



# MVELAPHANDA RESOURCES LIMITED

## Reviewed Interim Results for the six months ended 31 December 2007



### FEATURES

- Major Transactions with Anglo Platinum and Northam announced;
- Market volatility and operational issues impact negatively on results;
- Lower attributable loss of R237 million compared with R1 billion in previous corresponding period;
- Fundamental outlook for precious metals and diamonds positive.

### GROUP BALANCE SHEET

As at	Reviewed	Restated	Restated
R'000	31 December	31 December	30 June
	2007	2006	2007
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in associate companies	792,381	838,402	866,863
- Northam Platinum Limited	740,509	779,062	788,411
- Trans Hex Group Limited	51,872	59,340	78,452
GFI-SA loan	4,846,000	6,100,000	5,273,000
Trans Hex Group Limited forward purchased shares	151,390	166,599	208,342
Non-strategic listed investments	8,903	469	380
Goodwill	75,869	75,869	75,869
Deferred taxation	39,109	12,394	30,473
Property, plant and equipment	577	855	857
<b>Total non-current assets</b>	<b>5,914,229</b>	<b>7,194,588</b>	<b>6,455,784</b>
<b>Current assets</b>			
Pre-paid taxation	6,459	-	-
Inventories	-	255	255
Accounts receivable and prepayments	37,871	3,880	5,662
Cash and cash equivalents	1,708,949	217,180	1,503,326
<b>Total current assets</b>	<b>1,753,279</b>	<b>221,315</b>	<b>1,509,243</b>
<b>Non-current assets classified as held for sale</b>			
Booyensendal Platinum project	315,892	315,892	315,892
<b>TOTAL ASSETS</b>	<b>7,983,400</b>	<b>7,731,795</b>	<b>8,280,919</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Total share capital and reserves</b>	<b>5,586,721</b>	<b>5,172,606</b>	<b>5,814,376</b>
<b>Non-current liabilities</b>			
"A" ordinary shares	700	-	700
Senior bank loan (GFI - SA)	69,946	384,894	230,736
Mezzanine finance (GFI - SA)	1,727,108	1,524,295	1,622,208
Provision for employee long-term incentive costs	19,254	44,142	29,620
Deferred taxation	102,515	272,952	156,120
<b>Total non-current liabilities</b>	<b>1,919,523</b>	<b>2,226,283</b>	<b>2,039,384</b>
<b>Current liabilities</b>			
Accounts payable and accruals	42,998	17,475	17,283
Provision for employee long-term incentive costs	119,209	25,674	107,538
Short-term portion of Senior bank loan (GFI - SA)	314,949	289,284	301,688
Current taxation payable	-	473	650
<b>Total current liabilities</b>	<b>477,156</b>	<b>332,906</b>	<b>427,159</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,983,400</b>	<b>7,731,795</b>	<b>8,280,919</b>

### GROUP INCOME STATEMENT

R'000	Reviewed	Restated	Restated
	6 months to	6 months to	12 months to
	31 December	31 December	30 June
	2007	2006	2007
<b>INCOME</b>			
Earnings from associate companies	92,636	136,727	272,275
- Northam Platinum Limited	94,993	138,438	272,955
- Trans Hex Group Limited	(2,357)	(1,711)	(680)
Interest earned on GFI-SA loan	218,703	218,703	437,405
Interest earned on cash and cash equivalents	81,318	8,310	43,383
Other income	201	649	905
<b>Total income</b>	<b>392,858</b>	<b>364,389</b>	<b>753,968</b>
<b>OPERATING EXPENSES</b>			
Exploration and project development costs	(5,735)	(46,993)	(67,564)
Corporate expenses	(13,898)	(19,038)	(35,421)
Share-based incentive costs	(9,388)	(32,785)	(129,060)
Finance costs	(165,643)	(165,901)	(330,346)
- Senior bank loan (GFI-SA)	(28,060)	(42,668)	(77,605)
- Mezzanine finance (GFI-SA)	(137,583)	(122,969)	(252,474)
- Other	-	(264)	(267)
<b>Total operating expenses</b>	<b>(194,664)</b>	<b>(264,717)</b>	<b>(562,391)</b>
<b>PROFIT BEFORE OTHER EXPENSES</b>	<b>198,194</b>	<b>99,672</b>	<b>191,577</b>
<b>OTHER EXPENSES</b>			
Impairment (write-down)/write-back	(2,835)	-	17,312
Loss on revaluation of financial instruments	(483,952)	(1,274,015)	(2,059,272)
- GFI-SA loan	(427,000)	(1,300,000)	(2,127,000)
- Trans Hex Group Limited forward purchased shares	(56,952)	25,985	67,278
Costs associated with the Afripalm Transaction	-	-	(543,700)
Other expenses	-	(7,025)	-
<b>Total other expenses</b>	<b>(486,787)</b>	<b>(1,281,040)</b>	<b>(2,585,660)</b>
<b>LOSS BEFORE TAXATION</b>	<b>(288,593)</b>	<b>(1,181,368)</b>	<b>(2,394,083)</b>
<b>TAXATION</b>			
- Normal	(11,479)	(16,828)	(34,093)
- Deferred	62,241	194,518	329,426
<b>ATTRIBUTABLE LOSS</b>	<b>(237,831)</b>	<b>(1,003,678)</b>	<b>(2,098,750)</b>
<b>(LOSS)/EARNINGS PER ORDINARY SHARE (cents)</b>			
- Basic	(114)	(600)	(1,193)
- Headline	(112)	(600)	(1,203)
- Diluted	(114)	(600)	(1,193)
- Adjusted	85	55	107

