

Annual Report & Accounts 2003

# Bisichi 03

Mining and mining finance



Bisichi Mining PLC

"The group's objective is to seek capital growth from investment in mining activities around the world, underwritten by a solid UK income flow from its property investment portfolio."

Michael Heller, Chairman

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## Highlights of the year



Direct coal mining is now the company's most important mining activity



Important new coal reserves acquired in 2003



Coal exports started through Richards Bay Coal Terminal



New coal mining plant and equipment have significantly improved production volumes

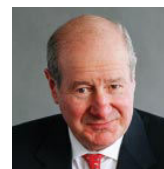


14% increase in value of UK investment property portfolio to £13 million



Shareholders funds increased by 36% to £11.2 million

## Chairman's statement



**"2003 has been another successful year for Bisichi Mining plc. Group profits on ordinary activities before taxation, depreciation and amortisation increased to £2,417,000 (2002: £1,225,000)."**

*Michael Heller, Chairman*

Direct coal mining is now our most important mining activity, with Black Wattle now producing over one million tonnes of coal per year, compared with less than half a million tonnes 5 years ago. To sustain this growth, Black Wattle has recently acquired important additional reserves adjacent to the existing mine. We reported last year that Black Wattle had completed the construction of a modern railhead, giving the mine an export capability. In the course of last year, the Richards Bay Coal Terminal ("RBCT"), which is South Africa's largest coal export terminal, was opened-up to a limited number of Black Economic Empowerment companies including our local partner, Endulwini Resources.

In late 2003 we started exporting coal through RBCT, via Endulwini Resources, thereby gaining access to premium priced international markets. We have recently been informed that this arrangement will continue in the current year. More details of this and other issues associated with our direct mining activities are contained in the Mining Review which follows.

Part of the strength of Bisichi Mining is that its mining activities are underpinned by a strong UK retail property investment portfolio, managed by London & Associated Properties plc. This portfolio, which is fully let and produces a rental income in excess

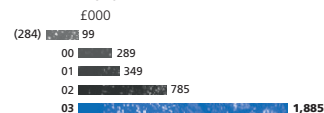
of £1 million per year, was valued at 31 December 2003 by independent chartered surveyors at £13 million, an increase of 14% on a like for like basis. The effective management of our property investment portfolio by London & Associated Properties is well illustrated by the performance of our investment in the centre of Northampton, which was acquired in 2002 for £2.65 million and has been valued at £3.25 million as at 31 December 2003. Bisichi Mining also owns, jointly with London & Associated Properties, Dragon Retail Properties, which has increased its net assets by 27% to £2.8 million.



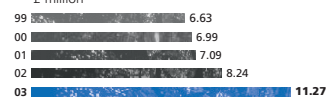
### Tonnes Mined



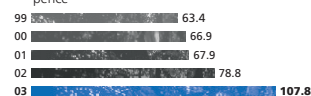
### Operating Profit



### Shareholders funds\*



### Net assets per share\*



\* Based on net assets including the investment portfolio at market value.



Shareholders funds now stand at £11.2 million compared to £8.2 million a year ago, an increase of 36%.

Following these excellent results, your directors are recommending a dividend of 1.8p compared to 1.5p in the previous year. This will be payable on 16 August 2004 to shareholders on the register on 23 July 2004.

Finally, and given the growing importance of our direct mining activities, I am pleased to be able to inform shareholders that we have recently strengthened our senior executive management team with the appointment of Mr Tom Kearney as an executive director.

Tom, who joined the Board of Bisichi Mining PLC as a non-executive director earlier in 2003, has considerable experience in the international coal business and is an important addition to our management resource.

Turning to our other business interests, Bisichi Mining continues to own 100% of Mineral Products Limited, which manages a portfolio of equity investments with a weighting in mineral and natural resource stocks. This portfolio provides Bisichi Mining with an easily accessible cash reserve.

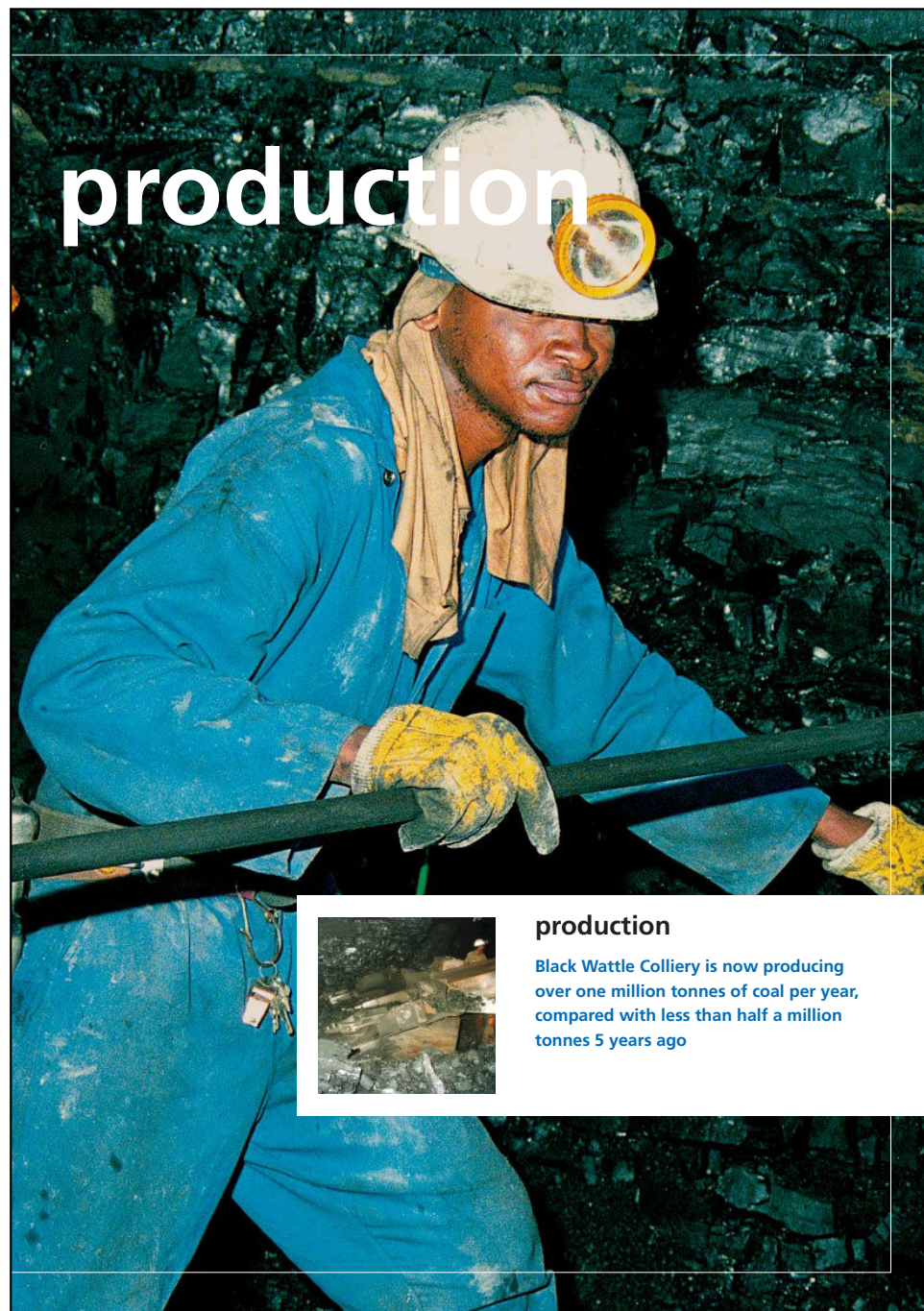
In closing, I would like to thank the staff of Bisichi Mining, its subsidiaries both in the United Kingdom and South Africa and our associates in South Africa for their contribution and continued commitment to your company. I look forward to the coming year for your company with confidence.

*Michael Heller*

**Michael Heller**  
Chairman  
18 March 2004



# production



## production

Black Wattle Colliery is now producing over one million tonnes of coal per year, compared with less than half a million tonnes 5 years ago

## Mining review



**"Significant improvements in mining and processing, coupled with a buoyant market for Black Wattle's products, have contributed to this year's successful results."**

*Andrew Heller, Managing Director*

### Black Wattle Colliery

As is clear from the Chairman's statement, 2003 was another successful year for Bisichi Mining's direct mining operation, with profits and production increasing substantially over 2002. Significant improvements in mining and processing, coupled with a buoyant market for Black Wattle's products, have contributed to this year's successful results. The groundwork laid in earlier years is showing results and the mining operation is well placed to continue to grow.

### Production

There has been a significant increase in production due, in large part, to timely and cost effective investment in additional mining equipment with a resultant reduction in machinery downtime. All three sections now have back-up machinery. Black Wattle is producing over one million tonnes of coal per year.

### Processing

The fine coal section of the coal processing plant was completed and commissioned at the end of 2003. This was timed to coincide with exporting coal through the Richards Bay Coal Terminal ("RBCT"). The minus 8mm fraction of the run-of-mine coal is now, for the first time, washed and sold on the export market as a premium product. Sized products are supplied to local customers, peas (8mm-25mm) for steam generation and nuts (25mm- 80mm) to char producers, who in turn supply the ferrochrome industry.

Final plant adjustments are still being made, which will ultimately result in the process efficiencies improving, as well as increasing the raw coal feed capacity to 140,000 tonnes per month.

### Ore Reserves

A new reserve block of approximately 3.0 million tonnes of high grade coal contiguous to Black Wattle Colliery was acquired during 2003. The total reserves acquired during the past two years cover an area of approximately 300 hectares. The total in situ tonnage at Black Wattle now stands at some 15 million tonnes.

With the new reserves, Black Wattle's range of coal varies from low to high grade as well as from low to high phosphorous content. The improved coal processing facility will, however, allow for most of the reserves to be mined to supply existing customers. Very low grade reserves will be mined at a later stage to supply local power stations.



## processing

The fine coal section of the coal processing plant was completed and commissioned at the end of 2003



Shareholders should be aware that in 2004 our mining plan includes mining the newly-acquired reserves contiguous to existing operations. The geological information we have on these reserves is extensive and at times this coal will be of varying yields. We have every confidence that the changes we have made to production and the washing plant in the previous years will permit us to extract and process this coal efficiently while ensuring the continued high quality of our saleable products.

#### Export

RBCT, South Africa's largest coal export terminal, is one of the key drivers in the international seaborne steam coal market. Until 2003, the use of RBCT was restricted to its shareholders, the majority of which

are the largest international coal and mining companies in the world. In mid 2003, our partner in Black Wattle, Endulwini Resources, was selected as one of four Black Economic Empowerment ("BEE") companies allowed to export coal via RBCT in a RBCT sponsored export program designed to support BEE groups' export activities. Consequently, Black Wattle was able to export its first coal on an FOB basis in the last quarter of 2003.

