



Annual Report 2003

SACHROME ● ●
SOUTH AFRICAN CHROME & ALLOYS LIMITED

Company profile

South African Chrome and Alloys Limited is listed on the JSE Securities Exchange South Africa, under 'Resources – Mineral Extractors and Mines', share code 'SCE'. It had 1,014,957,119 ordinary shares in issue as at 31 March 2003. The company's market capitalisation was R680 million on 31 March 2003. During the current financial year the company established a ferrochrome facility in Boshhoek, near Rustenburg, in the North West Province of South Africa. This facility consists of two 54 MVA closed submerged arc furnaces with charge preheating; and a 520, 000 tonnes per annum pelletising and sintering plant based on Outokumpu technology.

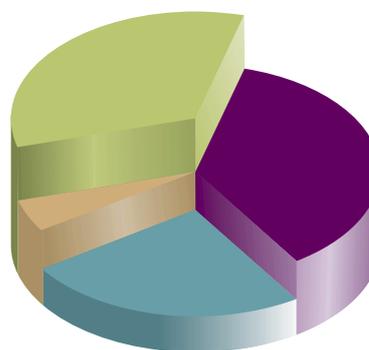
Currently the company's primary focus is on achieving full production and being a low-cost producer. Once fully operational the facility will produce 235, 000 tonnes of ferrochrome a year. The ferrochrome production is marketed to the stainless steel industry via an offtake agreement with ThyssenKrupp Metallurgie GmbH.

The feedstock for the Boshhoek smelter is provided by the Horizon chrome mine, and a UG2 concentrator plant.

Forward looking statements

Certain statements in this report constitute 'forward looking statements'. Such statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performances, objectives or achievements of SA Chrome and its subsidiary company's as well as the ferrochrome industry to be materially different from future results, performances, objectives or achievements expressed or implied by these forward looking statements. SA Chrome is subject to the effect of changes in commodity prices, currency fluctuations and the risks involved in mining and smelting operations.

Major Shareholders



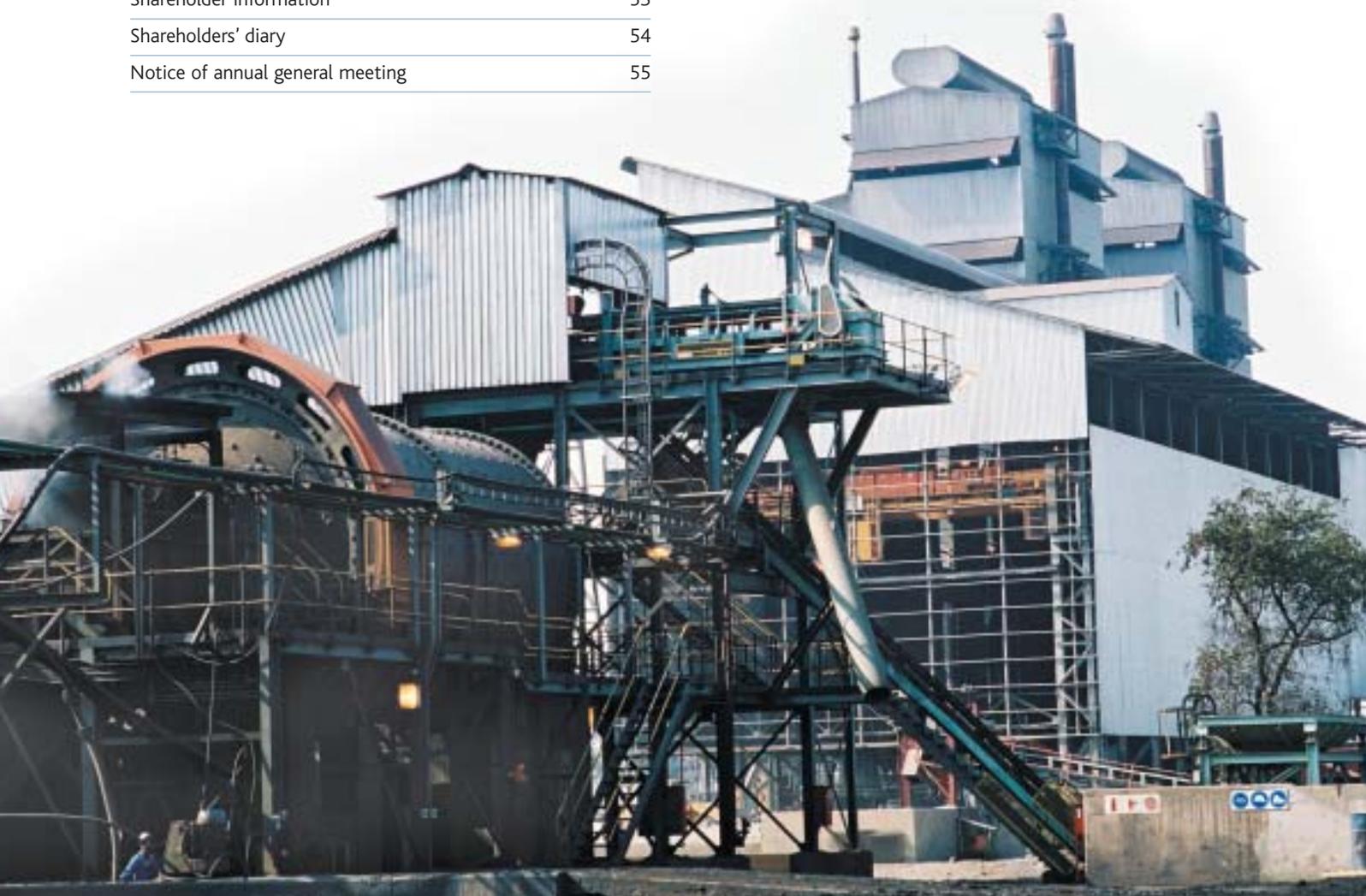
Royal Bafokeng	35.0%
The IDC	24.1%
Bateman	5.4%
Others	35.5%

SA Chrome is proudly South African, owned by South Africans and is committed to:

- Protecting the environment and producing a product in an environmentally friendly manner;
- Continuing as a technology leader;
- Being a reliable supply partner to the stainless steel industry;
- Adding value to the country and its people;
- Empowerment and employment equity; and
- Creating shareholder value.

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Kgosi Leruo Molotlegi, of the Royal Bafokeng Nation in conversation with Dr Popo Molefe, Premier of the North West Province, at the official opening of the SA Chrome ferrochrome facility.



The year in brief

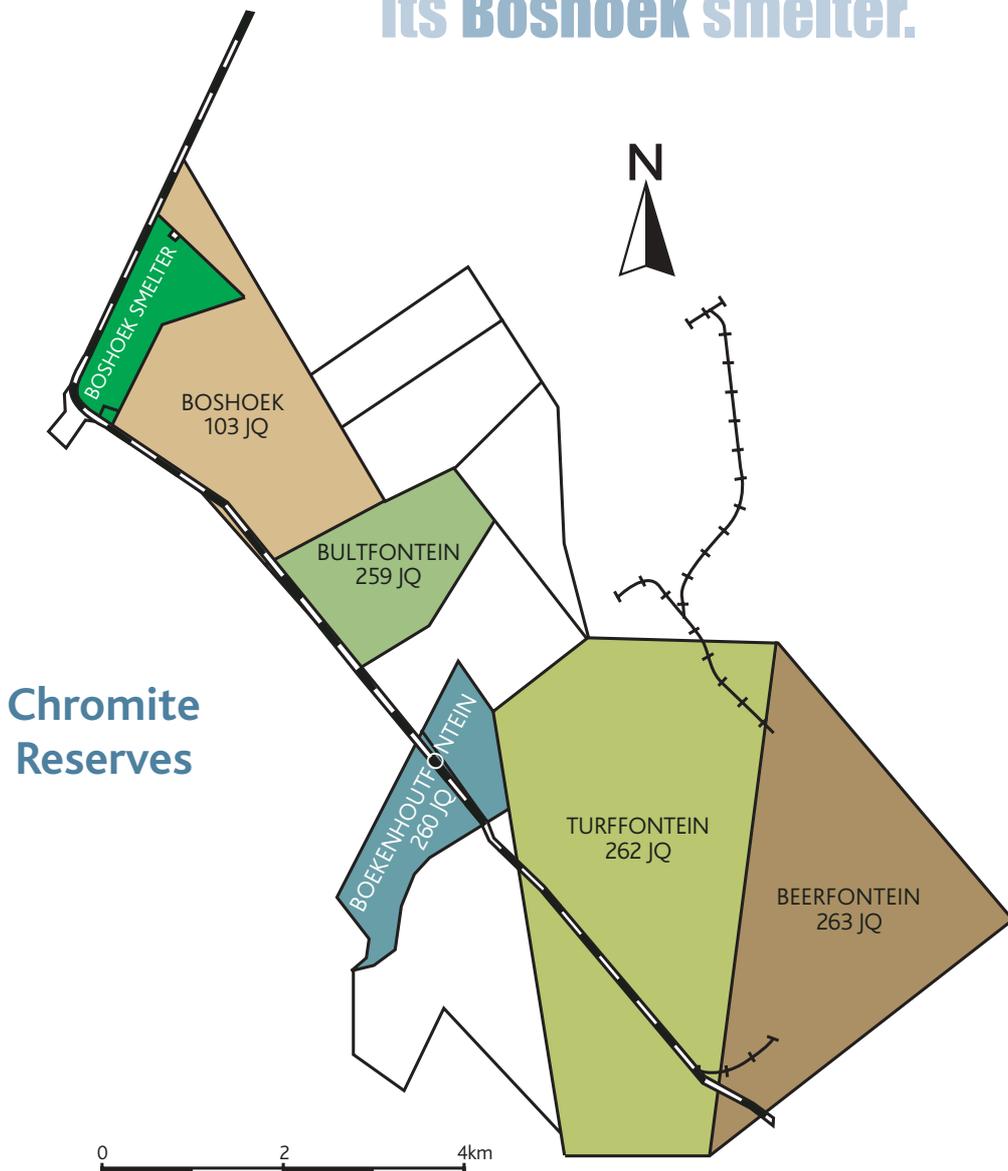
- The successful commissioning of the pelletising and sintering plant, UG2 concentrator and the two furnaces at Boshhoek.
- First delivery of product to customers in Europe, United States of America and the Far East.
- The official opening of the plant on 18 September 2002 by the Premier of the North West Province Dr Popo Molefe, attended by 400 guests from all over the world.
- Start-up production difficulties, relating to failure of slag granulation plant. Technological modifications introduced to overcome these production difficulties, which culminated in 80% of designed production capacity being achieved by 31 March 2003. Full production expected by August 2003.
- Negative impact of strengthening Rand.
- SA Chrome meets the challenges of new legislation governing the mining industry and is recognised as industry leader by government.
- SA Chrome embarks on a feasibility study for the expansion of its Boshhoek operation.
- Acquisition of additional chromite reserves on the farms Boshhoek, Bultfontein and Boekenhoutfontein, which are adjacent to the SA Chrome smelter.
- Agreement signed with Royal Bafokeng Nation on the acquisition of their substantial chromite reserves on Boschkopie, Turfontein and Beerfontein farms, which are also adjacent to the SA Chrome smelter.
- The reserve acquisitions provide for SA Chrome's long-term feedstock requirements and future expansion.
- The appointment of Chris Molefe as Non-Executive Chairman and Steve Phiri as an Executive Director and Chief Executive Officer.

