at the forthcoming annual general meeting. They will, however, be eligible for re-election.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the year ended 31 December 1998 were approved by the Board of Directors on 31 May 1999 and are signed on its behalf by:

EFG Nealon
Director

OR Dix
Director

AUDITOR'S REPORT

REPORT OF THE INDEPENDENT AUDITORS

to the members of The South African Land & Exploration Company Limited

We have audited the financial statements of The South African Land & Exploration Company Limited set out on pages 5 to 12 for the year ended 31 December 1998. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

SCOPE

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

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

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

AUDIT OPINION

In our opinion these financial statements fairly present, in all material respects, the financial position of the company at 31 December 1998 and the results of its operations and cash flows for the period then ended in accordance with generally accepted accounting practice, and in the manner required by the Companies Act.

ERNST & YOUNG

Registered Accountants and Auditors
Chartered Accountants (SA)

Johannesburg
31 May 1999

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1998

We have pleasure in submitting the audited annual financial statements of the company for the year ended 31 December 1998.

NATURE OF BUSINESS

The main business of the company is that of mining and exploration in all its spheres, without limitation to the generality of the foregoing. It was incorporated in 1903 and until 1992 conducted operations for the production of gold. Since that date it has maintained its properties, comprising both surface and mineral rights, on a care and maintenance basis. The company recently issued a cautionary notice to shareholders pending announcement of certain developments which must remain confidential until finalised.

DISPOSAL OF A SUBSTANTIAL SHAREHOLDING IN THE COMPANY

During the year the disposal of its shares in the company by Anglo American Corporation of South Africa Limited (AAC) to Athlone International Consultants (Proprietary) Limited or its nominees was concluded resulting in the latter company, incorporated in Australia, owning 47,89 % of the issued share capital of the company.

SHARE CAPITAL

The company effected a capital reduction in terms of Section 84 of the Companies Act No. 61 of 1973 (as amended) whereby the par value of the ordinary shares were reduced to 0,1 cent each by the transfer of 34,9 cents per share to a non-distributable reserve known as the Capital Reserve Account.

At the same time the authorised share capital was increased to 500 000 000 new ordinary shares of 0,1 cent each.

Apart from the above there were no further changes in the authorised or issued shares of the company. The authorised capital is accordingly 500 000 000 ordinary shares of 0,1 cent each. The issued share capital comprises 9 314 132 ordinary shares of 0,1 cent each which amounts to R9.

BORROWING POWERS

There are no restrictions on the borrowing powers of the directors. At 31 December 1998 the company had no borrowings (1997: Nil).

FINANCIAL RESULTS

The company reflected a loss of approximately R474 000 for the year. Included therein are costs of approximately R295 000 relating to circulars to members in connection with the disposal of the AAC shares and the reduction in issued share capital. Also included are care and maintenance costs of approximately R162 000 mainly related to prior years.

DIVIDENDS

No dividends were declared or are proposed in respect of the company's 1998 financial year (1997: Nil).

DIRECTORS' REPORT (CONTINUED)

PROPERTY

As the mining for gold had ceased in 1992 the mining assets were reflected at that date as fully appropriated in terms of the company's accounting policy thereon. In order to bring the company into line with International Accounting Standards the directors have decided that, in future, mining assets will be amortised over the life of the mine using the unit of production method.

This constitutes a change in accounting bases and has had the effect of eliminating the NDR, fully amortising the assets and creating an accumulated loss. This change has been applied retrospectively and the prior year results have accordingly been restated. This change in accounting base has had no effect on the income of the company for the current and prior year.

The directors consider that, as the company owns a substantial number of properties and rights, comprising 753 hectares of land and the mineral rights over approximately 70 000 hectares, a valuation of approximately R480 000 for these assets would not be unreasonable and therefore should be reflected in the balance sheet of the company as such. The releasable value of these assets will be considered in the future based on further investigation as to their potential for exploitation.

ADVISORY SERVICES

The administrative and technical advisory services previously provided by AAC were terminated on 4 May 1998. KPMG Pretoria Nominees CC currently provide administrative services, and the chairman and managing director provides technical advisory services.