An expanded export BEE allocation at RBCT has recently been agreed. Endulwini Resources is one of the companies in the program. Access to RBCT will provide us with substantial opportunities to increase export tonnage and take advantage of the premium prices found in the international market.

#### Ninghi Marketing Limited

In anticipation of the opening up of RBCT to BEE groups, Endulwini Resources and Bisichi Mining plc in 2002 established Ninghi Marketing Limited ("Ninghi"), an international coal marketing and sales organisation based in London. In 2003, Ninghi entered into two contracts with one of the world's largest producers and marketers of seaborne coal.

#### Black Economic Empowerment

The management of Black Wattle, its workers, and its shareholders are committed to implementing the Broad Based Socioeconomic Empowerment Charter for the South African Mining Industry. As such, we have agreed to a Charter Action Plan which lists actions, responsible parties, and deadlines for



implementation of the various aspects of the Charter. An Implementation Report was prepared for the executive management of Bisichi Mining and a senior member of the Black Wattle management team has been appointed Charter Compliance Officer ("CCO").

We see only opportunity in the changes taking place in South Africa, which are embodied in the goals of the Mining Charter. As such, the management and shareholders of Black Wattle are continuously identifying opportunities which will further advance the goals of the Mining Charter. I am pleased to report that Mrs Duku Mogoai, a director of Black Wattle, has been entrusted with the responsibility that the mining charter and other current legislation is successfully implemented.

#### Prospects

Both international and domestic coal prices are strong and Black Wattle is well placed to take advantage of price movements in both markets. Demand for our low phosphorous product remains very strong and the concurrent rise in prices have allowed Black Wattle to achieve substantial price increases for 2004. On the export side, increasing our presence at RBCT on a long-term basis remains important. The new washing plant will allow us to increase the yield and flexibility of our production base, and provides additional capacity for future growth.

The success of Black Wattle and its associated ventures is a direct result of the strong working relationships that we have established in South Africa with

Mr Sipho Dube and Mrs Duku Mogoai, of Endulwini Resources, and Mr Robert Grobler, our General Mine Manager, and his team at Black Wattle. We are truly excited by the opportunities in South Africa and look to the coming year with confidence.

**Andrew Heller**  
Managing Director  
18 March 2004



## export

In mid 2003, our partner in Black Wattle, Endulwini Resources, was selected as one of four Black Economic Empowerment ("BEE") companies allowed to export coal via Richards Bay Coal Terminal

# export

## Directors' report



**"Black Wattle's excellent performance combined with the strength of Bisichi's investment property portfolio have made 2003 a record year."**

*Robert Corry, Chairman, Black Wattle Colliery*

The directors submit their report together with the audited financial statements for the year ended 31 December 2003.

### Activities and review of business

The company continues its mining and property investment activities. Income for the year was derived from the operation of a coal mine and property rentals.

The company maintained its 62.5% holding in Black Wattle Colliery (pty) Limited throughout the year. The results for the year and state of affairs of the group and the company at 31 December 2003 are shown on pages 23 to 41.

Further information on the review of the business and future developments is given in the chairman's statement and the mining review.

### Dividend

The directors recommend the payment of a dividend of 1.80p per share on the ordinary share capital for the year under review and the balance of the retained profit will be carried to reserves. The dividend will be payable on Monday 16 August 2004 to shareholders registered at the close of business on 23 July 2004.

### Investment properties

The investment property portfolio is stated at its open market value of £13,060,000, at 31 December 2003, as valued by professional external valuers.

### Directors

The directors of the company for the whole year were M A Heller, A R Heller, C A Joll and J A Sibbald. Mr T M Kearney was appointed on 10 April 2003.

The director retiring by rotation is Mr C A Joll who offers himself for re-election. Mr T M Kearney retires at the Annual General Meeting and offers himself for election.

**Christopher Joll** has been a director since 2001 and has a contract of service determinable at three months notice. He holds a number of non-executive directorships of quoted and un-quoted companies including Getmapping PLC, The Silver Fund PLC, Butler Kelly Ltd and The Room group of companies. He is also managing director of MJ2 Ltd, a financial public relations consultancy.

**Thomas Kearney** was appointed a director on 10 April 2003 and has a contract of service determinable at three months notice. He has over 10 years experience in the international energy business.

No director had any material interest in any contract or arrangement with the company during the year other than as shown in this report.





#### Directors' shareholdings

The interests of the directors in the shares of the company, including family and trustee holdings where appropriate, were as follows:

|               | Beneficial |            | Non Beneficial |            |
|---------------|------------|------------|----------------|------------|
|               | 31.12.2003 | 01.01.2003 | 31.12.2003     | 01.01.2003 |
| M A Heller    | 146,666    | 146,666    | 181,334        | 181,334    |
| A R Heller    | 772,000    | 772,000    | -              | -          |
| C A Joll      | 5,000      | 5,000      | -              | -          |
| T M Kearney * | 25,000     | -          | -              | -          |
| J A Sibbald   | -          | -          | -              | -          |

There have been no changes in the above shareholdings since 31 December 2003.

\* Purchased on 30 May 2003

#### Substantial Interests

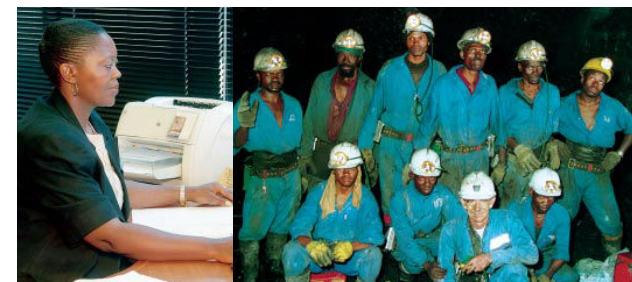
The following have advised that they have an interest in 3 per cent or more of the issued share capital of the company as at 18 March 2004:

**London & Associated Properties PLC** - 4,355,752 shares representing 41.68 per cent of the issued capital. M A Heller is a director and shareholder of London & Associated Properties PLC.

**M A Heller** - 328,000 shares representing 3.14 per cent of the issued capital.

**A R Heller** - 772,000 shares representing 7.39 per cent of the issued capital.

So far as the board is aware no other person is beneficially interested in 3 per cent or more of the issued capital of the company.



#### Corporate governance

The company has adopted the Principles of Good Governance and Code of Best Practice contained in The Combined Code published 1 June 1998 by the Committee on Corporate Governance, as far as practicably possible.

The company has adopted the City Group for Smaller Companies recommendations that smaller companies have at least two non-executive directors. The directors believe that this is appropriate and cost effective.

#### Internal control

The Combined Code introduced a requirement that directors review the effectiveness of the group's system of internal controls covering operations and risks, as well as financial controls. The Turnbull report "Internal Control Guidance for Directors on the Combined Code" was published in September 1999. The Board have reviewed control procedures in accordance with the Turnbull guidance, and have fully complied with that guidance for the accounting period ended on 31 December 2003.

The board is responsible for the effectiveness of the group's system of internal controls. The board approves financial budgets and cash flow forecasts annually for the forthcoming year, and performance is closely monitored against such budgets and forecasts by means of

weekly cash reports and monthly management accounts which are reviewed at board meetings. The board have made arrangements for regular inspections of the company's tangible assets, and for insurance of those assets. The company's investments and other intangible assets are regularly reviewed by the board. The board and audit committee have considered reports from the executive directors on internal control, and observations by the external auditors and other professional advisors are invited and would be carefully considered. The board has reviewed the need for an internal audit function and concluded that the current practice of using external resources as necessary remains the most cost effective solution. No system of internal control can provide absolute assurance against material misstatement or loss. However the directors, having reviewed the systems of internal control, believe these systems





provide reasonable assurance that the assets are safeguarded, transactions are authorised and recorded properly and that material errors and irregularities are either prevented or would be detected within a timely period.

#### Communication with shareholders

Communication with shareholders is given a high priority. Extensive information about the group and its activities is given in the Annual Report and Accounts, and the Interim Report, which are sent to shareholders. Further information is available on the company's website, [www.bisichi.co.uk](http://www.bisichi.co.uk). There is a regular dialogue with institutional investors. Enquiries from individuals on matters relating to their shareholdings and the business of the group are dealt with informatively and promptly.

#### Payment of suppliers

The company agrees terms of contracts when orders are placed. It is company policy that payments to suppliers are made in accordance with those terms, provided that suppliers also comply with all relevant terms and conditions. Trade creditors outstanding at the year end represented 9.6 days trade purchases (2002 - 4 days).

#### Going concern

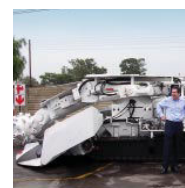
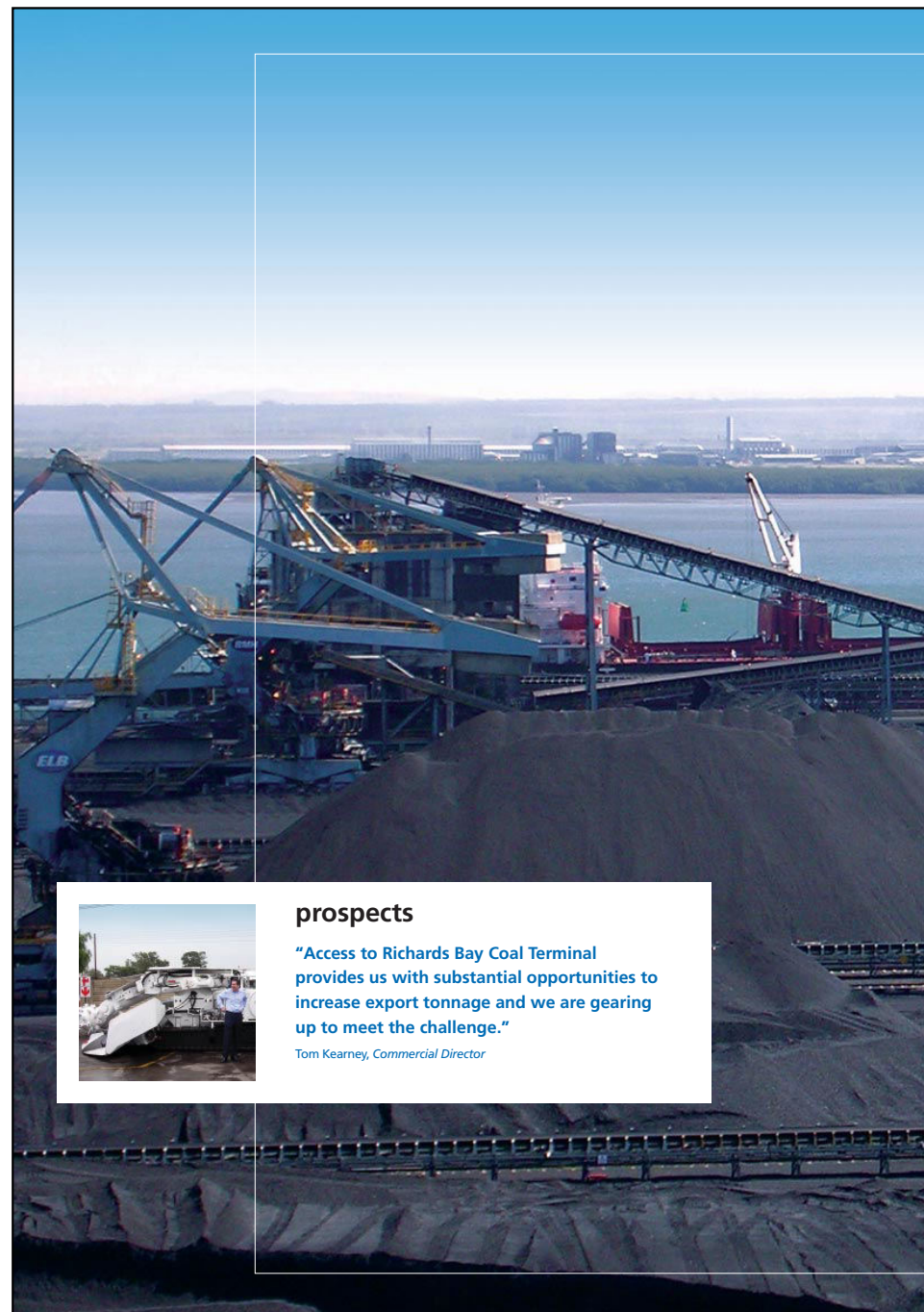
The directors, after making enquiries, have a reasonable expectation that the group and the company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has been adopted in the preparation of the financial statements.