Guests arriving at the opening ceremony held at Boshhoek.

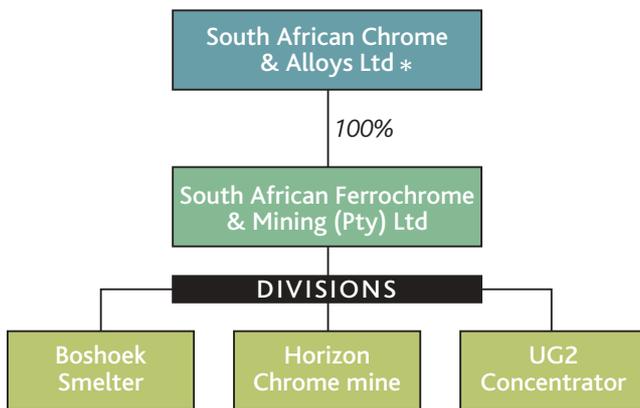




SA Chrome acquired additional chromite reserves adjacent to its Boshhoek smelter.



Group structure



* Listed on the JSE Securities Exchange South Africa.

Steve Phiri, appointed Chief Executive Officer on 1 May 2003.



Directorate

Directorate

Chris Molefe, 53 + ● # *Chairman*

B.Com, Post-graduate Diploma in Property Development. Chris Molefe joined the SA Chrome board as Non-Executive Chairman in February 2002. He is the Operations Director of Royal Bafokeng Resources (Pty) Limited. He has had extensive experience in merchant banking and transformation strategy development.

Management team

Steve Phiri, 47 # *Chief Executive Officer*

B.Juris LLB, LL.M, H.Dip Co. Law.

Steve has served on the board as a Non-Executive Director for the past two years. Before joining the SA Chrome executive he was head of Corporate and Legal affairs of the Royal Bafokeng Nation (RBN) and joint head of the RBN's Mineral and Mining Affairs Committee. As advisor to the RBN, Steve led their negotiating team, which successfully resolved the dispute with Impala Platinum Limited in the 1990s. On joining RBN he headed up the team responsible for the SA Chrome transaction and their joint venture with Anglo Platinum. As part of the RBN team he also addressed the Portfolio Committee on the concerns of traditional communities with regard to the Mineral and Petroleum Resources Development Bill. He is a member of the Ministerial Delegation and stakeholders' task team on the Mining Charter.

Terence McConnachie, 47 *Chief Operations Officer*

Terry joined SA Chrome in 1998 to assist in reshaping the future of the Company. He identified the opportunities in ferrochrome and was instrumental in arranging the bankable feasibility study for the erection of the ferrochrome smelter plant.

Bruce McBride, 43 # *Commercial Director*

BA, LLB, Dip Advanced Banking, MBA, PhD.

Prior to joining SA Chrome, Bruce was a senior partner at Bell Dewar and Hall, where he specialised in commercial, banking and mining law, acting for listed and international companies in these sectors.

(From left to right) Zed van der Walt, Andre Bekker, Steve Phiri, Bruce McBride, Siphon Mkhize, Chris Molefe (Chairman), Terence McConnachie, Jack Dorfan, Stuart Elliot and Reinier Meyjes (Absent: Dr. Todor Vljajcic and Myron Pollack).



Stuart Elliot, 39 *Director – Finance*

CA (SA), H.Dip Co. Law.

Stuart's experience, prior to joining the company, was in both the accounting and corporate finance fields. He was an audit manager at KPMG and a senior manager at FirstCorp Merchant Bank. He later joined Gencor in London as a project finance consultant, focusing exclusively on their acquisition of Billiton from Royal Dutch Shell, and then moved on to Deutsche Bank as an Associate Director. He was also a Director of The Corner House.

Zed van der Walt, 58 *Technical Director*

B.Sc Engineering (MET), MBA, DPLR.

Zed is a metallurgical engineer with over 35 years broad operational and management experience in the ferroalloy industry, including feasibility studies, process design, construction, commissioning and operations. Prior to joining SA Chrome, Zed was Managing Director and CEO of Consolidated Metallurgical Industries Limited, at one time the second largest ferrochrome operation in the world.

Directors

Jack Dorfan, 64 (executive) * + *Company Secretary*

CA (SA).

Jack is a Chartered Accountant who practiced in the profession as a partner in De Wit and Wapnick, JG Dorfan & Co, and Weiner Dorfan and Forbes before leaving the profession to enter commerce as an executive director of a number of private companies.

Dr Todor Vljajcic, 55 ● (non-executive)

PhD (Engineering).

Dr Vljajcic is the Managing Director of ThyssenKrupp Metallurgie GmbH. He has been involved in the industry for over 25 years and has vast experience in the construction of furnaces throughout the world. Prior to joining Thyssen, he was the Sales Manager and later the General Manager of Ferroalloy and Nonferrous Plants Mannesmann Demag, Duisburg, Germany (1975 – 1997).

Siphon Mkhize, 42 ● (non-executive)

B.Sc. Eng (Mechanical), MDP, BB & A (Hons).

Siphon is SPU Head, Mining, Minerals and Energy at the Industrial Development Corporation. He is a member of the Engineering Council of South Africa and a graduate member of the South African Institution of mechanical engineers. He holds board positions at Mozmanco (Mozal), Afgem Mining Company and he is the Chairman of Mossgas.

Andre Bekker, 42 ● * (non-executive)

B.Sc Hons, MDP.

Andre is a Senior Project Manager at the Industrial Development Corporation with extensive international experience in the ferrochrome industry, having been involved in the development of a number of ferrochrome projects in South Africa. He has visited and has an in depth knowledge of ferrochrome and stainless steel operations in Kazakhstan, India, China and Europe.

Reinier Posthumus Meyjes, 57 ● * (non-executive)

Pr Eng, B.Sc Eng, MBL.

Reinier has been involved in numerous furnace projects spanning 30 years in this field. Of specific importance is his close involvement in turnkey smelter projects with closed ferrochrome furnaces utilising sintered ore pellets.

Myron Zadwell Pollack, 55 + (non-executive)

CA (SA).

Myron joined SA Chrome as a non-executive director in 1997. A Chartered Accountant by profession, he is a senior partner of Pollack and Pollack, a firm of Chartered Accountants.

The address of the directors is:

Suite 106, Block C, Eva Park
Cnr Beyers Naude Drive and Judges Ave
Cresta, 2194

● Member of the Risk Committee

* Member of the Remuneration Committee

+ Member of the Audit Committee

Member of the Transformation and Employment Equity Committee

Chairman and Chief Operations Officer's report

The year under review

The past year has been challenging, as we moved from project status to bringing the single largest greenfields project undertaken in the ferrochrome industry up to 80% of capacity by year-end.

The challenges included:

1. Commissioning the plant in considerably less time, and with fewer difficulties, than the industry average for similar operations;
2. Successfully developing and implementing engineering solutions to overcome the start-up difficulties;
3. Delivering a quality product timeously to our customers in America, Europe and the Far East;
4. The impact of the new South African mining legislation; and
5. Coming into operation in an environment of a strengthening Rand and low ferrochrome prices.

Despite a production shortfall, against forecast, of 50 000 tonnes as a result of the late start-up and difficulties and delays associated with a greenfields operation, the company met the challenges and is now positioned to generate profits.

Review of results

Turnover in the past year, from the sale of 75 564 tonnes of ferrochrome which commenced half way through the financial year in September 2002, was R184 million.

The losses incurred during the financial year ending 31 March 2003 were expected as a result of start-up costs exacerbated by technological difficulties, delayed production and the strengthening of the Rand, combined with low ferrochrome prices, which had a negative impact on the ferrochrome industry.

Hedging arrangements

The hedging strategies adopted by the Company to cover its US dollar sales and Euro licence fee payments resulted in a foreign exchange gain of R4,3 million for the year under review.

Share issue

Subsequent to the year-end, and as announced on 17 June 2003, the company raised R108,4 million via the issue of 180 707 723 new ordinary shares at a price of 60 cents. These funds are to be used for the acquisition of additional chromite reserves, upgrading of the existing ferrochrome facility, loan repayments to our lending banks, working capital and to fund a feasibility study into the proposed expansion of our ferrochrome facility.

Production costs

By year-end, the plant achieved production levels of 80% of design capacity and reduced its ex works cost per tonne of ferrochrome. These costs will continue to reduce as production levels increase.

New mining legislation

SA Chrome is well positioned in terms of the new mining legislation. The targets set by the Mining Charter for the participation of historically disadvantaged South Africans in mining companies is 15% in 5 years and 26% in 10 years. SA Chrome has already exceeded both the 5- and 10-year targets: the Royal Bafokeng Nation has held a 35% shareholding in SA Chrome since its listing on the JSE Securities Exchange in 2001 and the company has been cited as a role model in the ferrochrome industry by the Minister of Minerals and Energy.

In terms of the employment equity targets set by the new legislation, SA Chrome is also a leader in the industry.

The draft Money Bill proposed royalty payments set at differing percentages, depending on the product mined. As the mining of ore accounts for a small percentage of SA Chrome's revenue, which is mainly generated through beneficiation at our Boshhoek smelter, we do not expect the Money Bill to have a significant impact on future earnings.

Feedstock reserves

During the course of the year SA Chrome acquired further reserves for its long-term feedstock requirements and future expansion. This included the acquisition of additional chromite reserves on farms adjacent to the SA Chrome smelter. Further,



The Pelletising and Sintering plant.

the company has, subject to certain conditions precedent, signed an agreement with the Royal Bafokeng Nation to acquire their chromite reserves.