DIRECTORS

The directors in office at the date of this report were

EFG Nealon* (Chairman and Managing Director)

OR Dix

KS Liddell**

JM Scheepers

MJ Tuite*

* Australian

** British

Changes in the directorate during the financial year are stated on page 3.

DIRECTORS' INTERESTS

At 31 December 1998 the present directors of the company had a beneficial interest in 95 000 shares in the company (1997: Nil) and a non-beneficial interest in 2 453 389 (1997: 4 900) shares. At the date of this report there had been no changes in these holdings.

ADMINISTRATION AND SECRETARIES

KPMG (Pretoria) Nominees CC

2nd Floor, KPMG Forum

Hatfield

Pretoria 0083

(PO Box 11265, Hatfield, Pretoria 0028)

South Africa

Facsimile: (012) 362-5705

Telephone: (012) 362-5717

TRANSFER SECRETARIES

Computershare Services Limited

1st Floor Edura

41 Fox Street

Johannesburg 2001

(PO Box 61051 Marshalltown 2107)

South Africa

Facsimile: (011) 836-0792

Telephone: (011) 492-1620

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1998

	Note	1998 R000's	1997 R000's
Sundry (loss)/income	2	(474)	385
Sundry rehabilitation expenditure - net		-	(731)
Net (loss)/income for year		(474)	1 116
Accumulated loss - at the beginning of the year		(17 109)	(18 225)
Accumulated loss - at the end of the year		(17 583)	(17 109)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1998

	1998	1997
	R000's	R000's
Operating activities		
Sundry (loss)/income before taxation adjusted for	(474)	1 116
Interest received	(37)	(302)
Changes in working capital	(151)	345
Decrease/(increase) in accounts receivable	526	(320)
(Decrease)/increase in accounts payable	(977)	665
Increase in short-term loan	300	-
Cash flows from operations	(662)	1 159
Investment income	37	302
	(625)	1 461
Financing activities		
Repayment of long-term liability	-	(3 548)
Net cash expended during the year	(625)	(2 087)
Cash resources – at the beginning of the year	791	2 878
Cash resources – at the end of the year	166	791

BALANCE SHEET

AT 31 DECEMBER 1998

	Note	1998 R000's	1997 R000's
CAPITAL EMPLOYED			
Share capital and premium	4	14 339	17 590
Non-distributable reserve		3 251	-
Accumulated loss		(17 583)	(17 109)
		7	481
EMPLOYMENT OF CAPITAL			
Property	5	480	480
Unlisted investments – at cost	6	1	1
Net current liabilities		(474)	-
Current assets		282	1 433
Accounts receivable		116	642
Cash resources		166	791
Current liabilities		756	1 433
Accounts payable		456	1 433
Short-term loan		300	-
		7	481

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1998

1. Accounting policies

The annual financial statements have been prepared according to the historical cost convention in accordance with the following accounting policies which, except where otherwise stated, are consistent with those applied in prior years.

Property

Land is maintained at cost or valuation and is not amortised or depreciated.

Mining assets comprising mineral rights, surface rights acquired for mining purposes only, mine development and infrastructure are amortised using the unit of production method based on estimated proven or probable ore reserves. Proven and probable ore reserves reflect estimated quantities of economically recoverable resources which can be recovered in future from known mineral deposits.

The effect of the change in the treatment of mining assets on current and prior year's operating results is set out in note 7.

Deferred taxation

Deferred taxation is accounted for on the comprehensive basis in respect of all material timing differences which arise from the inclusion of income and expenses or losses in taxable income in periods different from those in which they are included in accounting income. Deferred taxation assets are created when their future reliability is assured beyond a reasonable doubt.

Comparative figures

Comparative figures are regrouped and restated where necessary.