#### Other matters

- (a) The company is not a close company as defined by the Income & Corporation Taxes Act 1988.
- (b) PKF have expressed their willingness to continue in office as auditors. A proposal will be made at the Annual General Meeting for their re-appointment and for their remuneration to be determined by the directors.

By order of the board  
**M C Stevens, Secretary**

8-10 New Fetter Lane  
London EC4A 1AF  
18 March 2004



## prospects

**"Access to Richards Bay Coal Terminal provides us with substantial opportunities to increase export tonnage and we are gearing up to meet the challenge."**

*Tom Kearney, Commercial Director*

# prospects

## Five year financial summary

|  | 2003<br>£000  | 2002<br>£000 | 2001<br>£000 | 2000<br>£000 | 1999<br>£000 |
|--|---------------|--------------|--------------|--------------|--------------|
| <b>Consolidated profit and loss account</b>              |               |              |              |              |              |
| Turnover   | 8,781         | 5,310        | 4,060        | 3,695        | 3,132        |
| Operating profit (loss)                                  | 1,885         | 785          | 349          | 289          | (284)        |
| Profit (loss) before tax                                 | 1,475         | 628          | 220          | 82           | (530)        |
| <b>Consolidated balance sheet</b>                        |               |              |              |              |              |
| Intangible assets  | 47            | 132          | 216          | 301          | 386          |
| Investment properties                                    | 13,060        | 11,360       | 8,080        | 7,775        | 7,350        |
| Fixed asset investments                                  | 1,744         | 1,408        | 1,109        | 924          | 763          |
|  | 14,851        | 12,900       | 9,405        | 9,000        | 8,499        |
| Current asset investments                                | 419           | 490          | 474          | 424          | 420          |
|  | 15,270        | 13,390       | 9,879        | 9,424        | 8,919        |
| Other assets less liabilities                            | (4,103)       | (5,194)      | (2,936)      | (2,614)      | (2,494)      |
| <b>Consolidated shareholders funds per balance sheet</b> | <b>11,167</b> | <b>8,196</b> | <b>6,943</b> | <b>6,810</b> | <b>6,425</b> |
| Adjustment of current asset investments to market value  | 99            | 41           | 150          | 182          | 201          |
| <b>Consolidated shareholders funds*</b>                  | <b>11,266</b> | <b>8,237</b> | <b>7,093</b> | <b>6,992</b> | <b>6,626</b> |
| <b>Net assets per ordinary share*</b>                    | <b>107.8p</b> | <b>78.8p</b> | <b>67.9p</b> | <b>66.9p</b> | <b>63.4p</b> |
| <b>Dividends per share</b>                               | <b>1.80p</b>  | <b>1.50p</b> | <b>1.00p</b> | <b>1.00p</b> | <b>1.00p</b> |

\* Based on net assets including the investment portfolio at market value.

## Financial calendar

|                       |  |
|-----------------------|--|
| <b>8 June 2004</b>    | Annual General Meeting                                       |
| <b>16 August 2004</b> | Payment of final dividend for 2003 (if approved)             |
| <b>September 2004</b> | Announcement of interim results to 30 June 2004              |
| <b>March 2005</b>     | Announcement of results for the year ending 31 December 2004 |



## Management team



**Michael Heller**  
Chairman,  
Bisichi Mining PLC



**Andrew Heller**  
Managing Director,  
Bisichi Mining PLC  
and Black Wattle Colliery



**Robert Corry**  
Chairman,  
Black Wattle Colliery



**Tom Kearney**  
Commercial Director,  
Bisichi Mining PLC



**Sipho Dube**  
Director,  
Black Wattle Colliery



**Duku Mogoai**  
Director,  
Black Wattle Colliery



**Robert Grobler**  
General Manager,  
Black Wattle Colliery

## Directors and advisers

### Directors

**Michael A Heller** MA, FCA (*Chairman*)

**Andrew R Heller** MA, ACA (*Managing Director*)

† \* **Christopher A Joll** MA (*Non-executive*)  
Christopher Joll was appointed a Director on 1 February 2001. He holds a number of non-executive directorships of quoted and unquoted companies including Getmapping PLC, The Silver Fund PLC, Butler Kelly Ltd and The Room group of companies. He is also managing director of MJ2 Ltd, a financial public relations consultancy.

**Thomas M Kearney** MA (*Commercial Director*)

\* **John A Sibbald** BL (*Non-executive*)  
John Sibbald has been a Director since 1988. After qualifying as a Chartered Accountant he spent over 20 years in stockbroking, specialising in mining and international investment.

† Senior independent director  
\* Member of the audit committee

### Secretary

**Michael C Stevens** FCA

**Registered office**  
8-10 New Fetter Lane  
London EC4A 1AF

**Black Wattle Colliery**

### Directors

**Robert Corry** (*Chairman*)

**Andrew Heller**  
(*Managing Director*)  
**Sipho Dube**  
Duku Mogoai

**General mine manager**

**Robert Grobler**

**Director of property**

**Mike J Dignan** FRICS

**Auditors**

PKF

**Principal bankers**

**UK**

National Westminster Bank  
PLC

**South Africa**

First National Bank (SA)  
Standard Bank (SA)

### Corporate solicitors

**UK**

Olswang, London

**South Africa**

Moss Morris inc,  
Johannesburg

**Stockbrokers**

Credit Lyonnais Europe

**Registrars**

**and transfer office**

Capita Registrars

The Registry

34 Beckenham Road

Beckenham, Kent BR3 4TU

Telephone: 0870 162 3100

**Company registration**

**number**

112155 (Incorporated in  
England and Wales)

**Web site**

www.bisichi.co.uk

**E-mail**

admin@bisichi.co.uk



## Remuneration report

**The Board is pleased to present the Remuneration Report for the year ended 31 December 2003.**

The board of directors is responsible for reviewing the remuneration of the directors and senior employees. Given the increased size of your company, it was considered appropriate to form a separate remuneration committee of the board in November 2003, with effect from 1 January 2004. With this exception the company has complied with section A of the best practice provisions annexed to the Listing Rules of the Financial Services Authority and given full consideration to section B of such best practice. The Board does not currently use advisers on remuneration issues.

### Remuneration policy for executive directors and senior employees

The company's policy is to ensure that the executive directors and senior employees are rewarded competitively in relation to other companies in order to retain and motivate them. The emoluments of the executive directors comprise basic salary, discretionary bonus, provision of a car, premiums paid in respect of individual defined contribution pension arrangements, health insurance, life assurance premiums and share options.

### Service and employment contracts

The full time executive directors have contracts of employment with the company, which are subject to three months' notice. The Chairman is entitled to six months notice. Non-executive directors have contracts of service, all of which are subject to three months' notice. All directors contracts, as amended from time to time, have run from the date of appointment. No director has a contract of employment or contract of service with the company, its joint venture or associated companies which exceeds twelve months duration. The directors offering themselves for re-election at the forthcoming Annual General Meeting do not have a contract of employment or service with a notice period of more than six months. No contracts of employment or contracts of service have clauses specifying termination payments. Directors being re-elected and elected at the AGM are C A Joll, who has a contract of service determinable at three months notice and T M Kearney who has a contract of employment determinable at three months notice.

### Pension and share options

One director has benefits under a money purchase pension scheme. Contributions in 2003 were £15,000 (2002 - £17,000). There is a share option scheme under which options were issued to a director and an employee during 2002. Further details of the share option scheme are set out below. Directors are not entitled to benefits under any other bonus or incentive schemes, however bonuses are awarded by the board when merited. A performance related bonus was paid to a director in November 2003.

### Non-executive directors

The remuneration of non-executive directors is determined by the board, and takes into account additional remuneration for services outside the scope of the ordinary duties of non-executive directors. No pension costs are incurred on behalf of non-executive directors and they do not participate in the share option schemes.

The following information has been audited:

| Directors' remuneration   | Salaries and fees<br>£000 | Bonus<br>£000 | Pensions<br>£000 | Benefits<br>£000 | 2003<br>Total<br>£000 | 2002<br>Total<br>£000 |
|---|---------------------------|---------------|------------------|------------------|-----------------------|-----------------------|
| <b>Chairman</b>   |                           |               |                  |                  |                       |                       |
| M A Heller  | 3                         | -             | -                | -                | 3                     | 14                    |
| <b>Executive Directors</b>  |                           |               |                  |                  |                       |                       |
| A R Heller  | 150                       | 50            | 15               | 20               | 235                   | 163                   |
| T M Kearney   | 37                        | -             | -                | -                | 37                    | -                     |
| R G W Mackilligin   | -                         | -             | -                | -                | -                     | 11                    |
|   | 190                       | 50            | 15               | 20               | 275                   | 188                   |
| <b>Non-executive Directors</b>                                    |                           |               |                  |                  |                       |                       |
| C A Joll  | 15                        | -             | -                | -                | 15                    | 15                    |
| J A Sibbald   | 2                         | -             | -                | 2                | 4                     | 4                     |
|   | 17                        | -             | -                | 2                | 19                    | 19                    |
| <b>Total remuneration for directors' services during the year</b> |                           |               |                  |                  | <b>294</b>            | <b>207</b>            |



### Share option scheme

The company has an Unapproved Share Option Scheme which was approved by shareholders on 15 June 1999 and which is not subject to the Inland Revenue terms of approval. The executive director and an employee were granted options to subscribe for ordinary shares under the scheme during 2003 as follows:

|            | Option price* | Number of share options |                 | 31 December 2003 | Exercisable |            |
|------------|---------------|-------------------------|-----------------|------------------|-------------|------------|
|            |               | 1 January 2003          | Granted in 2003 |                  | from        | to         |
| A R Heller | 34p           | 233,000                 | -               | 233,000          | 30/09/2005  | 29/09/2012 |
| Employee   | 34p           | 80,000                  | -               | 80,000           | 30/09/2005  | 29/09/2012 |

\* Middle market price at date of issue

The exercise of options under the Unapproved Share Option Scheme is subject to the satisfaction of objective performance conditions specified by the Board, which will conform to institutional shareholder guidelines and best practice provisions in force from time to time. The Board has not yet set these guidelines for the scheme.