Market review

The combination of drastically reduced global ferrochrome inventory levels, high capacity utilisation ratios and the strengthening of the Rand : US dollar exchange rate has contributed to a recovery in ferrochrome prices since mid-2002. Ferrochrome base prices have increased to US dollars 0.46 per pound chrome content in the third quarter 2003, up from US dollars 0.40 in the second quarter and US dollars 0.33 in the first quarter. The strong demand from stainless steel producers, limited availability of stainless steel scrap and the lack of any immediate new ferrochrome capacity coming on-stream, bodes well for ferrochrome prices to remain firm until the end of 2004.

With SA Chrome moving towards full production, the Company is well placed to benefit from the prevailing market conditions.

Poised for growth

Continued expansion of production in a more stable production environment has allowed SA Chrome to fulfill its delivery backlog with product of consistent quality. We expect to achieve 100% of designed production capacity by August 2003.

Together with our offtake partner, ThyssenKrupp Metallurgie, we have now successfully introduced SA Chrome's product to the world's stainless steel consumers and current demand for the product is strong.

In the new financial year we are well placed to benefit from strengthening ferrochrome prices and the increasing demand for ferrochrome in the stainless steel industry, which is expected to grow by around 5% in 2003 and between 6-7% in 2004.

At current Rand : US dollar exchange rates and strengthening ferrochrome prices the Company can expect to generate profits for the year ending 31 March 2004.



Chris Molefe
Chairman

SA Chrome is well positioned in terms of the new mining legislation.

Now that the first phase of our ferrochrome operation is complete and moving towards full production we are investigating ways and means of growing the company.

With this in mind SA Chrome is undertaking a detailed feasibility study into the expansion of its ferrochrome facility.

Appointments

The appointment to the Board of Mr C M Molefe as Non-Executive Chairman and the appointment of Mr S Phiri as Chief Executive Officer took place during the year.

Thanks

Our thanks go to the SA Chrome executive and board for their commitment, and to our shareholders for their support during a challenging year. We would also particularly like to thank our operations team, led by Dr Jurg Zaayman. Its commitment, expertise and hard work overcame the start-up difficulties and delays associated with a greenfields project, and made it possible for the company to face the future with confidence.

Chris Molefe
Non-Executive Chairman

Terence McConnachie
Chief Operations Officer



Terence McConnachie
Chief Operations Officer

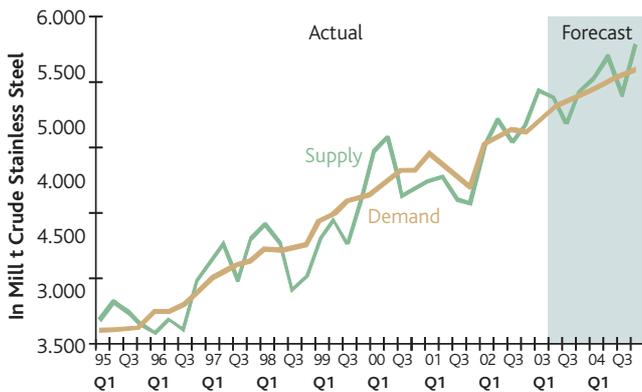
Market Review

World Market Review

Driven by exceptional growth in demand in China, India, and Europe, global crude stainless steel production expanded by 9.2% in 2002 to 20.4 million tonnes. Despite the problems the SARS virus created in Asia, and the ongoing weakness in the world economy, stainless demand continued to expand and in the first quarter of this year was already 8.5% higher than a year ago. Allowing for some seasonal decline during the second half of the year, stainless demand is likely to grow by almost 5% in 2003. A further increase in demand for stainless steel of between 6 – 7% is expected for 2004.

this year and possibly 5.2 – 5.3 million tonnes in 2004, supply is forecast to be just enough to meet demand. Producer inventories have been drastically reduced and remain below 6 weeks' consumption.

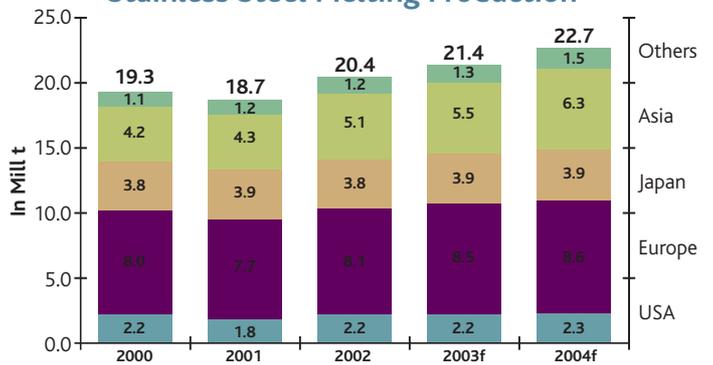
Stainless Steel Melting Supply & Demand



The commissioning of major stainless steel melting facilities during 2002 and the first half of 2003 is providing a strong base for future market expansions. Cost efficient stainless steel production is the guarantee for future growth, but forms at the same time a demanding environment for the raw material industry. Limited availability of stainless steel scrap in the West and lower scrap exports from the former Soviet Union have stimulated demand for the primary raw materials, nickel and chrome.

Demand for charge/high carbon ferrochrome exceeded production of 4.4 million tonnes in 2002. Although ferrochrome output is likely to reach 4.8 – 4.9 million tonnes

Stainless Steel Melting Production



Supply bottlenecks might even occur as an additional 0.4 – 0.5 million tonnes charge/high carbon ferrochrome is required in 2003 and again in 2004. Even though there is talk of new players entering the ferrochrome industry, no new capacity has been confirmed that could provide this additional volume in the immediate future. Existing capacities are undergoing de-bottlenecking procedures and this has resulted in utilisation ratios of some 90% for existing producers.

HC/Charge Chrome Price vs. Producer Inventories





A thickener tank at the Boshhoek smelter.



Customers who attended the opening ceremony on a tour of the smelter.

The combination of drastically reduced inventory levels, high capacity utilisation ratios and the strengthening of the Rand : US dollar exchange rate has contributed to a 46% price increase since mid 2002. Charge chrome prices increased to US dollars 0.46 per lb Cr content in the third quarter of this year. Strong demand from stainless steel producers bodes well for ferrochrome prices to remain firm for at least the next 18 months.

SA Chrome's entrance into the world market

SA Chrome started delivering their ferrochrome into the world market from June last year. After a less than perfect start, due to the late completion of the smelter, and the failure of the slag granulation plant, we gradually started improving on our commitments to our exclusive offtake partner, ThyssenKrupp Metallurgie. These late deliveries, quality and sizing issues, incomplete facilities, together with new supplier's entry discounts, resulted in costly penalties being incurred.

However, continued production increases and the completion of the finished material section has allowed us to fulfill all our delivery backlog and there have been no quality problems reported during the second quarter of the year.

Demand and support from our exclusive offtake partner, ThyssenKrupp Metallurgie remains strong. They have successfully introduced our product to the world's stainless steel consumers and the SA Chrome brand name is now well established throughout the world.

Prospects

With the market firming, shortages of capacity, low scrap availability, strong demand from stainless steel consumers, the price of ferrochrome moving towards US dollars 0.50 per lb in the fourth quarter and SA Chrome moving towards full production, the company is well placed to benefit from current market conditions.



Preparing a sample for analysis in the Boshhoek smelter laboratory.

Strong demand from stainless steel producers bodes well for ferrochrome prices to remain firm for at least the next 18 months.

Stuart Elliot
Director – Finance



Financial Review

The ferrochrome facility

The combination of the late completion by the turnkey contractor of our new ferrochrome facility, failure to commission the slag granulation plant and the resultant slower than expected ramp-up of ferrochrome production to full capacity, resulted in SA Chrome not achieving its production forecast of 145,000 tonnes of ferrochrome. Production to 31 March 2003, totalled 95,000 tonnes, which was 50,000 tonnes less than forecast.

The measures the company has put in place to increase production to the plant's design capacity of 235,000 tonnes a year include:

- securing a supply of quality lumpy LG6 chromite ore;
- completing the East crane bay extension and breaking floor;
- refurbishing overhead cranes; and
- installing an additional raw material batching bay and conveyor.

The revised production ramp-up is scheduled as follows:

- April 2003 to June 2003 – 16,000 tonnes a month of ferrochrome;
- July 2003 – 18,000 tonnes of ferrochrome; and
- August 2003 and onwards – full operational capacity.

This will result in a production forecast for the financial year ending 31 March 2004 of 220,000 tonnes of ferrochrome, which is 94% of design capacity.

Addressing financial risks

The Rand, which was the strongest performing currency against the US dollar during 2002, strengthened by 40%. It has since strengthened by a further 20% during 2003.

As a result of the start-up problems outlined in this review, the Company decided to mitigate the risk of the strengthening Rand against the US dollar by putting in place a hedge from mid-December 2002 until mid-May 2003. This hedge involved purchasing a "floor" of R8,80 : US dollars 1, which allowed the Company to receive a minimum of R8,80 for all its US dollar sales while the Rand was trading stronger than this level and allowed the company to benefit from all the upside should the Rand trade weaker than this level.

This strategy, which has proved extremely beneficial to the Company, resulted in a foreign exchange gain of R4 million for the year under review.

In terms of a licence agreement with Outokumpu Engineering Contractors OY, SA Chrome is required to pay a licence fee for the Outokumpu Process. The fee is payable in Euros at the end of the third quarter of 2003, 2004 and 2005. These Euro payments have been hedged at Rand 8,18 : 1 Euro, Rand 8,68 : 1 Euro and Rand 9,23 : 1 Euro respectively.

This hedging strategy has also proved very beneficial for the Company.

Long-term debt

SA Chrome's long-term debt facility totals R350 million.

Due to the start-up problems mentioned earlier, the strengthening of the Rand against the US dollar and lower ferrochrome prices, the Company was not in a position to service the interest payment on this debt facility of R57 million.

The R57 million was financed via the issue of new equity discussed later in this financial review.



Furnace Supervisor, Kagiso Khunou in the furnace control room at Boshhoek. Thirteen per cent of SA Chrome's employees are females.



Concentrate stockpiles at Horizon chrome mine.

New equity issue

The Board resolved to raise R108,4 million to fund capital expenditure on the ferrochrome facility, the interest payment to the lending banks, working capital and the acquisition of additional chromite reserves.

This amount was raised via the issue of 180 707 723 new shares in SA Chrome at an issue price of 60 cents per share. The funds were raised as follows:

- R25 million – Royal Bafokeng;
- R34 million – Industrial Development Corporation of South Africa; and
- R49,4 million – institutions and brokers.

Cost of production

The Company has consistently reduced its cost of production and at the end of March 2003, the ex-works cost per tonne of ferrochrome was R2,250.