### GROUP STATEMENT OF CHANGES IN EQUITY

R'000	Total
<b>Balance at 30 June 2006 as previously reported</b>	<b>6,142,705</b>
Effect of prior year adjustment	(13,168)
<b>Restated balance at 30 June 2006</b>	<b>6,129,537</b>
Attributable loss for the period	(1,003,678)
Equity compensation reserve	43,566
Equity accounted portion of share-based payments of associates	995
Equity accounted portion of foreign currency translation reserve	1,572
Equity accounted portion of fair value adjustment on available-for-sale financial assets	(71)
Unrealised profit on revaluation of listed investments	448
Equity accounted cash flow hedges of associates	(1,139)
Unclaimed dividend forfeited	1,376
<b>Restated balance at 31 December 2006</b>	<b>5,172,606</b>
Attributable loss for the period	(1,095,072)
Equity compensation reserve	224,501
Net proceeds from shares issued	1,182,767
Share-based discount to Afripalm 1 - Ordinary shares	328,000
Equity accounted portion of share-based payments of associates	1,508
Equity accounted portion of foreign currency translation reserve	(389)
Equity accounted portion of fair value adjustment on available-for-sale financial assets	105
Unrealised loss on revaluation of listed investments	(89)
Equity accounted cash flow hedges of associates	1,139
"A" ordinary shares reclassified as non-current liabilities	(700)
<b>Restated balance at 30 June 2007</b>	<b>5,814,376</b>
Attributable loss for the period	(237,831)
Equity compensation reserve	2,452
Net proceeds from shares issued	9,895
Equity accounted portion of share-based payments of associates	1,974
Equity accounted portion of foreign currency translation reserve	(119)
Equity accounted portion of fair value adjustment on available-for-sale financial assets	(49)
Unrealised loss on revaluation of listed investments	(3,977)
<b>Balance at 31 December 2007</b>	<b>5,586,721</b>

### ABRIDGED GROUP CASH FLOW STATEMENT

R'000	Reviewed	Reviewed	Audited
	6 months to	6 months to	12 months to
	31 December	31 December	30 June
	2007	2006	2007
Net cash generated by operating activities	184,924	109,285	237,802
Net cash generated by investing activities	158,334	68,713	195,330
Net cash (utilised in)/generated by financing activities	(137,635)	(135,446)	895,566
Net increase in cash and cash equivalents	205,623	42,552	1,328,698
Cash and cash equivalents at beginning of the period	1,503,326	174,628	174,628
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>1,708,949</b>	<b>217,180</b>	<b>1,503,326</b>

\* A detailed cash flow statement is available on the company's website: www.mvelares.co.za

### ABRIDGED GROUP SEGMENTAL RESULTS

R'000	Reviewed	Restated	Restated
	6 months to	6 months to	12 months to
	31 December	31 December	30 June
	2007	2006	2007
Net profit/(loss) after taxation			
- Gold	(319,419)	(1,113,618)	(1,798,780)
- Platinum	92,383	135,374	272,855
- Diamonds	(56,596)	16,362	68,142
- Other	45,801	(41,796)	(640,967)
<b>ATTRIBUTABLE LOSS</b>	<b>(237,831)</b>	<b>(1,003,678)</b>	<b>(2,098,750)</b>

\* A detailed segmental income statement is available on the company's website: www.mvelares.co.za

### NOTES

**1. Basis of preparation**  
These condensed consolidated financial statements have been prepared on the historical cost basis, except for financial instruments that are fair valued, in accordance with the group's accounting policies which are consistent with those adopted in the financial year ended 30 June 2007 and which are compliant with International Financial Reporting Standards ("IFRS") and in accordance with IAS 34: "Interim Financial Reporting", the South African Companies Act, 1973, as amended, and the JSE Listings Requirements.