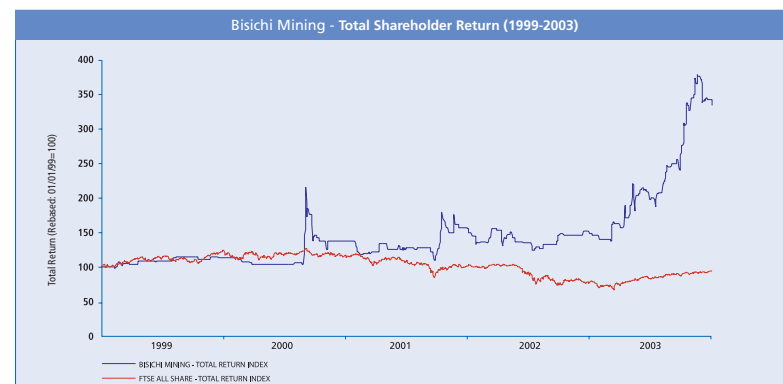
The middle market price of Bisichi Mining PLC ordinary shares at 31 December 2003 was 75.0p (2002 - 34.5p).

During the year the share price ranged between 34.5p and 86.0p.

*The following information is unaudited:*

The board's policy is to grant options to executive directors, managers and staff at appropriate times to provide them with an interest in the longer term development of the group.

The Remuneration Report Regulations require us to provide a graph comparing the Total Shareholder Return of a hypothetical holding of shares in the company with a broad equity market index over a five year period. The directors have chosen the FTSE All Share - Total Return Index as a suitable index for this comparison as it gives an indication of performance against a large spread of quoted companies.



By order of the board

**M C Stevens, Secretary**

8-10 New Fetter Lane, London EC4A 1AF

18 March 2004



## Directors' responsibility statement

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and the group to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the Directors' Report, the Directors' Remuneration Report and the other information included in the annual report is prepared in accordance with company law in the United Kingdom. They are also responsible for ensuring that the annual report includes information required by the Listing Rules of the Financial Services Authority.

The directors are also responsible for the maintenance and integrity of the company's website [www.bisichi.co.uk](http://www.bisichi.co.uk)





## Valuers' certificates

### To the directors of Bisichi Mining PLC

In accordance with your instructions we have carried out a valuation of the freehold and leasehold property interests held as at 31 December 2003 by the company as detailed in our Valuation Report dated 1 March 2004.

Having regard to the foregoing, we are of the opinion that the open market value as at 31 December 2003 of the interests owned by the Company was £10,360,000, being made up as follows:

|           | £000   |
|-----------|--------|
| Freehold  | 9,060  |
| Leasehold | 1,300  |
|           | 10,360 |

London  
1 March 2004

**Allsop & Co.**  
Chartered Surveyors

### To the directors of Bisichi Mining PLC

In accordance with your instructions we have carried out a valuation of the freehold and leasehold property interests held as at 31 December 2003 by the company as detailed in our Valuation Report dated 25 February 2004.

Having regard to the foregoing, we are of the opinion that the open market value as at 31 December 2003 of the interests owned by the Company was £2,700,000, being made up as follows:

|           | £000  |
|-----------|-------|
| Freehold  | 275   |
| Leasehold | 2,425 |
|           | 2,700 |

Leeds  
25 February 2004

**B P Towler & Son**  
Chartered Surveyors



## Independent Auditors' report

### Independent Auditors' Report to the Members of Bisichi Mining PLC

We have audited the financial statements of Bisichi Mining PLC for the year ended 31 December 2003 which comprise the Consolidated Profit and Loss Account, the Balance Sheets, the statement of Total Recognised Gains and Losses, the Group Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the unaudited part of the Directors' Remuneration Report, the Chairman's statement, the Mining review and the Valuers' certificates. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

#### Opinion

In our opinion:

- The financial statements give a true and fair view of the state of the group's and the company's affairs as at 31 December 2003 and of the group's profit for the year then ended; and
- The financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

London, UK  
18 March, 2004

**PKF**  
Registered Auditors





## Consolidated profit and loss account

for the year ended 31 December 2003

|  | Notes | 2003<br>£000 | 2002<br>£000 |
|--|-------|--------------|--------------|
| <b>Turnover</b>                                      | 1     | <b>8,781</b> | 5,310        |
| Operating costs                                      | 2     | (6,896)      | (4,525)      |
| <b>Operating profit</b>                              | 1     | <b>1,885</b> | 785          |
| Income from interests in joint venture               | 13    | 10           | 69           |
| Interest receivable                                  |       | 9            | 6            |
| Interest payable                                     | 5     | (429)        | (232)        |
| <b>Profit on ordinary activities before taxation</b> | 3     | <b>1,475</b> | 628          |
| Taxation on profit on ordinary activities            | 6     | (436)        | (206)        |
| <b>Profit after taxation</b>                         |       | <b>1,039</b> | 422          |
| Minority interest                                    |       | (40)         | 41           |
| <b>Profit for the financial year</b>                 |       | <b>999</b>   | 463          |
| Dividend   | 8     | (188)        | (157)        |
| <b>Retained profit for the financial year</b>        | 23    | <b>811</b>   | 306          |
|  |       |              |              |
| Earnings per share - basic                           | 9     | 9.56p        | 4.43p        |
| Earnings per share - diluted                         | 9     | 9.45p        | 4.43p        |

All amounts derive from continuing operations.



## Balance sheets

as at 31 December 2003

|   | Notes   | Group<br>2003<br>£000 | 2002<br>£000   | Company<br>2003<br>£000 | 2002<br>£000  |
|---|---------|-----------------------|----------------|-------------------------|---------------|
| <b>Fixed assets</b>                                   |         |                       |                |                         |               |
| Intangible assets                                     | 10      | 47                    | 132            | -                       | -             |
| Tangible assets                                       | 11      | 16,255                | 13,307         | 13,113                  | 11,373        |
| Investment in joint venture                           | 12 & 13 | -                     | -              | 164                     | 164           |
| Share of gross assets                                 |         | 2,616                 | 2,458          | -                       | -             |
| Share of gross liabilities                            |         | (1,208)               | (1,349)        | -                       | -             |
| Share of net assets                                   |         | 1,408                 | 1,109          | -                       | -             |
| Other investments                                     | 12      | 336                   | 299            | 1,237                   | 1,232         |
|   |         | <b>18,046</b>         | <b>14,847</b>  | <b>14,514</b>           | <b>12,769</b> |
| <b>Current assets</b>                                 |         |                       |                |                         |               |
| Stocks - goods for resale                             |         | 50                    | 46             | -                       | -             |
| Debtors   | 15      | 1,977                 | 1,039          | 2,768                   | 1,471         |
| Investments (Market value £518,000 (2002 - £531,000)) | 16      | 419                   | 490            | -                       | -             |
| Bank balances   |         | 126                   | 80             | 46                      | 47            |
|   |         | <b>2,572</b>          | <b>1,655</b>   | <b>2,814</b>            | <b>1,518</b>  |
| <b>Creditors</b>                                      |         |                       |                |                         |               |
| Amounts falling due within one year                   | 17      | (5,058)               | (3,200)        | (3,032)                 | (2,319)       |
| <b>Net current liabilities</b>                        |         | <b>(2,486)</b>        | <b>(1,545)</b> | <b>(218)</b>            | <b>(801)</b>  |
| <b>Total assets less current liabilities</b>          |         | <b>15,560</b>         | <b>13,302</b>  | <b>14,296</b>           | <b>11,968</b> |
| <b>Creditors</b>                                      |         |                       |                |                         |               |
| Amounts falling due after one year                    | 18      | (4,452)               | (5,174)        | (4,280)                 | (4,440)       |
| <b>Provisions for liabilities and charges</b>         | 20      | <b>(57)</b>           | <b>(70)</b>    | <b>(31)</b>             | <b>(29)</b>   |
| Minority interest                                     | 21      | 116                   | 138            | -                       | -             |
|   |         | <b>11,167</b>         | <b>8,196</b>   | <b>9,985</b>            | <b>7,499</b>  |
| <b>Capital and reserves</b>                           |         |                       |                |                         |               |
| Called up share capital                               | 22      | 1,045                 | 1,045          | 1,045                   | 1,045         |
| Revaluation reserve                                   | 23      | 7,729                 | 5,967          | 7,198                   | 5,579         |
| Other reserve   | 23      | 86                    | 86             | -                       | -             |
| Retained earnings                                     | 23      | 2,307                 | 1,098          | 1,742                   | 875           |
| <b>Shareholders' funds</b>                            |         | <b>11,167</b>         | <b>8,196</b>   | <b>9,985</b>            | <b>7,499</b>  |

These financial statements were approved by the board of directors on 18 March 2004 and signed on its behalf by:

**M A HELLER**  
**A R HELLER**  
Directors





## Statement of total recognised gains and losses

for the year ended 31 December 2003

|   | Group        |              |
|---|--------------|--------------|
|   | 2003<br>£000 | 2002<br>£000 |
| Profit for the year                                       | 999          | 463          |
| Revaluation of investment properties                      | 1,619        | 492          |
| - company   |              |              |
| - joint venture   | 360          | 228          |
| Tax on disposal of investment properties in joint venture | (28)         | -            |
| Exchange adjustments                                      | 209          | 227          |
| <b>Total net gains relating to the year</b>               | <b>3,159</b> | <b>1,410</b> |



## Note of historical cost profits and losses

for the year ended 31 December 2003

|   | Group        |              |
|---|--------------|--------------|
|   | 2003<br>£000 | 2002<br>£000 |
| Reported profit on ordinary activities before taxation                                | 1,475        | 628          |
| Share of realisation of property revaluation gains of previous years in joint venture | 217          | -            |
| Historical cost profit on ordinary activities before tax                              | 1,692        | 628          |
| <b>Retained historical cost profit for the year</b>                                   | <b>1,000</b> | <b>306</b>   |