In line with the Company's stated intention of being the lowest cost producer, the following measures are being put in place, which should see it achieve this goal during the financial year ended March 2004:

- The construction of a ferrochrome from slag recovery plant;
- The increase in production to design capacity of 235,000 tonnes per annum;
- The optimal sourcing and blending of ore from the Company's various ore sources – namely Horizon Chrome Mine, newly acquired opencast LG6 reserves adjacent to the smelter, and the UG2 recovery plant;

The Company has consistently reduced its cost of production and at the end of March 2003, the ex-works cost per tonne of ferrochrome was R2,250.

- The sale of surplus pellets into the market; and
- Entering into discussions with our major suppliers to achieve the most favourable terms and prices possible.

Revenue

Ferrochrome sales for the year under review totalled 75,564 tonnes. The average F.O.B. selling price achieved was US cents 27 per pound at an average exchange rate of R9 : US dollars 1.

Future prospects

European ferrochrome base prices increased from US cents 27,5 per pound during the third quarter of 2002 to US cents 33,5 per pound for the first quarter of 2003.

Subsequently, second quarter 2003 base prices were set at US cents 40 per pound and third quarter base prices were set at US cents 46 per pound.

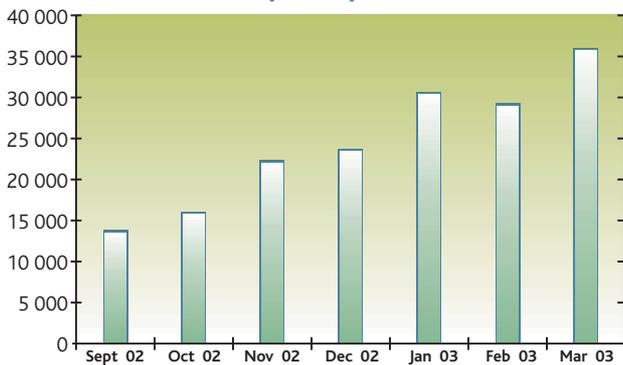
At current Rand : US dollar exchange rates and third quarter ferrochrome prices, the Company can expect to generate meaningful profits for the year to March 2004.



Zed van der Walt
Technical Director

Review of Operations

Sinter plant production



The focus of the Company's operational activities during the financial year under review was on the commissioning of all its facilities. At our new ferrochrome plant the main production facilities were delivered late.

The late commissioning, and in particular failure to commission the granulation plant and associated infrastructure, complicated the commissioning process and the subsequent ramp up of production at the plant. This resulted in the Company falling short of its production target of 145 000 tonnes by 30%. Production to 31 March 2003 totalled 95,000 tonnes, which was 50,000 tonnes less than forecast.

Furnace production



The original furnace tapping arrangement was redesigned to overcome the non-availability of the slag granulation system. This work was completed by June 2003. Another cause of bottlenecks was the raw material feed system. It is being extended to cater for not only average, but also peak demand from the furnaces. This extension will be completed by October 2003.

Most of the process interruptions stem from equipment failure, either due to design inadequacies or manufacturing shortcomings. All of these are being addressed under equipment guarantees and we expect to eliminate the resultant process interruptions shortly.

Costs (monthly) Rand/tonne



Although slower than originally expected, steady progress has been made with the ramp-up of production. By year-end monthly production averages were exceeding 80% of capacity and over short periods of time the plant had already achieved its design capacity. While the production team still has certain challenges it needs to overcome to achieve a consistent 100% of design capacity, the Company's choice of technologies for the facility is already proving to be valid.

As illustrated in the accompanying graphs, production is improving steadily, while costs are declining steadily. These trends bode well for the future. Costs will decline even further as the plant nears full production and performs consistently.



Dr Jurg Zaayman, Managing Director of SA Ferrochrome and Mining (Pty) Ltd.



Steve Makgoba, Production Director of SA Ferrochrome and Mining (Pty) Ltd, starts the first furnace in August 2002.



The tapping of a furnace at Boshhoek.

By year-end monthly production averages were exceeding 80% of capacity and over short periods of time the plant had already achieved its design capacity.

Feedstock

The feedstock for the smelter during the year under review from underground and opencast mining at Horizon Mine as well as UG2 concentrate from the UG2 plant was adequate for the needs of the smelter.

Challenges

The challenges we need to overcome in order to operate at a consistent 100% of design capacity include removing bottlenecks and eliminating process interruptions as set out above.

The operation team's mastery of the process and process metallurgy is gratifying. Once it has eliminated the bottlenecks and process interruptions we can expect the team to successfully complete this greenfields project in less than 12 months from the commissioning of the plant. The skills and tenacity with which the team has tackled and overcome the numerous challenges it has faced, confirmed that the faith the company had in its ability was more than justified.

Bruce McBride
Commercial Director



Corporate Review

During the year under review:

- SA Chrome moved from being a project to becoming a productive commercial enterprise.
- During this process the company successfully staffed the operations with employees that have the necessary skills, expertise and commitment.
- The official opening of our new ferrochrome plant at Boshhoek, was attended by 400 guests, many of whom had travelled from Europe, Japan, Taiwan, Korea, China and the United States.
- Activity in the South African mining industry was dominated by major changes to legislation governing the mining and minerals industry with the introduction of the Mineral and Petroleum Resources Development Bill, the Mining Charter, the Scorecard for the Charter and the Money Bill. The company is well-positioned to operate successfully in both the new legislative and mining environment.

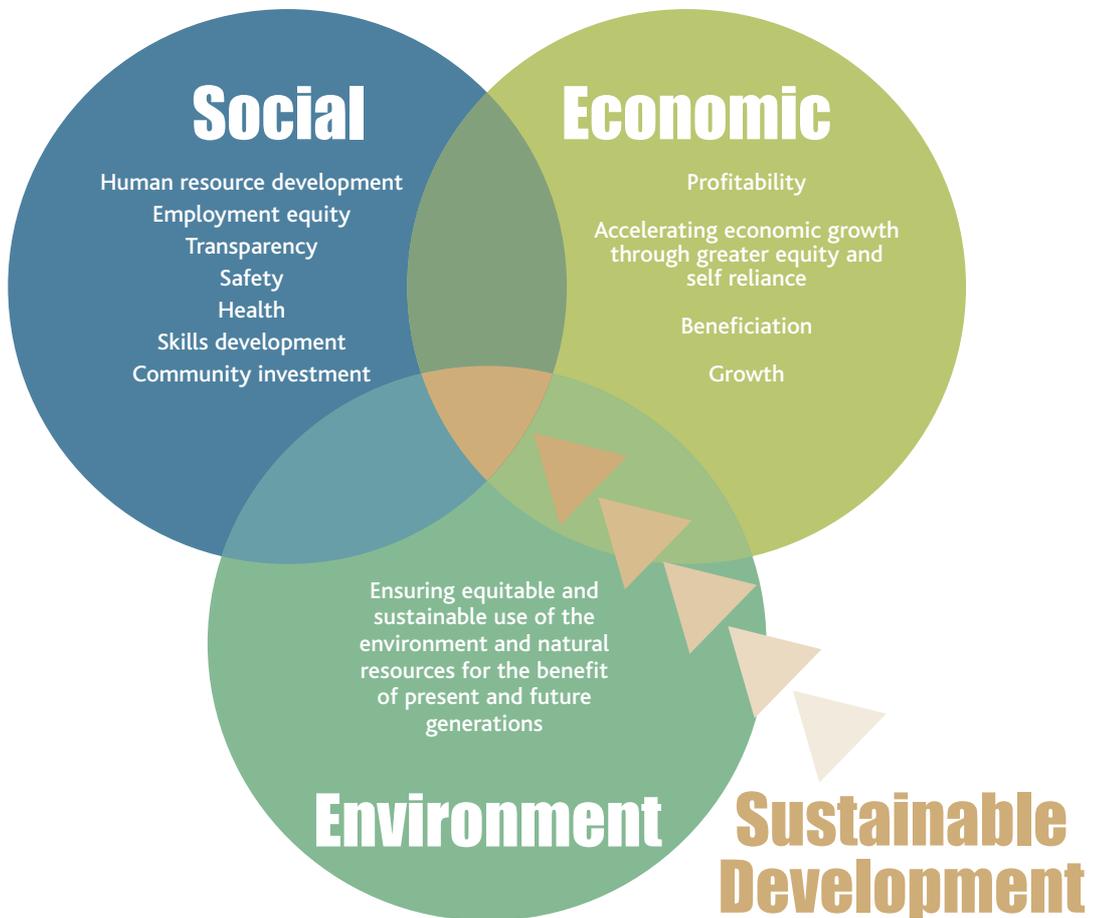
In this regard, SA Chrome was cited as a role model in the ferrochrome industry, by the Minister of Minerals and Energy, Phumzile Mlambo-Ngcuka at the recent International Chromium Development Association Conference in Sandton. Dr Popo Molefe, Premier of North

West Province, also congratulated SA Chrome on being an outstanding example of genuine black empowerment.

- SA Chrome made substantial progress towards acquiring further reserves for its long-term feedstock requirements and future expansion through:
 - The acquisition of an additional 20 million tonnes of chromite resources on the farms Boshhoek, Bultfontein and Boekenhoutfontein, which are adjacent to the SA Chrome smelter.
 - The signing of an agreement with the Royal Bafokeng Nation for the acquisition of their 100 million tonnes of chromite resources on the farms Boschkoppie, Turfontein and Beerfontein, which are also adjacent to the SA Chrome smelter.
- SA Chrome began a feasibility study into the expansion of its Boshhoek operation.
- The Company made progress with the transformation and strengthening of its board. Mr Chris Molefe was appointed Non-Executive Chairman, Mr Steve Phiri as the Chief Executive Officer. These appointments were a major coup for the company. Both Chris and Steve will play major roles in ensuring the future success of the company.

‘Historically, whilst the focus on governing corporations has been financial, ... Investors now want a forward-looking approach to reporting ... From which they can see whether or not a company is likely to have sustained success.’

King II Report



The key to the long-term prospects of any enterprise is its sustainability, which requires integrating economic activity with environmental integrity, social concerns and an effective governance system. While SA Chrome takes a long-term and responsible approach to its business, we recognise that profitability is essential to achieve the goals of sustainable development.

Corporate Review (continued)

The SA Chrome Scorecard compared with the requirements of the Mining Charter.