	1998	1997
	R000's	R000's
2. Sundry (loss) / income		
Sundry (loss) / income is stated after crediting or charging the following:		
Interest received	(37)	(302)
Fees for secretarial and administrative services	45	30
Auditors' remuneration	12	10

3. Taxation

Provision for taxation is not necessary as the company has a computed tax loss of R4,383 million (1997: R3,988 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1998

4. Share capital and premium	1998 R'000	1997 R'000
Authorised:		
500 000 000 (1997: 9 500 000) ordinary shares of 0,1 cent each (1997: 35 cents each)	500	3 325
Issued:		
9 314 132 (1997: 9 314 132) ordinary shares of 0,1 cent (1997: 35 cents) each	9	3 260
Share premium	14 330	14 330
	14 339	17 590
5. Property		
Land and mineral rights – at valuation	480	480
The details of land and mineral rights are set out in Annexure A.		
6. Unlisted investments – at cost		
Number of shares held	1998	1997
The Rand Mutual Assurance Company Limited	1	1
Directors' valuation R1 (1997: R1)		

ANNEXURE A

PROPERTY

FOR THE YEAR ENDED 31 DECEMBER 1998

Hectares

Surface and Mineral Rights

Surface rights excluding certain Minerals

Witpoortje 117 IR (Brakpan) 55,2173

Surface rights including all Minerals

Withok 131 IR 187,7850

243,0023

Surface Rights

Surface rights excluding all Minerals

Withok Estates (Brakpan) 21,1671

Withok Estates Agricultural Holdings (Brakpan) 3 905,553

Witpoortje 117 IR (Brakpan) 97,3029

Stands Without Mineral Rights

Sallies Village (Brakpan) 1,0027

510,0280

Mineral Rights

All Minerals

Withok 131 IR (Brakpan) 3 848,3481

Withok Estates (Brakpan) 129,4536

Withok Estates Agricultural Holdings (Brakpan) 143,8834

Others 5 8941,4157

Precious metals only

Glenroy 155 IR (Heidelberg) 42,8266

All minerals with certain exceptions

Glenroy 132 IR (Heidelberg) 200,5114

Kalkkloof 706 JT (Carolina) 3 0384,6575

Rooikraal 156 IR (Heidelberg) 1 118,5525

Wachteenbiet Jesdraai 350KQ (Rustenburg) 1 733,8535

Withok Estates Agricultural Holdings (Brakpan) 2,1499

Witpoortje 117 IR (Brakpan) 953,8571

Sand Clay & Stone

Withok Estates (Brakpan) 128,4798

Mynpachten

iro Precious metals 1,7089

7 0629,6980

ANNEXTURE A (CONTINUED)

Various Real Rights	Hectares
Owner's share of stand and claim Licences and Mining Lease Rentals	
Withok 131 IR (Brakpan)	3 835,5076
Withok Estates (Brakpan)	129,4536
Withok Estates Agricultural Holdings (Brakpan)	9,4330
Witklip 388 KR (Waterberg)	1 960,7745
Witpoortje 117 IR (Brakpan)	695,6113
Others	3 6856,1516
	4 3486,9316
Discoverer's Rights	
Withok 131 IR (Brakpan)	3 708,5121
Witpoortje 117 IR (Brakpan)	676,3205
Rustplats 788 KS (Groblersdal)	1480,0730
	5 864,9056
Various Other Rights	
Consents and Indemnities	
No special sub-right categories	583,1594
Closure Certificates	
Mines	
Total hectares	121 317,7250

NOTICE TO MEMBERS

Notice is hereby given that the ninety-sixth annual general meeting of members of The South African Land & Exploration Company Limited will be held at KPMG Forum, 427 Hilda Street, Pretoria, Tuesday, 22 June 1999 at 11:00 for the following business:

1. To receive and consider the annual financial statements of the company for the year ended 31 December 1998.
2. To elect directors in accordance with the provisions of the company's articles of association.
3. To consider the following special resolution:

RESOLVED THAT, pursuant to section 83 of the Companies Act No. 61 of 1973 (as amended), the company reduce its share capital, which is not represented by available assets, by writing off the share premium account of the company against the accumulated loss of the company of R17 109 000 thereby reducing the share premium account of the company from R14 330 000 to Nil.

The reason for the special resolution is to eliminate the accumulated loss of the company and to ensure that the share capital and share premium account of the company are represented by available assets.

The effect of the special resolution is to eliminate the share premium account and to reduce the accumulated loss of the company by R14 330 000.

Holders of share warrants to bearer who wish to attend in person or by proxy or to vote at the annual general meeting must comply with the regulations of the company under which share warrants to bearer are issued.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and, on a poll, vote in his/her stead. A proxy need not be a member of the company. A form of proxy accompanies this annual report.

By order of the board

31 May 1999