## Reconciliation of movement in shareholders' funds

for the year ended 31 December 2003

|   | Group         |              |
|---|---------------|--------------|
|   | 2003<br>£000  | 2002<br>£000 |
| Profit for the financial year                             | 999           | 463          |
| Dividend  | (188)         | (157)        |
|   | 811           | 306          |
| Other movements in shareholders' funds:                   |               |              |
| Exchange adjustments                                      | 209           | 227          |
| Revaluation of investment properties                      | 1,619         | 492          |
| Revaluation of investment properties in joint venture     | 360           | 228          |
| Tax on disposal of investment properties in joint venture | (28)          | -            |
| Net addition to shareholders' funds                       | 2,971         | 1,253        |
| Opening shareholders' funds                               | 8,196         | 6,943        |
| <b>Closing shareholders' funds</b>                        | <b>11,167</b> | <b>8,196</b> |



## Group cash flow statement

for the year ended 31 December 2003

|  | Notes | 2003<br>£000   | 2002<br>£000   |
|--|-------|----------------|----------------|
| <b>Net cash inflow from operating activities</b>               | 24    | <b>2,174</b>   | <b>1,628</b>   |
| <b>Dividend from joint venture</b>                             |       | <b>42</b>      | <b>40</b>      |
| <b>Returns on investments and servicing of finance</b>         |       |                |                |
| Interest received  |       | 9              | 6              |
| Interest paid  |       | (429)          | (232)          |
|  |       | (420)          | (226)          |
| <b>Taxation</b>  |       |                |                |
| Corporation tax paid   |       | (178)          | (80)           |
| <b>Capital investment and financial investment</b>             |       |                |                |
| Payments to acquire fixed assets                               |       | (1,921)        | (4,607)        |
| Payments to acquire current asset investments                  |       | -              | (29)           |
| Receipts from sale of fixed assets                             |       | 9              | -              |
| Receipts from sale of current asset investments                |       | 88             | 21             |
|  |       | (1,824)        | (4,615)        |
| <b>Equity dividends paid</b>                                   |       | <b>(157)</b>   | <b>(105)</b>   |
| Cash (outflow) before taxation                                 |       | (363)          | (3,358)        |
| <b>Financing</b>   |       |                |                |
| Loans (repaid) drawn   |       | (126)          | 3,460          |
| <b>(Decrease) Increase in cash in the year</b>                 | 25    | <b>(489)</b>   | <b>102</b>     |
| <b>Reconciliation of net cash flow to movement in net debt</b> |       |                |                |
| (Decrease) Increase in cash in the year                        |       | (489)          | 102            |
| Net cash flow from changes in debt                             |       | 126            | (3,460)        |
| Movement in net debt in the year                               |       | (363)          | (3,358)        |
| Net debt at 1 January 2003                                     |       | (6,221)        | (2,863)        |
| <b>Net debt at 31 December 2003</b>                            | 25    | <b>(6,584)</b> | <b>(6,221)</b> |





## Group accounting policies

for the year ended 31 December 2003

The following are the main accounting policies of the group:

### Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and in accordance with applicable accounting standards.

### Basis of consolidation

The consolidated financial statements comprise:

- (a) The financial statements of the company and its subsidiaries made up to 31 December.
- (b) The group's share of the results of Dragon Retail Properties Limited and Ninghi Marketing Limited for the year ended 31 December.

On acquisition, the book value of tangible assets acquired is adjusted to bring the accounting policies of businesses acquired into alignment with those of the group. Goodwill, being the difference between the purchase price and the fair value of net assets acquired, is written off over its useful life.

### Turnover

Turnover comprises the invoiced value of sales in respect of mining, trading operations and rental income and excludes fixed asset investment and other non-operating income and value added tax.

### Dividends

Dividends are credited to the profit and loss account when received.

### Depreciation

Provision for depreciation on tangible fixed assets is made in equal annual installments to write each item off over its useful life.

The rates generally used are:

|                  |  |
|------------------|--|
| Mining equipment | The shorter of its useful life or the life of the mine |
| Mining reserves  | Over the expected life of the reserves                 |
| Motor vehicles   | 25 - 33 per cent                                       |
| Office equipment | 10 - 33 per cent                                       |

### Foreign currencies

Monetary assets and liabilities expressed in foreign currencies have been translated at the rates of exchange ruling at the balance sheet date. Revenue transactions completed during the year are stated at the rates obtained on conversion into sterling. In the consolidated accounts, translation differences arising on consolidation of the net investments in overseas subsidiaries are taken to reserves. All other exchange differences are taken to the profit and loss account.

### Investment properties

The investment property portfolio is included in the financial statements at open market valuation. An external professional valuation is carried out at least every five years, but is generally done every year. Surpluses and deficits arising on valuations are taken direct to the revaluation reserve. No depreciation or amortisation is provided in respect of freehold and leasehold investment properties. The directors consider that this accounting policy, which is not in accordance with the Companies Act 1985, results in the accounts giving a true and fair view. Depreciation or amortisation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

### Investments

- (a) Listed investments of the company are stated in the balance sheet as fixed assets at cost less provisions for impairment. Profits or losses on the disposal of these investments and provisions for impairment are treated as exceptional.
- (b) Listed investments of the dealing subsidiary are stated in the balance sheet as current assets at the lower of cost and net realisable value, on a portfolio basis. The directors consider this policy to be appropriate given the readily marketable nature of the assets concerned. Net profits and losses on the realisation of these investments are included in the Consolidated Profit and Loss Account as part of the profit on ordinary activities before taxation.



## Group accounting policies continued

### Stocks

Stock is valued at the lower of cost and estimated net realisable value. Cost includes attributable overheads where appropriate.

### Deferred taxation

As required by FRS 19 "Deferred Tax", full provision is made for deferred tax arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation, except for those timing differences in respect of which the standard specifies that deferred tax should not be recognised.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

### Leased assets and obligations

All leases are "Operating Leases" and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term. Rent free periods or other incentives received for entering into a lease are accounted for over the period of the lease so as to spread the benefit received over the lease term.

### Pensions

The company makes contributions to a money purchase scheme and the costs are charged to the profit and loss account in the period to which they relate.





## Notes to the financial statements

for the year ended 31 December 2003

### 1. Turnover, operating profit and net operating assets

|                               | Turnover     |              | Operating Profit |              | Net operating assets |              |
|-------------------------------|--------------|--------------|------------------|--------------|----------------------|--------------|
|                               | 2003<br>£000 | 2002<br>£000 | 2003<br>£000     | 2002<br>£000 | 2003<br>£000         | 2002<br>£000 |
| Mining                        | 7,571        | 4,423        | 1,353            | 504          | 3,081                | 1,453        |
| Goodwill                      | -            | -            | (85)             | (84)         | 47                   | 132          |
|                               | 7,571        | 4,423        | 1,268            | 420          | 3,128                | 1,585        |
| Property                      | 1,092        | 842          | 587              | 349          | 12,479               | 10,731       |
| Share dealing                 | 105          | 36           | 20               | 9            | 535                  | 596          |
| Other investments             | 13           | 9            | 10               | 7            | -                    | -            |
| Group                         | 8,781        | 5,310        | 1,885            | 785          | 16,142               | 12,912       |
| Joint venture                 |              |              |                  |              | 1,408                | 1,109        |
| Net non-operating liabilities |              |              |                  |              | (6,383)              | (5,825)      |
|                               |              |              |                  |              | 11,167               | 8,196        |

|                               |       |       |       |     |         |         |
|-------------------------------|-------|-------|-------|-----|---------|---------|
| Analysis by origin:           |       |       |       |     |         |         |
| United Kingdom                | 1,210 | 887   | 617   | 365 | 13,001  | 11,296  |
| North America                 | -     | -     | -     | -   | 30      | 29      |
| Southern Africa               | 7,571 | 4,423 | 1,268 | 420 | 3,066   | 1,540   |
| Australia                     | -     | -     | -     | -   | 45      | 47      |
| Group                         | 8,781 | 5,310 | 1,885 | 785 | 16,142  | 12,912  |
| Joint venture                 |       |       |       |     | 1,408   | 1,109   |
| Net non-operating liabilities |       |       |       |     | (6,383) | (5,825) |
|                               |       |       |       |     | 11,167  | 8,196   |

The analysis of turnover by destination is not materially different to the analysis of turnover by origin.

Net non-operating liabilities represent cash, loans, overdrafts and creditors not specifically allocated against the groups' operations and geographical markets.

### 2. Operating costs

|                                    | 2003<br>£000 | 2002<br>£000 |
|------------------------------------|--------------|--------------|
| Mining                             | 4,494        | 3,400        |
| Royalties                          | 107          | 68           |
| Decrease (increase) in inventories | 6            | (29)         |
| Other operating income             | (1)          | -            |
| Property expenses                  | 455          | 443          |
| Share dealing expenses             | 86           | 27           |
| Cost of sales                      | 5,147        | 3,909        |
| Administrative expenses            | 1,749        | 616          |
| Net operating costs                | 6,896        | 4,525        |

Share dealing includes the cost of investments sold and other attributable expenses.



### 3. Profit on ordinary activities

|   | 2003<br>£000 | 2002<br>£000 |
|---|--------------|--------------|
| Profit on ordinary activities is stated after charging: |              |              |
| Directors' emoluments                                   | 275          | 190          |
| Directors' pension costs                                | 15           | 17           |
| Remuneration of auditors for audit services             | 26           | 20           |
| - UK  |              |              |
| - South Africa  | 10           | 5            |
| Remuneration of auditors for non-audit services         | 1            | 7            |
| Depreciation  | 857          | 513          |
| Amortisation  | 85           | 84           |

Charges for non-audit services provided by the auditors in the year ended 31 December 2003 relate to the company's interim financial statements. The directors consider the auditors were best placed to provide this service. The audit committee reviews the nature and extent of non-audit services to ensure that independence is maintained.

### 4. Directors' Emoluments

The emoluments of the directors are shown in the Directors' Remuneration Report.

### 5. Interest payable

|  |     |     |
|--|-----|-----|
| Overdrafts                                     | 39  | 44  |
| Bank loans not wholly repayable within 5 years | 253 | 134 |
| Other loans                                    | 137 | 54  |
|  | 429 | 232 |



## 6. Taxation

|   | 2003<br>£000 | 2002<br>£000 |
|---|--------------|--------------|
| (a) Based on the results of the year:     |              |              |
| Corporation tax at 30% (2002: 30%)        | 463          | 181          |
| Adjustment in respect of prior years - UK | (15)         | -            |
| Joint venture                             | 1            | 22           |
| Total current tax                         | 449          | 203          |
| Deferred taxation                         | (13)         | 3            |
|   | 436          | 206          |

The effective rate of corporation tax is based on taxable profits of Bisichi Mining PLC and Mineral Products Limited only.