**2. GFI-SA Loan**  
Loan advanced to GFI-SA  
Unrealised fair value adjustment at end of the period  
GFI-SA loan at fair value

R'000	Reviewed	Reviewed	Audited
	31 December	31 December	30 June
	2007	2006	2007
Loan advanced to GFI-SA	4,139,000	4,139,000	4,139,000
Unrealised fair value adjustment at end of the period	707,000	1,961,000	1,134,000
<b>GFI-SA loan at fair value</b>	<b>4,846,000</b>	<b>6,100,000</b>	<b>5,273,000</b>

The value of this investment is sensitive to the following key drivers:  
- Rand/dollar exchange rate;  
- US dollar gold price; and  
- Gold Fields share price

The fair valuation of this investment takes into account the change in the value of the Gold Fields investment according to the formula and impacted by the above-mentioned drivers, and the difference between the present value of the future interest payments from GFI-SA until March 2009 and the present value of the estimated future dividends foregone over the same period.

The decrease in the value of the GFI-SA loan to R4.8 billion from R5.3 billion (30 June 2007) is primarily attributable to a 10% decrease in the Gold Fields share price during the six month period to 31 December 2007. The number of Gold Fields shares attributable to the group was calculated at 46.9 million (30 June 2007: 47.4 million.)

**3. Trans Hex Group Limited forward purchased shares**  
This represents the fair value of 16 million Trans Hex Group Limited forward purchased shares for delivery on 5 March 2008. The fair value is based on the market price of Trans Hex Group Limited shares as at 31 December 2007 net of the contingent liability at that date, of R8.6 million (31 December 2006: R27 million and 30 June 2007: R18 million) relating to the debenture coupon.

**4. Non-strategic listed investments**  
Included in non-strategic listed investments is 592,424 shares in Etruscan Resources Inc. attributable to the group's share of the sale of Tirsano.

**5. Mezzanine finance**  
Loan advanced to Mvela Gold  
Net interest capitalised at beginning of the period  
Net interest capitalised during the period  
Mezzanine finance at fair value

R'000	Reviewed	Restated	Restated
	31 December	31 December	30 June
	2007	2006	2007
Loan advanced to Mvela Gold	1,086,000	1,086,000	1,086,000
Net interest capitalised at beginning of the period	536,208	346,889	346,889
Net interest capitalised during the period	104,900	91,406	189,319
<b>Mezzanine finance at fair value</b>	<b>1,727,108</b>	<b>1,524,295</b>	<b>1,622,208</b>

The mezzanine finance was advanced to Mvela Gold in March 2004 by a special purpose vehicle company (SPV), on a back-to-back arrangement (the same arrangements which are applicable to the SPV are applicable to Mvela Gold) and all costs incurred by SPV are fully recoverable from Mvela Gold. The Mezzanine finance is repayable in March 2009. Refer to note 9 on the prior year adjustment.

**6. Share-based payment costs**  
The provision for employee incentive costs relates to share appreciation rights that could potentially be exercised any time in the next ten years from grant date. These cash-settled share appreciation rights are valued at the fair value of the rights at each balance sheet date, with any changes in fair value recognised in profit and loss over the vesting period of the rights.

Equity-settled share options are valued at grant date, and the cost is spread equally over the vesting period of the options. The resulting credit is accounted for in shareholders' equity.

The contract with Gold Fields for exploration in Africa expired in February 2007. Included in exploration and project development costs for 31 December 2006: R40 million and R56 million for 30 June 2007, is the cost of the Gold Field's warrants.

**7. Deferred tax**  
The deferred tax provision mainly relates to the fair value adjustment on the GFI-SA loan. The deferred tax asset relates to the provision for employee long-term incentive costs.