The Scorecard coding = ■ Green = targets met ■ Yellow = on the way to complying

The Mining Scorecard	The progress SA Chrome has made towards targets	5-year target
HUMAN RESOURCE DEVELOPMENT		
Every employee to be offered the opportunity to be functionally literate and numerate by 2005	Only 8 out of 211 employees need literacy training – ABET programmes are being implemented, as is computer literacy and numeracy training.	On the way to complying.
Career paths and skills development plans implemented for all HDSA employees.	Career path planning that will provide upward movement for all employees is in progress, and skills development plans are in place.	On the way to complying.
Has the company developed systems through which empowerment groups can be mentored?	Systems are currently under development for this purpose.	On the way to complying.
EMPLOYMENT EQUITY		
Has the company published its employment equity plan and reported on its annual progress in meeting that plan?	Yes	Yes
Has the company established a plan to achieve a target for HDSA participation in management of 40% within the 5 years and is it implementing the plan?	Yes – as set out in its Employment Equity Plan.	Yes
Has the company identified a talent pool and is it fast tracking it?	A talent pool has been identified in terms of our equal opportunities policy and it is being fast tracked.	Yes
Has the company established a plan to achieve the target for women participating in mining of 10% within the 5 years and is it implementing the plan?	Yes – we have already exceeded the scorecard target of 10% participation of women in the mining industry (13% of our employees are women in operational positions).	Yes
MIGRANT LABOUR		
Has the company subscribed to government and industry agreements to ensure non-discrimination against foreign migrant labour?	Yes	Yes
MINE COMMUNITY AND RURAL DEVELOPMENT		
Has the company co-operated in the formulation of integrated development plans and is the company co-operating with government in the implementation of these plans for communities where mining takes place and for major labour sending areas? Has there been effort on the side of the company to engage the local mine community and major labour sending area communities? (Companies will be required to cite a pattern of consultation, indicate money expenditures and show a plan).	Monthly meetings are held with the local mining communities. Workshops were held with the communities on the new legislation's implications. Now that the company is in production and the new mining legislation has been published, it is in the process of formulating a social plan which will include engaging the local communities before discussing its proposals with government so they can be included into an integrated development plan for these communities.	On the way to complying.

The Mining Scorecard	The progress SA Chrome has made towards targets	5-year target
HOUSING AND LIVING CONDITIONS		
For company provided housing has the mine, in consultation with stakeholders, established measures for improving the standard of housing, including the upgrading of the hostels, conversion of hostels to family units and promoted home ownership options for mine employees? Company will be required to indicate what they have done to improve housing and show a plan to progress the issue over time and that it is implementing the plan.	No housing is provided for employees. Employees determine their own living arrangements.	Not applicable.
Has the company established measures for improving the nutrition of employees? Companies will be required to indicate what they have done to improve nutrition and show a plan to progress the issue over time and implementation of this plan.	The company does not provide meals for its employees. It is preparing a health education programme, which will include nutritional training, to be implemented in the near future.	On the way to complying.
PROCUREMENT		
Has the mining company given historically disadvantaged South African's preferred supplier status?	HDSAs do have preferred suppliers status where commercially competitive. The company has in place a procurement committee, which is responsible for awarding tenders and supply contracts. All potential suppliers are required to provide us with details of HDSA shareholding/ participation in their business.	On the way to complying.
Has the mining company identified the current level of procurement from historically disadvantaged South African companies in terms of capital goods, consumables and services?	Yes our current level of HDSA procurement is identified and recorded. During the construction phase of the plant approximately R318 million was allocated to subcontractors with local area and empowerment credentials.	Yes
Has the mining company indicated a commitment to a progression of procurement from historically disadvantaged South African companies over a 3-5 year time frame in terms of capital goods, consumables and services and to what extent has the commitment been implemented?	SA Chrome has indicated its commitment to procuring capital goods, consumables and services from historically disadvantaged South African companies where and whenever possible and is implementing this commitment. We are hopeful of achieving our targets within the stipulated timeframe.	On the way to complying.
OWNERSHIP AND JOINT VENTURES		
Has the mining company achieved historically disadvantaged South African participation in terms of ownership for equity or attributable units of production of 15 per cent in historically disadvantaged South African hands within five years and 26 per cent in 10 years?	The Royal Bafokeng Nation currently own a 35% shareholding in SA Chrome. In addition, the IDC owns a 24% shareholding.	Yes – we have already exceeded both the 5 and 10-year targets.
BENEFICIATION		
Has the mining company identified its current level of beneficiation?	The main business of SA Chrome is the beneficiation of chromite at our Boshhoek smelter.	Yes
Has the mining company established its base line level of beneficiation and indicated the extent that this will have to be grown in order to qualify for an offset.	Yes	Yes
REPORTING		
Has the company reported on an annual basis its progress towards achieving its commitments in its annual report?	This progress is reflected in the Corporate Review of this report.	Yes

Corporate Review (continued)

Additional comments on our progress towards sustainable development

Employment equity

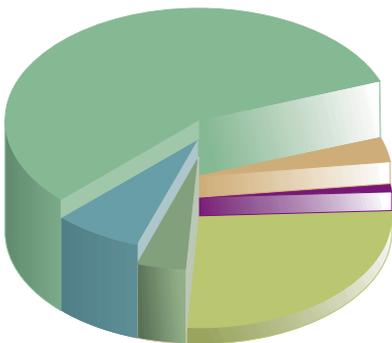
In terms of the Broad-based Socio-economic Empowerment Charter for the South African Mining Industry the stakeholders committed themselves to aspiring to a baseline of 40 per cent Historically Disadvantaged participation in management within five years; and in terms of ensuring higher levels of inclusiveness and advancement of women they committed to a baseline of 10 per cent of women participation in the mining industry within five years.

The percentage of participation of permanently employed HDSAs in management in SA Chrome is currently at 12%, while the overall percentage of HDSA employees is 76%. In our current employment equity plan, which has been

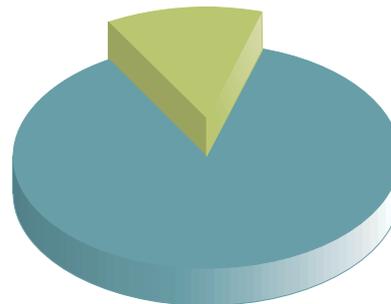
submitted to the employment equity registrar at the Department of Labour, we have set ourselves the goals of increasing our percentage of HDSA members of management to 54% by 2008 and our targeted percentage of HDSA managers, professionals, technicians and associate professionals is set at 73% by 2008. As can be seen from the statistics set out in the review, SA Chrome has already more than achieved its commitment as far as women participation is concerned, with 13 per cent of its staff being female. Female participation at management level is included in our equity plan.

The employment equity committee at our operations meets regularly and consists of representatives from the various groups as set out in the Employment Equity Act.

Gender and racial breakdown of SA Chrome employees

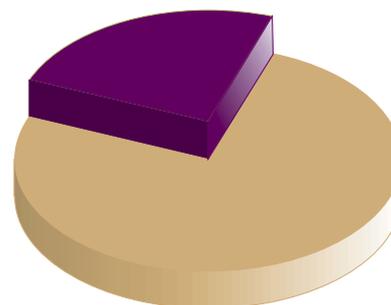


Black females	8%
Black Males	61%
Total Black staff	69%
Coloured males	1,5%
Coloured females	0,5%
Total coloured staff	2.0%
White males	24%
White females	5%
Total	29%



Females	13%
Males	87%

Total HDSA: (that is black women and men, coloured women and men, Indian women and men and white women): 76% of employees.



HDSA	76%
Non-HDSA	24%



SA Chrome is proud of its efforts to preserve the natural environment surrounding the Boshhoek plant.

Social responsibilities

Safety

Providing a safe and healthy working environment for our employees is a priority for SA Chrome.

We already have a complete safety, health, environment and quality system (SHEQ), together with the relevant policies and procedures in place. Internal audits of these systems have already been completed.

Sadly, during the commissioning stage in 2002, Mr Vincent Diale, a tapper in the furnaces department was accidentally killed when a waterpipe utilised in construction of the plant, ruptured. The Board and Management extend their condolences to his family and friends.

Health

Primary health care facilities are available from the on-site clinic, which manages minor ailments and on duty injuries. In addition the clinic monitors chronic illnesses, such as hypertension, and undertakes the medical screening of employees. A doctor visits the clinic once a week.

HIV/AIDS

The company has an HIV/AIDS and life threatening disease policy in place, which was drawn up after close liaison with employees and stakeholders. The company does not allow discrimination towards those with HIV/AIDS. The company has entered into an agreement with the RBN/Rasimone Clinic to provide medical services and counselling to employees of the company with HIV/AIDS.

The on-site primary health care clinic disseminates information on HIV/AIDS with an emphasis on prevention. The clinic staff also conduct regular HIV/AIDS education and prevention programmes, which include information on the company HIV/AIDS policy and employees rights in terms of the policy. It is compulsory for all employees to attend HIV/AIDS education programmes.

The environment

SA Chrome takes its responsibility to the environment seriously. As reported last year, the company, to avoid the

environmental risk of the unavoidable production of Cr6+ arising from chromite smelting in open and semi-closed furnaces, chose closed furnace technology. This environmentally friendly technology precludes the ingress of air (oxygen) into the hot zone where Cr6+ can be formed, thereby eliminating, and not merely containing, the conditions under which Cr6+ is formed.

SA Chrome is regarded as the leader and a benchmark for the industry as regards its compliance with air pollution regulations.

We are proud of our efforts to preserve the natural environment surrounding the plant. We are re-introducing indigenous fauna and flora to the area, which were lost to farming.

On-site boreholes, registered with the government as monitoring points, are sampled monthly. The stream, which passes through the plant, is sampled as it enters and leaves the plant. SA Chrome's laboratory and an independent laboratory undertake analysis of the samples. The analysis checks for potentially harmful elements. The plant's storm dams which are used to collect rainwater, are lined to prevent seepage into the ground. This water is used in the plant and is recycled.

Community investment

In our start-up phase we have had limited financial resources to expend on a community investment programme. However, the company has assisted local schools and choirs; participated in schools career exhibitions; contributed to the creation of a centre for counselling and the training of counsellors for those affected by AIDS, teenage pregnancies, drug and alcohol abuse; the establishment of an educational trust for bursaries; participated in the establishment of a township in the Boshhoek area and made donations to various schools. We have also facilitated numerous training programmes in the area of our operations. Now that the company is in production and looking forward to being profitable in the new financial year it is in the process of formulating a social plan which will include engaging the local community.

Corporate governance

The Board

The board is committed to the principles of openness, integrity and accountability and to the provision of timely, relevant and meaningful reporting to all stakeholders.

The directors endorse the code of corporate practices and conduct as issued by the King Committee on corporate governance. The board has carefully assessed the King II Report and is taking the necessary steps to transform the board to meet its recommendations.

Board composition

The board, which meets quarterly, consists of 12 directors: a non-executive chairman, six executive directors and five non-executive directors, which means there is a balance between the number of non-executive and executive members on the board. An issue of compliance that the board will be focusing on in the new financial year is the need to address the balance of independent directors. The decision to defer appointing independent directors during this start-up year was influenced by the Company's financial position.