## (b) Factors affecting tax charges for the year:

The corporation tax assessed for the year is different from that at the standard rate of corporation tax in the United Kingdom of 30% (2002: 30%). The difference is explained below:

|   |       |      |
|---|-------|------|
| Profit on ordinary activities before taxation             | 1,475 | 628  |
| Tax on profit on ordinary activities at 30%               | 443   | 188  |
| Effects of:   |       |      |
| Expenses not deductible for tax purposes                  | 31    | 30   |
| Capital allowances for the year in excess of depreciation | (5)   | (3)  |
| Capital gains in excess of profit on disposal             | (9)   | 12   |
| Other differences   | 24    | (37) |
| Loss relief   | (8)   | 25   |
| Adjustment to smaller companies rates                     | (12)  | (12) |
| Adjustment in respect of prior years                      | (15)  | -    |
| Total current tax   | 449   | 203  |

## 7. Attribution of result to Bisichi Mining PLC

|  |     |     |
|--|-----|-----|
| Dealt with in the financial statements of Bisichi mining PLC | 902 | 466 |
|--|-----|-----|

In accordance with the exemption permitted by Section 230 of the Companies Act 1985, the parent company has not presented its own profits and loss account.

## 8. Dividend

|                         | 2003<br>Per share | £000 | 2002<br>Per share | £000 |
|-------------------------|-------------------|------|-------------------|------|
| proposed final dividend | 1.80p             | 188  | 1.50p             | 157  |



## 9. Earnings and diluted earnings per share

Both the basic and diluted earnings per share calculations are based on a profit of £999,000 (2002: £463,000).

The basic earnings per share has been calculated on 10,451,506 (2002: 10,451,506) ordinary shares being in issue during the year.

The diluted earnings per share has been calculated on the number of shares in issue of 10,451,506 (2002: 10,451,506) plus the dilutive potential ordinary shares arising from share options of 118,626 (2002: 571) totalling 10,570,132 (2002: 10,452,077).

## 10. Intangible fixed assets

|  | 2003<br>£000 |
|--|--------------|
| Group  |              |
| Goodwill on acquisition of subsidiary:       |              |
| Cost at 1 January and 31 December 2003       | 675          |
| Accumulated amortisation at 1 January 2003   | 543          |
| Amortised in year                            | 85           |
| Accumulated amortisation at 31 December 2003 | 628          |
| Net Book value as at 31 December 2003        | 47           |
| Net Book value as at 31 December 2002        | 132          |

Goodwill is being written off over the original estimated life of the mine as the related coal reserves are extracted.

## 11. Tangible fixed assets

| Group   | Investment properties |                  |                           |   |                           |                             |
|---|-----------------------|------------------|---------------------------|---|---------------------------|-----------------------------|
|   | Total<br>£000         | Freehold<br>£000 | Long<br>leasehold<br>£000 | Mining<br>equipment<br>and reserves<br>£000 | Motor<br>vehicles<br>£000 | Office<br>equipment<br>£000 |
| Cost or valuation at 1 January 2003             | 14,643                | 7,685            | 3,675                     | 2,973                                       | 273                       | 37                          |
| Exchange adjustment                             | 505                   | -                | -                         | 464   | 37                        | 4                           |
| Additions                                       | 1,892                 | 76               | 5                         | 1,741                                       | 67                        | 3                           |
| Disposals                                       | (38)                  | -                | -                         | -   | (38)                      | -                           |
| Revaluations                                    | 1,619                 | 1,574            | 45                        | -   | -                         | -                           |
| Cost or valuation at 31 December 2003           | 18,621                | 9,335            | 3,725                     | 5,178                                       | 339                       | 44                          |
| At valuation                                    | 13,060                | 9,335            | 3,725                     | -   | -                         | -                           |
| At cost   | 5,561                 | -                | -                         | 5,178                                       | 339                       | 44                          |
|   | 18,621                | 9,335            | 3,725                     | 5,178                                       | 339                       | 44                          |
| Accumulated depreciation at 1 January 2003      | 1,336                 | -                | -                         | 1,159                                       | 145                       | 32                          |
| Exchange adjustment                             | 202                   | -                | -                         | 181   | 19                        | 2                           |
| Charge for the year                             | 857                   | -                | -                         | 783   | 68                        | 6                           |
| Disposals                                       | (29)                  | -                | -                         | -   | (29)                      | -                           |
| Accumulated depreciation at<br>31 December 2003 | 2,366                 | -                | -                         | 2,123                                       | 203                       | 40                          |
| Net book value at 31 December 2003              | 16,255                | 9,335            | 3,725                     | 3,055                                       | 136                       | 4                           |
| Net book value at 31 December 2002              | 13,307                | 7,685            | 3,675                     | 1,814                                       | 128                       | 5                           |



11. Tangible fixed assets *continued*

| Company   | Investment properties |                  |                           |                           |                             |
|---|-----------------------|------------------|---------------------------|---------------------------|-----------------------------|
|   | Total<br>£000         | Freehold<br>£000 | Long<br>leasehold<br>£000 | Motor<br>vehicles<br>£000 | Office<br>equipment<br>£000 |
| Cost or valuation at 1 January 2003                 | 11,417                | 7,685            | 3,675                     | 37                        | 20                          |
| Additions   | 148                   | 76               | 5                         | 66                        | 1                           |
| Disposals   | (38)                  | -                | -                         | (38)                      | -                           |
| Revaluations  | 1,619                 | 1,574            | 45                        | -                         | -                           |
| <b>Cost or valuation at 31 December 2003</b>        | <b>13,146</b>         | <b>9,335</b>     | <b>3,725</b>              | <b>65</b>                 | <b>21</b>                   |
| At valuation  | 13,060                | 9,335            | 3,725                     | -                         | -                           |
| At cost   | 86                    | -                | -                         | 65                        | 21                          |
|   | <b>13,146</b>         | <b>9,335</b>     | <b>3,725</b>              | <b>65</b>                 | <b>21</b>                   |
| Accumulated depreciation at 1 January 2003          | 44                    | -                | -                         | 27                        | 17                          |
| Charge for the year                                 | 18                    | -                | -                         | 18                        | -                           |
| Disposals   | (29)                  | -                | -                         | (29)                      | -                           |
| <b>Accumulated depreciation at 31 December 2003</b> | <b>33</b>             | <b>-</b>         | <b>-</b>                  | <b>16</b>                 | <b>17</b>                   |
| <b>Net book value at 31 December 2003</b>           | <b>13,113</b>         | <b>9,335</b>     | <b>3,725</b>              | <b>49</b>                 | <b>4</b>                    |
| Net book value at 31 December 2002                  | 11,373                | 7,685            | 3,675                     | 10                        | 3                           |

Freehold and Long Leasehold properties were externally professionally valued at 31 December 2003 on an open market basis by:

|                                       | £000          |
|---------------------------------------|---------------|
| Allsop & Co, Chartered Surveyors      | <b>10,360</b> |
| B P Towler & Son, Chartered Surveyors | <b>2,700</b>  |
|                                       | <b>13,060</b> |

The valuations were carried out in accordance with the Statements of Asset Valuation and Guidance Notes published by the Royal Institution of Chartered Surveyors.

The historical cost of freehold investment properties is £4,682,000 (2002: £4,606,000) and long leasehold investment properties is £1,180,000 (2002: £1,175,000). Long leasehold properties are those for which the unexpired term at the balance sheet date is not less than 50 years.

All investment properties are held for use in operating leases.



## 12. Investments held as fixed assets

| Group   | Joint ventures |               |
|---|----------------|---------------|
|   | Assets<br>£000 | Other<br>£000 |
| At 1 January 2003                             | 1,109          | 512           |
| Additions                                     | -              | 28            |
| Exchange adjustments                          | -              | 9             |
| Share of revaluation reserve of joint venture | 360            | -             |
| Share of retained (loss) of joint ventures    | (61)           | -             |
| <b>At 31 December 2003</b>                    | <b>1,408</b>   | <b>549</b>    |

|   |              |              |
|---|--------------|--------------|
| Provision for diminution in value           |              |              |
| <b>As at 1 January and 31 December 2003</b> | <b>-</b>     | <b>(213)</b> |
| <b>Net book value at 31 December 2003</b>   | <b>1,408</b> | <b>336</b>   |
| Net book value at 31 December 2002          | 1,109        | 299          |

| Company                         | Joint ventures<br>Shares<br>£000 | Totals<br>£000 | Subsidiaries   |               |               |
|---------------------------------|----------------------------------|----------------|----------------|---------------|---------------|
|                                 |                                  |                | Shares<br>£000 | Loans<br>£000 | Other<br>£000 |
| Cost at 1 January 2003          | 164                              | 1,991          | 1,024          | 611           | 356           |
| Additions                       | -                                | 90             | -              | 90            | -             |
| <b>Cost at 31 December 2003</b> | <b>164</b>                       | <b>2,081</b>   | <b>1,024</b>   | <b>701</b>    | <b>356</b>    |

|   |            |              |              |            |              |
|---|------------|--------------|--------------|------------|--------------|
| Provision for impairment                  |            |              |              |            |              |
| As at 1 January and 31 December 2003      | -          | (759)        | (546)        | -          | (213)        |
| Charge in year                            | -          | (85)         | (85)         | -          | -            |
| <b>As at 31 December 2003</b>             | <b>-</b>   | <b>(844)</b> | <b>(631)</b> | <b>-</b>   | <b>(213)</b> |
| <b>Net book value at 31 December 2003</b> | <b>164</b> | <b>1,237</b> | <b>393</b>   | <b>701</b> | <b>143</b>   |
| Net book value at 31 December 2002        | 164        | 1,232        | 478          | 611        | 143          |

Other investments comprise £87,000 (2002: £87,000) shares and £56,000 (2002: £56,000) loans.

| Group and company  | Group        |              | Company      |              |
|--|--------------|--------------|--------------|--------------|
|  | 2003<br>£000 | 2002<br>£000 | 2003<br>£000 | 2002<br>£000 |
| Net book value of investments listed on overseas Stock Exchanges | <b>159</b>   | 159          | <b>154</b>   | 154          |
| Market value of the overseas listed investments                  | <b>17</b>    | 26           | <b>16</b>    | 26           |

The directors, having conducted a detailed review of the investments held, do not consider that there has been an impairment in the value.



### 13. Joint ventures

The company owns 50% of the issued share capital of Dragon Retail Properties Limited, an unlisted property investment company. The remaining 50% is held by London & Associated Properties PLC.

Dragon Retail Properties Limited is incorporated in Great Britain and operates in England. It has issued share capital of £500,000 (2002: £500,000) ordinary shares of £1 each.