**8. Loss per ordinary share is calculated as follows:**

	Reviewed	Restated	Restated
	31 December	31 December	30 June
	2007	2006	2007
<b>(a) Headline loss per ordinary share (cents)</b>	<b>(112)</b>	<b>(600)</b>	<b>(1,203)</b>
<b>R'000</b>	<b>(237,831)</b>	<b>(1,003,678)</b>	<b>(2,098,750)</b>
Attributable loss			
Impairment write-down/(write-back)	2,835	-	(17,312)
<b>Headline loss</b>	<b>(234,996)</b>	<b>(1,003,678)</b>	<b>(2,116,062)</b>
Weighted average number of shares in issue	208,893,109	167,214,243	175,866,989
<b>(b) Adjusted earnings per ordinary share (cents)</b>	<b>85</b>	<b>55</b>	<b>107</b>
<b>R'000</b>	<b>(237,831)</b>	<b>(1,003,678)</b>	<b>(2,098,750)</b>
Attributable loss			
"Other expenses" per income statement	486,787	1,281,040	2,585,660
Taxation relating to "other expenses"	(70,608)	(185,093)	(298,594)
<b>Adjusted earnings</b>	<b>178,348</b>	<b>92,269</b>	<b>188,316</b>
Weighted average number of shares in issue	208,893,109	167,214,243	175,866,989

**9. Prior year adjustment**  
The mezzanine finance was advanced to Mvela Gold by a special purpose vehicle company (SPV), on a back-to-back arrangement (the same arrangements which are applicable to the SPV are applicable to Mvela Gold) and all costs incurred by SPV are fully recoverable from Mvela Gold.

During the period under review it was identified that certain costs incurred by the SPV were not recovered from and accrued for by Mvela Gold. These costs have now been accrued for in full and the prior year results were restated where applicable. The impact was as follows:

R'000	6 months to	6 months to	12 months to
	31 December	31 December	30 June
	2007	2006	2007
<b>Income statement</b>			
- Increase in finance costs - Mezzanine finance (GFI - SA)	(5,605)	(4,884)	(10,111)
- Decrease in normal tax	8,311	-	-
- Increase/(decrease) in deferred taxation	(6,686)	1,416	2,933
<b>Net increase in attributable loss</b>	<b>(3,980)</b>	<b>(3,468)</b>	<b>(7,178)</b>
<b>LOSS PER ORDINARY SHARE (CENTS)</b>			
- Basic	(2)	(2)	(4)
- Headline	(2)	(2)	(4)
- Diluted	(2)	(2)	(4)
- Adjusted	(2)	(2)	(4)

R'000	31 December	31 December	30 June
	2007	2006	2007
<b>Balance sheet</b>			
- Increase/(decrease) in non-current liabilities			
- Mezzanine finance	34,267	23,430	28,657
- Deferred taxation	-	(6,795)	(8,311)
<b>- Decrease in current liabilities</b>			
- Current taxation liabilities	(9,937)	-	-

Directors	KB Mosehla*	ME Beckett (British)	Z Mtshoshisa
PL Zim (Chairman)	BR van Rooyen*	P Buthelezi	(alternate to Mr Sexwale)
PC Pienaar* (CEO)	(* Executive Directors)	CK Chabedi	TMG Sexwale
NS Ntsaluba* (FD)		R Moonsamy	MJ Willcox
SW Mofokeng*		NE Mtshoshisa	MSMM Xayiya

### NOTES (continued)

**10. Post balance sheet events**  
Northam Platinum Limited declared an interim dividend of 145 cents per share to be paid on 10 March 2008. This translates to a cash inflow of R75 million for the Mvela Resources group.

**11. Audit Review opinion**  
These financial results have been reviewed by the group's auditors, PricewaterhouseCoopers Inc., and their unqualified review opinion is available for inspection at the company's registered office.

### REVIEW OF RESULTS

**CORPORATE ACTIVITY**  
**The Anglo Platinum and Northam Transactions**  
On 4 September 2007, Mvela Resources, Anglo Platinum and Northam ("the parties"), announced concurrent transactions, which, subject to the relevant approvals being obtained, would result in Mvela Resources acquiring 53.1 million Northam shares and 50% of the Booyensendal Platinum Project ("Booyensendal") from Anglo Platinum for R4 billion (funding of which has been secured; R1.5 billion from current cash reserves and a R2.5 billion preference share facility with Nedbank), and Northam acquiring 100% of Booyensendal from Mvela Resources for a consideration of 125 million new Northam shares.