Appointment policy

The Board's nomination committee, chaired by Non-Executive Chairman, Chris Molefe, is responsible for establishing the policy for the appointment of directors and for ensuring that the composition of the board complies with corporate governance principles. This committee regularly reviews the mix of skills, experience and other qualities, such as demographics and diversity in order to assess the effectiveness of the board.

The Company's articles of association stipulate that the maximum term of office of a director is three years. One-third of all directors retire by rotation annually and, if eligible for re-election, their names are submitted for election at the annual general meeting. All directors who were appointed subsequent to the last annual general meeting are required to seek election at the following annual general meeting.

The directors' diverse skills and expertise are set out on page 4 and 5 of this report.

All board members have access to the advice of the Company Secretary and are entitled to seek independent professional advice about the affairs of the Company at its expense.

Effective control

The board retains full and effective control over the company. While the board currently has in place policies covering its responsibility for strategy, monitoring operational performance, management and determination of policy and processes, under the guidance of its new Chairman the board is developing a charter setting out its responsibilities that will be published in our annual report in 2004.

There is a clear division of responsibilities between the Chairman and the Chief Executive Officer to ensure a balance of power and authority. The board annually appraises the performance of the Chairman, and the newly-appointed Chief Executive Officer will in future be appraised by the Chairman.

Committees

The company has a remuneration committee, an audit committee, a risk committee and a transformation and employment equity committee. The committees were assessed and changed in view of the further recommendations of King II.

Remuneration Committee

The remuneration committee is comprised of non-executive directors. Executive directors are invited to attend its meetings from time to time. The members of the remuneration committee are: Andre Bekker (Chairman), Jack Dorfan and Reinier Meyjes.

The remuneration committee is responsible for remuneration policy, which includes the appropriate remuneration of executive directors and senior management and operation of the company's share incentive scheme. Senior executives are incentivised through the Company's share incentive scheme and profit-related bonuses. As the business was in a start-up phase during the past two years, non-executive directors received no remuneration.

The remuneration committee is also responsible for ensuring that appropriate succession plans are in place for the Chief Executive Officer and executive management.

During the project phase the Company needed to attract suitably experienced and qualified management. Information gathered through external studies was used to determine remuneration packages. Now that the Company is operational the committee will use independent external data to ensure that SA Chrome's remuneration and incentives are aligned with industry standards and its own remuneration philosophy.



Employees enjoy a break in one of the rest areas provided throughout the plant.



The Boshhoek plant equity committee, left to right, Jurie Mostert, Jerry Kgoroba, Maureen Thiye and Pompie Mogela.

During the new financial year, the committee's terms of reference will be extended to include assessing the performance-linked incentives offered to its employees at the Boshhoek plant. It will also be assessing and making recommendations regarding the remuneration of non-executive directors.

Audit Committee

The audit committee consists of non-executive directors, including its chairman. The committee met both with management and with the auditors, to review interim and annual financial statements and accounting policies, the effectiveness of management information and other systems of internal control, the effectiveness of the audit function and to discuss the auditors' findings. The audit committee is responsible for setting the principles for recommending the use of an accounting firm of external auditors for non-audit services. It is also responsible, annually, for making recommendations to the board regarding the appointment of auditors.

During the year under review PriceWaterhouseCoopers Inc. were appointed as the company's auditors.

The audit committee consists of Chris Molefe (Chairman), Jack Dorfan and Myron Pollack.

Dealing in securities

In accordance with the listing requirements of the JSE, the Company has adopted a code of conduct for dealing in the Company's securities. During the closed period, directors and designated employees are prohibited from dealing in the Company's securities. The closed period runs from the end of a financial reporting period until the publication of the financial results for that period.

Risk Management Committee

The company initiated a process of identification and control of significant business risks that could adversely affect the achievement of the company's business objectives. It employed the risk department of Alexander Forbes, working with management, to undertake a risk exercise and liaise closely with the risk committee.

The company has increased its efforts to review business risk, including operational risks, now that the company is fully operational. This includes a risk register, mitigation measures

and cross-reference to all procedures in the company SHEQ systems.

The risk committee consists of Siphon Mkhize (Chairman), Andre Bekker, Dr Todor Vlajcic, Reinier Meyjes and Chris Molefe.

The company's risk management is achieved through the identification and control of all significant business and operational risks that could adversely affect the achievement of the company's business objectives.

Employment equity

The company has established itself as a leader in the ferrochrome industry in this area. SA Chrome is committed to employment equity and to the visions and aims of the Employment Equity Act, being:

- Promoting equal opportunity and fair treatment in employment, through the elimination of unfair discrimination;
- Treating all people equally, fairly and with dignity and respect;
- Achieving a diverse, efficient workforce that is equitably representative of the population;
- Involving employees and their representatives in employment equity matters.
- The Company has in place a diverse workforce, representative of the population and the country's demographics. It has further identified certain work categories, where people from disadvantaged communities did not previously have opportunities and where there is a shortage of employment equity skills to fill these positions. The Company has established procedures whereby the ratios in terms of the Act will be met, within a reasonable time frame.

At our operations an employment equity committee is in place, which meets regularly and consists of representatives from the various groups as set out in the Employment Equity Act. In addition the board has a Transformation and Employment Equity Committee, whose members are Bruce McBride, Chris Molefe and Steve Phiri.

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Approval of the Annual Financial Statement

for the year ended 31 March 2003

The financial statements for the year ended 31 March 2003, which appear on pages 30 to 52 were approved by the directors on 6 August 2003.

The directors are responsible for the fair presentation to shareholders of the affairs of the company and of the Group as at the end of the financial year, and of the results for the year, as set out in the annual financial statements. The directors are responsible for the overall co-ordination of the preparation and presentation and for the approval of the financial statements. Responsibility for the initial preparation of these statements has been delegated to the officers of the company and the Group. The auditors are responsible for the auditing and reporting of the financial statements in the course of executing their statutory duties. The financial statements have been prepared on a going concern basis, conforming with the applicable accounting standards and are presented applying consistent accounting policies supported by reasonable and prudent judgement and estimates. To discharge this responsibility, the Group maintains accounting and administrative control systems designed to provide reasonable assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and procedures. The accounting policies of the Group are set out on pages 34 to 37 of this report.



Chris Molefe
Non-Executive Chairman
6 August 2003



Terence McConnachie
Chief Operations Officer
6 August 2003

Report of the Independent Auditors

for the year ended 31 March 2003

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SOUTH AFRICAN CHROME AND ALLOYS LIMITED

We have audited the annual financial statements and group annual financial statements of South African Chrome and Alloys Limited set out on pages 30 to 52 for the year ended 31 March 2003. These financial statements are the responsibility of the directors of the company. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

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

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

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

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Company and the Group at 31 March 2003 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.



PricewaterhouseCoopers Inc.

Chartered Accountants (SA)

Registered Accountants and Auditors

Johannesburg

6 August 2003

Company Secretary's Confirmation

for the year ended 31 March 2003

It is confirmed that the company has lodged with the Registrar of Companies all such returns as are required to be lodged by a public company in terms of the Companies Act, and that all such returns are true, correct and up to date.



JG Dorfan

Company Secretary

6 August 2003

Johannesburg

Directors' responsibility for financial reporting

for the year ended 31 March 2003

The directors of the Group are responsible for the preparation, integrity and objectivity of the annual financial statements. In terms of this responsibility the directors need to ensure that these financial statements fairly present the financial position of the Group and the Company and the results for the year under review.

In fulfilling this responsibility, the board of directors relies on management to implement proper systems of internal control to provide reasonable, but not absolute assurance as to the integrity and reliability of the financial statements and to adequately safeguard the Group's assets.

The manner in which the board of directors ensures that this responsibility is effectively discharged is set out in the Corporate Governance section preceding the annual financial statements.

The external auditors are responsible for independently reviewing the financial statements and expressing an opinion on them.

To the best of its knowledge and belief, the board of directors is satisfied that the system of internal controls may be relied on for preparing the Company and Group's financial statements and safeguarding its assets; and that no material breakdown has occurred during the period under review. The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and incorporate reasonable disclosures of all material facts. The accounting policies applied in the preparation of the financial statements are consistent, unless otherwise indicated, with those of the previous year and are appropriate for the nature of our business. The directors of the Group, having knowledge of the affairs of the Group and its financial position, are of the opinion that the Group and its individual companies are going concerns and have prepared the financial statements on this basis.



C Molefe

Chairman

6 August 2003



TM McConnachie

Chief Operations Officer

6 August 2003

Our reporting commitment

We take a long-term and responsible approach to our business and are committed to the vision of the Broad-based Socio-economic Empowerment Charter for the South African Mining Industry, which is to develop a globally competitive mining industry that draws on the human and financial resources of South Africa's people, offers real benefits to all South Africans and proudly reflects the promise of a non-racial South Africa.

We are also committed to providing access to relevant, high-quality information on the economic, environmental and social aspects of the company's activities, which allows assessment of the organisation's sustainability. This is in keeping with the global reform of corporate governance reflected in the King II report.

The Scorecard for the Broad-based Socio-economic Empowerment Charter for the South African Mining Industry was released by Government in February, 2003. The objective of this scorecard, which is divided into nine monitoring areas, is to measure the progress by stakeholders in achieving the aims of the Charter. In this report we have measured ourselves against both the specific targets set in the scorecard and the targets which we have set for ourselves.

Directors' report

The Directors have pleasure in submitting their report and the annual financial statements of the Group and the Company for the period ended 31 March 2003.

Nature of business

SA Chrome mines LG6 chromite ore at Horizon Chrome Mine and processes UG2 ore at its UG2 plant. This ore is beneficiated into ferrochrome at the plant in Boshhoek in the North West Province of South Africa. We market the ferrochrome output of the Boshhoek facility to the stainless steel industry. The Group's structure is to be found on page 4.

Group financial results

The financial statements set out fully the financial results of the Group on pages 30 to 52.

Dividend policy

The Group's dividend policy will be determined after taking into consideration the Group's need to retain capital for the purposes of development, expansion and growth, repaying its long-term debt, as well as prevailing market circumstances.

Dividends for the period ended 31 March 2003

No dividends were declared or paid during the year.

Share capital

Full details of the authorised and issued share capital of the company are set out in Note 15 to the annual financial statements.

During the year to 31 March 2003 the following shares were issued for the purpose stated:

6,390,287 at 45 cents – to the Royal Bafokeng Nation as approved at the Company's last Annual General Meeting;

10,000,000 at 114 cents – working capital.

Directorate

During the year under review and up to the date of this report the following changes were made to the Group's directorate:

Appointments:

Chris Molefe was appointed Non-Executive Chairman on 1 May 2003.