The company owns 45% of the issued share capital of Ninghi Marketing Limited, an unlisted coal trading company. The company is incorporated in Great Britain and operates in England. It has issued share capital of £101 (2002: £Nil) ordinary shares of £1 each.

These figures reflect the Company's share in the joint venture:

|  | Dragon<br>50%<br>£000 | Ninghi<br>45%<br>£000 | 2003<br>£000 | 2002<br>£000 |
|--|-----------------------|-----------------------|--------------|--------------|
| Turnover                                 | 241                   | 68                    | 309          | 175          |
| Profit and loss                          |                       |                       |              |              |
| Profit before tax                        | 8                     | 2                     | 10           | 69           |
| Taxation                                 | (1)                   | -                     | (1)          | (22)         |
| Profit after taxation                    | 7                     | 2                     | 9            | 47           |
| Balance sheet                            |                       |                       |              |              |
| Fixed assets                             | 1,849                 | -                     | 1,849        | 2,313        |
| Current assets                           | 712                   | 55                    | 767          | 145          |
| Liabilities due within one year          | (93)                  | (53)                  | (146)        | (99)         |
| Liabilities due after more than one year | (1,062)               | -                     | (1,062)      | (1,250)      |
| Share of net assets at 31 December       | 1,406                 | 2                     | 1,408        | 1,109        |

### 14. Subsidiary companies

The company owns the following ordinary share capital of the principal subsidiaries:

|                                      | Activity        | Percentage of<br>share capital | Country of incorporation and<br>principal country of operation |
|--------------------------------------|-----------------|--------------------------------|--|
| Mineral Products Limited             | Share dealing   | 100.0%                         | England and Wales  |
| Black Wattle Colliery (pty) Limited  | Coal mining     | 62.5%                          | South Africa   |
| Bisichi Coal Mining (pty) Limited    | Coal mining     | 100.0%                         | South Africa   |
| Bisichi Mining (Exploration) Limited | Holding company | 100.0%                         | England and Wales  |

In the opinion of the directors the aggregate value of the investment in subsidiaries is not less than the amount shown in these financial statements.



### 15. Debtors

|   | Group        |              | Company      |              |
|---|--------------|--------------|--------------|--------------|
|   | 2003<br>£000 | 2002<br>£000 | 2003<br>£000 | 2002<br>£000 |
| <b>Amounts falling due within one year:</b> |              |              |              |              |
| Trade debtors                               | 1,362        | 601          | -            | -            |
| Amounts due from subsidiary undertakings    | -            | -            | 2,431        | 1,228        |
| Other debtors                               | 343          | 205          | 289          | 205          |
| Prepayments and accrued income              | 53           | 44           | 48           | 38           |
|   | 1,758        | 850          | 2,768        | 1,471        |

|   |       |       |       |       |
|---|-------|-------|-------|-------|
| <b>Amounts falling due after one year</b> |       |       |       |       |
| Deferred tax (see note 20)                | 219   | 189   | -     | -     |
|   | 1,977 | 1,039 | 2,768 | 1,471 |

### 16. Investments held as current assets

|  | Group        |              |
|--|--------------|--------------|
|  | 2003<br>£000 | 2002<br>£000 |
| Market value of Listed Investments:          |              |              |
| Listed in Great Britain                      | 466          | 477          |
| Listed outside Great Britain                 | 52           | 54           |
|  | 518          | 531          |
| Original cost of Listed Investments          | 419          | 490          |
| Unrealised surplus of market value over cost | 99           | 41           |

### 17. Creditors

|   | Group        |              | Company      |              |
|---|--------------|--------------|--------------|--------------|
|   | 2003<br>£000 | 2002<br>£000 | 2003<br>£000 | 2002<br>£000 |
| <b>Amounts falling due within one year:</b> |              |              |              |              |
| Bank overdraft (secured)                    | 1,305        | 769          | 1,257        | 755          |
| Bank loan (secured)                         | 201          | 175          | 160          | 160          |
| Other loan (secured)                        | 752          | 183          | -            | -            |
| Trade creditors                             | 606          | 115          | -            | -            |
| Joint venture                               | 144          | 179          | 144          | 179          |
| Corporation tax                             | 444          | 175          | 367          | 197          |
| Other taxation and social security          | 44           | 34           | 44           | 34           |
| Proposed dividend                           | 188          | 157          | 188          | 157          |
| Other creditors                             | 502          | 394          | 501          | 393          |
| Accruals and deferred income                | 872          | 1,019        | 371          | 444          |
|   | 5,058        | 3,200        | 3,032        | 2,319        |

The bank overdraft of the Company is secured by a charge over a long leasehold property. The Black Wattle Colliery (pty) Limited overdraft is secured against that company's debtors.



## 18. Creditors

|  | Group        |              | Company      |              |
|--|--------------|--------------|--------------|--------------|
|  | 2003<br>£000 | 2002<br>£000 | 2003<br>£000 | 2002<br>£000 |
| <b>Amounts falling due after more than one year:</b> |              |              |              |              |
| Medium term bank loans                               | 4,338        | 4,527        | 4,280        | 4,440        |
| Other loan   | 114          | 647          | -            | -            |
|  | 4,452        | 5,174        | 4,280        | 4,440        |

## 19. Bank, other loans and financial instruments

The group has taken advantage of the exemption under FRS13 that short term debtors and creditors be excluded from the following disclosures.

## Financial assets maturity

On 31 December 2003, cash at bank and in hand amounted to £126,000 (2002: £80,000) which is invested in short term bank deposits maturing within one year bearing interest at the bank's variable rates.

|   | Group        |              | Company      |              |
|---|--------------|--------------|--------------|--------------|
|   | 2003<br>£000 | 2002<br>£000 | 2003<br>£000 | 2002<br>£000 |
| Bank and other loans installments by reference to the balance sheet date: |              |              |              |              |
| Within one year   | 953          | 358          | 160          | 160          |
| From one to two years   | 165          | 375          | 160          | 160          |
| From two to five years  | 647          | 999          | 480          | 480          |
| Over five years   | 3,640        | 3,800        | 3,640        | 3,800        |
|   | 5,405        | 5,532        | 4,440        | 4,600        |

|  |       |       |       |       |
|--|-------|-------|-------|-------|
| Bank and other loans analysis by origin: |       |       |       |       |
| United Kingdom                           | 4,440 | 4,600 | 4,440 | 4,600 |
| Southern Africa                          | 965   | 932   | -     | -     |
|  | 5,405 | 5,532 | 4,440 | 4,600 |

## Borrowing facilities

At 31 December 2003 the Group was within its bank borrowing facilities. Overdrafts are renewable annually. Term loan repayments are as set out above. The group has undrawn facilities of £278,000 (2002: £703,000) which expire within one year.

## Interest rate risk and hedge profile

Treasury activities take place under procedures and policies approved and monitored by the Board to minimise the financial risk faced by the Group. The bank loans are secured by way of a first charge on certain fixed assets. The rates of interest vary based on LIBOR in the UK and PRIME in South Africa. The other loan is secured on the additional reserves acquired during 2002 and is repayable from Black Wattle Colliery (pty) Limited and interest is payable at PRIME in South Africa.

An interest rate swap has been entered into in line with the £4,440,000 UK loan at a fixed rate of 4.05%.

## Foreign currency

All trading is undertaken in the local currencies. Funding is also in local currencies other than inter-company investments and loans and it is not the Group's policy to cover these amounts as the date of repayment is uncertain.



## 19. Bank, other loans and financial instruments continued

## Fair value

Fair value of the group's financial liabilities:

|  | Book<br>value<br>£000 | Market<br>value<br>£000 | 2003<br>Fair value<br>adjustment<br>£000 | 2002<br>Fair value<br>adjustment<br>£000 |
|--|-----------------------|-------------------------|--|--|
| Loan   | 4,440                 | 4,498                   | (58)                                     | -  |
| Tax at 30% (2002: 30%)                                 |                       |                         | 17                                       | -  |
| Post tax fair value adjustment                         |                       |                         | (41)                                     | -  |
| Post tax fair value adjustment - basic pence per share |                       |                         | 0.39p                                    | -  |

The fair values were calculated by the directors as at 31 December 2003 and reflect the replacement value of the financial instruments used to manage the group's exposure to adverse rate movements.

Other financial assets, bank loans and overdrafts are at variable rates and there is therefore no material difference between book values and market values.

## 20. Provisions for liabilities and charges

|  | Group<br>£000 | Company<br>£000 |
|--|---------------|-----------------|
| <b>Deferred Taxation</b>               |               |                 |
| Balance at 1 January 2003              | (119)         | 29              |
| Exchange adjustment                    | (30)          | -               |
| Transfer to profit and loss account    | (13)          | 2               |
|  | (162)         | 31              |
| Shown in balance sheet as:             |               |                 |
| Debtors (see note 15)                  | (219)         | -               |
| Provisions for liabilities and charges | 57            | 31              |
|  | (162)         | 31              |

No provision has been made for the approximate taxation liability at 30% (2002: 30%) of £1,524,000 (2002: £1,093,000) which would arise if the investment properties were sold at the stated valuation.

No provision has been recognised in Black Wattle Colliery (pty) Limited for tax losses amounting to £192,000 (2002: £Nil)

|   | Group        |              | Company      |              |
|---|--------------|--------------|--------------|--------------|
|   | 2003<br>£000 | 2002<br>£000 | 2003<br>£000 | 2002<br>£000 |
| The deferred tax balance comprises the following: |              |              |              |              |
| Accelerated capital allowance                     | 31           | 29           | 31           | 29           |
| Short-term timing differences                     | 26           | 41           | -            | -            |
| Tax losses carried forward                        | (219)        | (189)        | -            | -            |
|   | (162)        | (119)        | 31           | 29           |



## 21. Minority interest

The minority interest represents the share of the net accumulated losses in Black Wattle Colliery (pty) Limited attributable to the minority shareholder less the nominal value of shares held by that shareholder. The Directors are confident that the losses will be recovered in future years.

## 22. Share capital

|   | 2003<br>£000 | 2002<br>£000 |
|---|--------------|--------------|
| Authorised: 13,000,000 ordinary shares of 10p each  | 1,300        | 1,300        |
| Allotted and fully paid: 10,451,506 ordinary shares | 1,045        | 1,045        |

## 23. Reserves

|   | Revaluation<br>reserve<br>£000 | Capital<br>reserve on<br>consolidation<br>£000 | Retained<br>earnings<br>£000 |
|---|--------------------------------|--|------------------------------|
| <b>Company</b>                                      |                                |  |                              |
| Balance at 1 January 2003                           | 5,579                          | -  | 875                          |
| Exchange adjustment                                 | -                              | -  | 153                          |
| Revaluation of investment property                  | 1,619                          | -  | -                            |
| Retained profit for the year                        | -                              | -  | 714                          |
| <b>Balance at 31 December 2003</b>                  | <b>7,198</b>                   | <b>-</b>                                       | <b>1,742</b>                 |
| <b>Share in subsidiary and joint venture</b>        |                                |  |                              |
| Balance at 1 January 2003                           | 388                            | 86   | 223                          |
| Exchange adjustment                                 | -                              | -  | 56                           |
| Revaluation of investment property                  | 360                            | -  | -                            |
| Realisation of revaluation reserve of joint venture | (217)                          | -  | 189                          |
| Retained profit for the year                        | -                              | -  | 97                           |
| <b>Balance at 31 December 2003</b>                  | <b>531</b>                     | <b>86</b>                                      | <b>565</b>                   |
| <b>Group at 31 December 2003</b>                    | <b>7,729</b>                   | <b>86</b>                                      | <b>2,307</b>                 |
| Group at 1 January 2003                             | 5,967                          | 86   | 1,098                        |



## 24. Reconciliation of operating profit to net cash inflow from operating activities

|  | 2003<br>£000 | 2002<br>£000 |
|--|--------------|--------------|
| Operating profit                                 | 1,885        | 785          |
| Depreciation charges                             | 857          | 513          |
| Goodwill amortised                               | 85           | 84           |
| Provision against current asset investment       | 19           | -            |
| Profit on sale of current asset investments      | (35)         | (8)          |
| Decrease (increase) in stocks                    | 3            | (26)         |
| Increase in debtors                              | (732)        | (147)        |
| Increase in creditors                            | 92           | 427          |
| <b>Net cash inflow from operating activities</b> | <b>2,174</b> | <b>1,628</b> |

## 25. Analysis of changes in net debt

|                            | At 1 January<br>2003<br>£000 | Cash flows<br>£000 | Exchange<br>adjustment<br>£000 | At<br>31 December<br>2003<br>£000 |
|----------------------------|------------------------------|--------------------|--------------------------------|-----------------------------------|
| Bank balances              | 80                           | 43                 | 3                              | 126                               |
| Overdrafts                 | (769)                        | (532)              | (4)                            | (1,305)                           |
|                            | (689)                        | (489)              | (1)                            | (1,179)                           |
| Debt due within one year   | (358)                        | (591)              | (4)                            | (953)                             |
| Debt due in after one year | (5,174)                      | 717                | 5                              | (4,452)                           |
|                            | (6,221)                      | (363)              | -                              | (6,584)                           |

## 26. Related Party Transactions

|   | At 31 December 2003<br>Amounts owed<br>to related party<br>£000 | At 31 December 2003<br>Amounts owed<br>by related party<br>£000 | During the year<br>Costs recharged<br>by related party<br>£000 | During the year<br>Cash (received)<br>from related party<br>£000 |
|---|---|---|--|--|
| <b>Related party:</b>                         |   |   |  |  |
| London & Associated Properties PLC (note (a)) | 325   | -   | 261  | -  |
| Dragon Retail Property Limited (note (b))     | 144   | -   | 8  | (43)   |
| Ninghi Marketing Limited (note (c))           | -   | (17)  | 29   | (21)   |
|   | 469   | (17)  | 298  | (64)   |
| <b>As at 31 December 2003</b>                 | <b>503</b>  | <b>-</b>  | <b>271</b>   | <b>(80)</b>  |

London & Associated Properties PLC is a substantial shareholder.

Dragon Retail Properties Limited is a joint venture and is treated as a fixed asset investment. Both London & Associated Properties PLC and the company have provided a guarantee in respect of a bank loan of Dragon Retail Properties up to a maximum of £250,000 each.

Ninghi is a jointly-owned coal marketing company and is treated as a fixed asset investment.



## 26. Related Party Transactions *continued*

### (a) London & Associated Properties PLC

Property management, office premises, general management, accounting and administration services are provided for Bisichi Mining PLC and its subsidiaries.

### (b) Dragon Retail Properties Limited

Dragon Retail Properties Limited is owned equally by the company and London & Associated Properties PLC.

### (c) Ninghi Marketing Limited

Ninghi Marketing Limited is a jointly-owned coal marketing company, based in London.

## 27. Employees

|  | 2003<br>Number | 2002<br>Number |
|--|----------------|----------------|
| The average weekly number of employees of the group during the year were as follows: |                |                |
| Production   | 221            | 250            |
| Administration   | 14             | 16             |
|  | 235            | 266            |

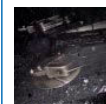
|  | £000  | £000  |
|--|-------|-------|
| Staff costs during the year were as follows: |       |       |
| Salaries                                     | 2,013 | 1,286 |
| Social security costs                        | 15    | 15    |
| Pension costs                                | 15    | 17    |
|  | 2,043 | 1,318 |

## 28. Capital commitments

|  |     |     |
|--|-----|-----|
| Commitments for capital expenditure contracted for at the year end | 151 | 135 |
|--|-----|-----|

## 29. Contingent Liabilities

The company has provided a guarantee in respect of a bank loan up to maximum of £250,000 to Dragon Retail Properties Limited, a joint venture.



## Notice of Annual General Meeting

NOTICE is hereby given that the ninety-second annual general meeting of the company will be held at 8-10 New Fetter Lane, London EC4A 1AF on Tuesday 8 June 2004 at 11.00 am for the transaction of the following business:

- 1 To receive and adopt the directors' report, annual accounts and independent auditors' report for the year ended 31 December 2003. (Resolution 1)
- 2 To declare and approve a dividend of 1.8p per share. (Resolution 2)
- 3 To re-elect as a director Mr C A Joll. (Resolution 3)
- 4 To elect as a director Mr T M Kearney. (Resolution 4)
- 5 To approve the directors' remuneration report for the year ended 31 December 2003. (Resolution 5)
- 6 To reappoint PKF as auditors. (Resolution 6)
- 7 To authorise the directors to determine the remuneration of the auditors. (Resolution 7)

8-10 New Fetter Lane  
London EC4A 1AF  
Registered in England and Wales - Number 112155  
18 March 2004

By order of the board  
**M C STEVENS**  
Secretary

### Notes:

- 1 A member entitled to vote at the meeting may appoint one or more proxies to attend and vote instead of him.  
A proxy need not be a member of the company.
- 2 To be valid, the instrument appointing a proxy, together with the power of attorney or other authority, if any, under which it is signed (or a notorially certified copy of such power of authority) must be deposited at the company's registrars, Capita Registrars, PO Box 25, Beckenham, Kent BR3 4BR not later than 48 hours before the time fixed for the meeting or if the meeting is adjourned not later than 48 hours before the time fixed for the adjourned meeting.
- 3 Completion of a proxy form will not preclude members from attending and voting at the meeting if they wish.  
A form of proxy is enclosed for use by members.
- 4 The following document will be available for inspection at the registered office of the company on any weekday during normal business hours and will also be available from 10.45 am on the day of the meeting until the close of the meeting:  
- A register in which are recorded all the transactions of each director and their family interests in the share capital of the company.
- 5 Copies of the directors' service agreement will be available for inspection during normal business hours at the registered office of the company from the date of this notice until the date of the meeting, and at the place of the meeting for a period of 15 minutes before the meeting until the conclusion of the meeting.





# Bisichi Mining PLC Form of Proxy

I/We the undersigned, being the holder(s) of ordinary shares of the company, hereby appoint

or, failing him/her, the chairman of the meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the company to be held on Tuesday 8 June 2004 at 11.00 am at 8-10 New Fetter Lane, London EC4A 1AF and at any adjournment thereof. I/We direct that my/our vote(s) be cast on the resolutions as indicated by an X in the appropriate spaces below.

| RESOLUTIONS<br>Ordinary Business  | FOR | AGAINST | VOTE<br>WITHHELD |
|---|-----|---------|------------------|
| 1 To receive and adopt the directors' report, annual accounts and independent auditors' report for the year ended 31 December 2003. |     |         |                  |
| 2 To declare and approve a dividend of 1.8p per share.  |     |         |                  |
| 3 To re-elect as a director Mr C A Joll.  |     |         |                  |
| 4 To elect as a director Mr T M Kearney.  |     |         |                  |
| 5 To approve the directors' remuneration report for the year ended 31 December 2003.  |     |         |                  |
| 6 To reappoint PKF as auditors.   |     |         |                  |
| 7 To authorise the directors to determine the remuneration of the auditors.   |     |         |                  |

**Notes:**

- Shareholders may appoint one or more proxies of his/her/their own choice. A proxy need not be a member of the company. The chairman of the meeting will act as your proxy if you do not insert the name of a proxy of your choice.
- Please indicate with an X how you wish your votes to be cast. Any alterations made to this form should be initialled.
- Unless otherwise instructed the proxy will abstain or vote as he/she thinks fit. On any motion to amend any resolution, to propose a new resolution, to propose a new resolution, to adjourn the meeting or any other motion put to the meeting the proxy will act at his/her discretion.
- If the appointee is a corporation this proxy should be executed under the common seal of such corporation or signed by two directors or director and secretary in accordance with Section 36A of the Companies Act 1985 or be signed by its attorney or by an authorised officer on behalf of the Corporation. In the case of an individual this proxy should be signed by the appointee or his attorney.
- To be valid, the instrument appointing a proxy, together with the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of such power or authority) must be deposited at the company's registrars, Capita Registrars, PO Box 25, Beckenham, Kent BR3 4BR not later than 48 hours before the time fixed for the meeting, or if the meeting is adjourned not later than 48 hours before the time fixed for the adjourned meeting.
- In the case of joint registered holders the signature of any holder is sufficient but the vote of the senior holder who tenders a vote shall be accepted to the exclusion of the other joint holders. For this purpose seniority shall be determined by the order in which the names stand in the register of members.
- Completion of this form will not preclude a shareholder from attending and voting in person.
- Only holders of ordinary shares entered in the register of members of the company at 5.00pm on the second day prior to the date of the meeting or any adjournment of it shall (unless otherwise entitled to do so) be entitled to attend and vote at the meeting or any such adjournment. This is in accordance with paragraph 41 of the Uncertified Securities Regulations 2001.
- To abstain from voting on a resolution, tick the box "Vote Withheld". A "Vote Withheld" is not a vote in law which means that the vote will not be counted in the calculation of votes for or against the resolution.

Full Name (block capitals please)

Address

Signed this day of 2004 (Signature)

If a corporation (Director) (Director/Secretary)

Second Fold

BUSINESS REPLY SERVICE  
Licence No MB 122

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Bisichi Mining PLC,  
Capita Registrars (Proxies)  
P O Box 25  
Beckenham  
Kent  
BR3 4BR

Third Fold

Tuck inside facing flap

First Fold



[www.bisichi.co.uk](http://www.bisichi.co.uk)