Steve Phiri was appointed Executive Director on 1 May 2003.

Resignations – Jack Dorfan resigned as Chairman on 1 May 2003.

Bob Moepie resigned as a Non-Executive Director on 1 May 2003.

Retirements – In terms of Article 93, MZ Pollack, Dr T Vljacic, RP Meyjes and TM McConnachie retired from the board by rotation.

All four are eligible and available for re-election to the board.

Major shareholders

To the best of our knowledge the following shareholders were the registered holders of five per cent or more of the issued ordinary shares in the company at 31 March 2003:

- The Royal Bafokeng Nation 35.03%
- The Industrial Development Corporation of South Africa 24.13%
- Bateman Projects Limited 5.45%

Details of the current board of directors are set out on pages 4 and 5 of this report.

A detailed report on directors' emoluments has been prepared in accordance with JSE requirements and appears in Note 3 to the annual financial statements.

Directors' interest in SA Chrome

As at 6 August 2003 the directors of the Group are beneficially interested (directly and indirectly) in 8, 627,856 shares.

	2003		2002	
	Direct	Indirect	Direct	Indirect
Steve Phiri	-	-	-	-
Terence McConnachie	1,204,700	-	1,204,700	-
Zed van der Walt	-	-	300,000	-
Bruce McBride	-	600,000	-	600,000
Stuart Elliot	1,165,112	-	1,165,112	-
Jack Dorfan	1,227,200	-	1,227,200	-
Chris Molefe	-	-	-	-
Dr Todor Vlajcic	-	-	-	-
Sipho Mkhize	-	-	-	-
Andre Bekker	-	-	-	-
Reinier Posthumus Meyjes	193,444	-	193,444	-
Myron Zadwell Pollack	3,257,400	980,000	3,257,400	980,000
Total	7,047,856	1,580,000	7,347,856	1, 580,000

Mr Zed van der Walt disposed of 300,000 shares on 3 January 2003.

Income statements

for the year ended 31 March 2003

	Notes	GROUP		COMPANY	
		12 months ending 31 March 2003 Rand	13 months ending 31 March 2002 Rand	12 months ending 31 March 2003 Rand	13 months ending 31 March 2002 Rand
Revenue	2	183,782,204	44,643,192	-	25,641,743
Cost of sales		(258,238,491)	(39,414,512)	-	(30,124,399)
Gross (loss)/profit		(74,456,287)	5,228,680	-	(4,482,656)
Other operating income		61,043	811,130	12,591,723	554,165
Other operating expenses		(24,597,491)	(22,787,446)	(16,308,978)	(7,855,945)
Loss from operations	3	(98,992,735)	(16,747,636)	(3,717,255)	(11,784,436)
Net financing (costs)/income	4	(48,542,768)	159,725	3,717,255	7,653,735
Loss before exceptional items		(147,535,503)	(16,587,911)	-	(4,130,701)
Exceptional items	5	-	(6,535,005)	-	8,582,513
Net (loss)/profit for the period		(147,535,503)	(23,122,916)	-	4,451,812
Headline loss per share (cents)	7.1	(14.60)	(1.82)		
Basic loss per share (cents)	7.2	(14.67)	(2.54)		

Balance sheets

as at 31 March 2003

	Notes	GROUP		COMPANY	
		31 March 2003 Rand	31 March 2002 Rand	31 March 2003 Rand	31 March 2002 Rand
ASSETS					
NON - CURRENT ASSETS		675,567,866	649,711,908	439,482,607	408,240,407
Options for mineral and participation rights	8	257,487	257,487	257,487	257,487
Property , plant and equipment	9	656,315,181	630,959,841	4,518,964	8,205,436
Investments	10	18,424,252	14,401,158	434,135,210	395,684,062
Non-current receivables	11	570,946	4,093,422	570,946	4,093,422
CURRENT ASSETS		113,214,709	93,959,638	3,176,095	15,561,062
Inventories	12	75,613,984	23,075,480	-	-
Trade and other receivables	13	30,367,429	24,263,708	1,985,093	1,388,279
Held-for-trading financial asset	14	5,925,000	-	-	-
Bank and cash	23	1,308,296	46,620,450	1,191,002	14,172,783
TOTAL ASSETS		788,782,575	743,671,546	442,658,702	423,801,469
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES		231,104,398	363,610,745	411,308,473	396,279,317
Share capital	15	10,149,571	9,985,668	10,149,571	9,985,668
Share premium	16	421,406,193	407,350,312	421,406,193	407,350,312
Non - distributable reserves	17	-	520	-	520
Accumulated loss		(200,451,366)	(53,725,755)	(20,247,291)	(21,057,183)
NON - CURRENT LIABILITIES					
Long-term liabilities	18	335,414,254	286,116,440	12,697,777	22,351,518
Provision for close down and restoration costs	19	823,860	500,000	500,000	500,000
CURRENT LIABILITIES		221,440,063	93,444,361	18,152,452	4,670,634
Trade and other payables	20	165,360,608	62,735,699	1,492,048	1,113,250
Provisions	21	10,611,776	182,635	9,219,594	-
Current portion of long-term liabilities	18	45,467,679	30,526,027	7,440,810	3,557,384
TOTAL EQUITY AND LIABILITIES		788,782,575	743,671,546	442,658,702	423,801,469

Statements of changes in equity

for the year ended 31 March 2003

	GROUP		COMPANY	
	31 March 2003 Rand	31 March 2002 Rand	31 March 2003 Rand	31 March 2002 Rand
Share capital	10,149,571	9,985,668	10,149,571	9,985,668
Balance at the beginning of the year	9,985,668	2,257,857	9,985,668	2,257,857
New shares issued during the year	163,903	7,727,811	163,903	7,727,811
Share premium	421,406,193	407,350,312	421,406,193	407,350,312
Balance at the beginning of the year	407,350,312	68,156,345	407,350,312	68,156,345
Premium on new shares issued	14,111,726	340,145,028	14,111,726	340,145,028
Share issue expenses written off	(55,845)	(951,061)	(55,845)	(951,061)
Non - distributable reserves	-	520	-	520
Balance at the beginning of the year	520	61,226	520	61,226
Transfer on devaluation of listed investments	-	(490)	-	(490)
Revaluation surplus realised on sale of shares	(520)	(60,216)	(520)	(60,216)
Accumulated loss	(200,451,366)	(53,725,755)	(20,247,291)	(21,057,183)
Balance at beginning of year as previously reported	(53,725,755)	(30,663,545)	(21,057,183)	(25,569,701)
Effect of adopting AC 133 - Financial Instruments	809,892	-	809,892	-
Net loss for the year	(147,535,503)	(23,062,210)	-	4,512,518
Equity at the end of the year	231,104,398	363,610,745	411,308,473	396,279,317

Cash Flow statements

for the year ended 31 March 2003

	Notes	GROUP		COMPANY	
		12 months ending 31 March 2003 Rand	13 months ending 31 March 2002 Rand	12 months ending 31 March 2003 Rand	13 months ending 31 March 2002 Rand
OPERATING ACTIVITIES		(73,554,745)	(30,605,483)	10,484,356	(2,265,687)
Cash utilised (by)/in operations	22	(25,011,977)	(30,765,208)	6,767,101	(9,919,422)
Net financing (costs)/income	4	(48,542,768)	159,725	3,717,255	7,653,735
INVESTING ACTIVITIES		(50,540,523)	(523,644,441)	(33,803,519)	(301,744,362)
Acquisition of property, plant and equipment		(53,193,686)	(508,924,324)	(140,718)	(3,850,546)
Proceeds on disposal of property, plant and equipment		2,344,407	7,000	2,344,407	2,000
Disposal of listed investments		(520)	60,272	(520)	60,272
Increase in investments		(4,023,095)	(14,396,635)	(37,641,253)	(14,396,635)
Loans receivable (granted)/repaid		4,332,371	(390,754)	1,634,565	(283,559,453)
FINANCING ACTIVITIES		78,783,114	599,785,320	10,337,382	315,842,054
Proceeds on issue of shares		14,275,630	312,437,278	14,275,630	312,437,278
Share issue expenses		(55,845)	(951,061)	(55,845)	(951,061)
Long term borrowings raised		64,563,329	296,813,563	(3,882,403)	9,383,487
Capital element of liabilities repaid		-	(8,514,460)	-	(5,027,650)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(45,312,154)	45,535,396	(12,981,781)	11,832,005
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		46,620,450	1,085,054	14,172,783	2,340,778
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	1,308,296	46,620,450	1,191,002	14,172,783

Accounting Policies

1. BASIS OF PREPARATION

The financial statements are prepared according to the historical cost accounting basis, as modified by the revaluation of certain financial instruments. The following accounting policies adopted by the Group are in accordance with South African Statements of Generally Accepted Accounting Practice and the South African Companies Act and are consistent with those applied in the previous year, except for the adoption of South African Generally Accepted Accounting Statement AC133: Financial Instruments – Recognition and measurement as set out in Note 7 below.

2. BASIS OF CONSOLIDATION

The Group financial statements consolidate the activities, assets and liabilities of the Company and its subsidiaries. Operating results of subsidiaries acquired or disposed of are included in Group statements from the effective dates of acquisition or excluded from such statements as from the effective dates of disposal. Inter-company transactions and balances are eliminated on consolidation. Any excess or shortfall between the purchase price and the fair value of the attributable net assets of subsidiaries at the date of acquisition is capitalised and amortised over the useful lives of the applicable underlying assets.

3. FOREIGN CURRENCY

Foreign currency transactions are recorded at the exchange rate ruling at the date of the transaction. Assets and liabilities designated in foreign currencies are translated at the exchange rate ruling at year-end. Gains and losses arising from these translations are recognised in earnings.

4. PROPERTY, PLANT AND EQUIPMENT

4.1. Mining assets

Mining assets including mine development costs and mine plant facilities are recorded at cost. Costs include pre-production expenditure incurred in the development of the mine and the present value of future decommissioning costs. Development costs incurred to evaluate and develop new orebodies, to define mineralisation in existing orebodies to establish or expand productive capacity are capitalised. Mine development costs in the ordinary course to maintain production are expensed as incurred. Initial development and pre-production costs relating to a new orebody are capitalised until the orebody achieves commercial levels of production at which time the costs are amortised as set out below.

4.2. Mineral and surface rights

Mineral and surface rights are recorded at cost of acquisition. When there is little likelihood of a mineral right being exploited, or the value of mineral rights have diminished below cost, a write-down is affected against income in the period that such determination is made.

4.3. Non-mining fixed assets

Land is shown at cost and not depreciated. Buildings and other non-mining fixed assets are shown at cost less accumulated depreciation.

4.4. Depreciation and amortisation

(i) Mine development

Mine development costs are amortised using the units-of-production method, based on estimated proven and probable ore reserves. Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves, which can be recovered in future from known mineral deposits.

(ii) Mineral rights

Mineral rights which are being depleted are amortised over their estimated useful lives using the units-of-production method based on proven and probable ore reserves. Mineral rights which are not being depleted are not amortised. Mineral rights which have no commercial value are written off in full.

(iii) Other mining assets

Mining equipment and structures, and plant and equipment are amortised using the lesser of their estimated useful lives and the units-of-production method based on estimated proven and probable ore reserves. The maximum life of any single item is set at twenty years. When the straight line method is applied, the following rates are used:

- * Mining equipment and structures 5 per cent
- * Plant and equipment 5 per cent.

(iv) Other non-mining assets

Other non-mining assets are recorded at cost and depreciated on a straight-line basis over their expected useful lives as follows:

- * Vehicles 20 per cent
- * Computers 33.3 per cent
- * Furniture and equipment 20 per cent.

4.5. Impairment

The recoverability of the carrying value of the long term assets of the Group, which include development costs are annually compared to the net book value of the assets, or whenever events or changes to circumstances indicate that the net book value may not be recoverable. The recoverable amount is the higher of value in use and net selling price. In assessing the value in use the expected future cash flows from the asset is determined by applying a discount rate to the anticipated pre-tax future cashflows. The discount rate used in the Group's weighted average cost of capital is determined by the capital asset pricing model. An impairment is recognised in the income statement whenever the carrying amount of the asset exceeds its recoverable amount, to the extent that the carrying amount exceeds the assets' recoverable amount. The revised carrying amounts are amortised in line with Group accounting policies.

The estimate of future discounted cash flows are subject to risks and uncertainties including the future ferrochrome price and exchange rates. It is therefore reasonably possible that changes could occur which may affect the recoverability of mining assets.

4.6. Leases

Operating leases are charged against income as incurred.

5. DEFERRED TAXATION

Deferred taxation is calculated on the comprehensive basis using the balance sheet approach. Deferred tax liabilities or assets are recognised by applying expected tax rates to the temporary differences existing at each balance sheet date between the tax values of assets and liabilities and their carrying amounts. These temporary differences are expected to result in taxable or deductible amounts in determining taxable profits for future periods when the carrying amount of the asset is recovered or the liability is settled. The principal temporary differences arise from depreciation on fixed assets, provisions and/or unutilised capital allowances are recognised to the extent it is probable that future taxable profit will be available against which the unused tax losses and/or unutilised capital allowances can be utilised.

6. INVENTORIES

Inventories are valued at the lower of cost or net realisable value. Ferrochrome-on-hand and ferrochrome-in-progress represents production on-hand after the smelting process. Cost is determined on the following basis:

- * Finished goods on hand valued using the weighted average cost. Cost includes production, amortisation and related administration costs.
- * Work-in-progress is valued at weighted average cost. Costs includes production, amortisation and related administration costs.
- * Consumables stores and raw materials are valued at weighted average cost.

Accounting Policies

7. FINANCIAL INSTRUMENTS

Financial instruments recognised on the balance sheet include cash and cash equivalents, investments, trade and other receivables, borrowings, trade and other payables and derivative financial instruments. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

7.1. Investments

Investments comprise investments in bonds which are classified as held-to-maturity and are accounted for at amortised cost, which constitutes fair value, with all gains and losses being included in net income/loss. With the adoption of AC 133, an adjustment of R809,892 was made to opening shareholders' equity to account for the impact of the held-to-maturity bonds.

7.2. Derivative financial instruments

The Group adopted AC 133 Financial Instruments: Recognition and Measurement with effect from 1 April 2002. Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently re-measured at their fair value. Derivative financial instruments, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules of AC133. Therefore all gains and losses resulting from such derivative financial instruments are immediately recognised in the income statement.

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, demand deposits and investments in money market instruments. The carrying amount of cash and cash equivalents is stated at cost, which approximates fair value.

9. TRADE RECEIVABLES

Trade receivables are carried at anticipated realisable value. Estimates are made for doubtful debts based on a review of all outstanding amounts at year-end. Irrecoverable amounts are written off during the year in which they are identified.

10. TRADE PAYABLES

Accounts payable are stated at cost, adjusted for payments made to reflect the value of the anticipated economic outflow of resources.

11. PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

12. ENVIRONMENTAL OBLIGATIONS

Long-term environmental obligations are based on the Group's environmental management plans, in compliance with current environmental and regulatory requirements. Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to balance sheet date. Increases due to additional environmental disturbances are capitalised and amortised over the remaining lives of the mines. Annual increases in the provision relating to the change in the net present value of the provisions and inflationary increases are accounted for in earnings. The estimated

costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Increases in estimated costs are included in fixed assets with the corresponding amount increasing the provision as appropriate. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean up at closure, in view of the uncertainty of estimating the potential future proceeds. When necessary, contributions are made to a dedicated rehabilitation trust fund to fund the estimated cost of rehabilitation during and at the end of the life of the relevant mine. The amounts contributed to this trust fund are included under non-current assets. Income earned on monies paid to rehabilitation trust funds is accrued on an annual basis and is recorded as interest income.

13. EMPLOYEE BENEFITS

(i) Pension plans

Pension plans are funded through monthly contributions to the South African Chrome and Alloys Provident Fund. The Group's contributions to the defined contribution pension plans are charged to the income statement in the year to which they relate. The Group's liability is limited to its annually determined contributions.

(ii) Medical plans

The Group provides medical cover to current employees through one fund. The medical plans are funded through monthly contributions to the medical aid fund. The Group's contributions to the defined contribution medical aid plans are charged to the income statement in the year to which they relate. The Group's liability is limited to its annually determined contributions.

(iii) Equity compensation benefits

The Group grants share options to qualifying directors and certain employees under an employee share plan. Share options may be granted to all employees of the company and of its subsidiaries at the discretion of the directors, subject to the limitations imposed by the share scheme. The movement in the number of share options held by employees during the year is set out in Note 25 of the financial statements.

14. REVENUE RECOGNITION

Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the company and the amount of revenue can be measured reliably.

Revenue from sales

Revenue arising from the sale of chrome ore, foundry sand and ferrochrome is recognised when the risks and rewards of ownership pass to the buyer. Revenue from the export of chrome ore, foundry sand and ferrochrome is recognised at the FOB value. Ferrochrome sold locally is recorded at the date of delivery to the customer.

Interest income

Interest is recognised on a time proportion basis taking account of the principal outstanding and the effective rate to maturity on the accrual basis.

15. COMPARATIVES

Where necessary, comparatives have been adjusted to conform to changes in presentation in the current year.

Notes to the financial statements

	GROUP		COMPANY	
	31 March 2003 Rand	31 March 2002 Rand	31 March 2003 Rand	31 March 2002 Rand
2. REVENUE				
Turnover from the sale of ferrochrome and foundry sands	183,782,204	44,643,192	-	25,641,743
3. LOSS FROM OPERATIONS				
The following items have been charged in arriving at operating loss from operations:				
Income				
Foreign exchange gain/(loss)	3,844,805	217,579	(3,504,340)	217,579
Management fee – SA Ferrochrome and Mining (Pty) Ltd	-	-	12,591,723	-
Expenses				
Amortisation and depreciation:	24,803,210	6,081,860	792,052	874,825
Mineral rights	49,368	154,709	-	154,709
Ferrochrome smelter project	19,237,589	-	-	-
Mine development project	1,164,177	-	-	-
Mining equipment and structures	3,046,969	3,300,926	153,290	166,066
Motor vehicles	242,727	267,296	193,624	179,701
Office furniture and equipment	341,099	93,213	63,931	52,115
Plant and equipment	721,281	2,265,716	381,207	322,234
Auditors remuneration	236,473	357,321	236,473	193,367
Audit fees – current year	230,000	270,000	230,000	120,000
Under provision previous year	6,473	53,375	6,473	40,231
Other services	-	33,946	-	33,136
Loss/(profit) on disposal of property, plant and equipment	690,726	(3,083)	690,726	(3,083)
Loss on investments written down	-	490	-	490
Staff costs	30,951,354	9,261,959	6,548,153	4,727,535
Defined contribution expense – Provident fund	2,283,152	427,317	669,064	216,320

	GROUP		COMPANY	
	31 March 2003 Rand	31 March 2002 Rand	31 March 2003 Rand	31 March 2002 Rand
Directors' remuneration:				
Executive directors:				
JG Dorfan:				
Salary			60,000	105,000
			<u>60,000</u>	<u>105,000</u>
SP Elliot:				
Salary			1,033,549	466,763
Directors fees			-	-
Fringe benefits			33,723	121,351
Pension fund contributions			155,162	-
			<u>1,222,434</u>	<u>588,114</u>
B McBride:				
Salary			1,033,594	642,407
Directors fees			-	-
Fringe benefits			56,720	214,674
Pension fund contributions			155,162	-
			<u>1,245,476</u>	<u>857,081</u>
TM McConnachie:				
Salary			1,136,953	1,010,625
Directors fees			-	-
Fringe benefits			51,104	303,240
Pension fund contributions			170,678	-
			<u>1,358,735</u>	<u>1,313,865</u>
Z van der Walt:				
Salary			1,033,594	708,750
Directors fees			-	-
Fringe benefits			5,000	106,500
Pension fund contributions			-	-
			<u>1,038,594</u>	<u>815,250</u>
			<u>4,925,239</u>	<u>3,679,310</u>

Notes to the financial statements

	GROUP		COMPANY	
	31 March 2003 Rand	31 March 2002 Rand	31 March 2003 Rand	31 March 2002 Rand
4. NET FINANCING (COSTS)/INCOME				
Interest paid:				
Interest-bearing borrowings	(53,575,242)	(9,792,784)	(359,062)	(1,016,274)
Bank overdraft	(52,916,173)	(8,957,710)	(352,878)	(981,638)
Other	(658,670)	(833,433)	(5,785)	(32,576)
	(399)	(1,641)	(399)	(2,060)
Interest received:				
Bank	5,032,474	9,952,509	4,076,317	8,670,009
Investment bonds	1,690,190	2,497,112	734,032	1,214,612
Other	3,217,725	7,371,108	3,217,726	7,371,108
	124,559	84,289	124,559	84,289
Net finance costs	(48,542,768)	159,725	3,717,255	7,653,735
5. EXCEPTIONAL ITEMS				
Exceptional items include:				
Due diligence fees – proposed Heric Ferrochrome (Pty) Ltd merger	-	(808,144)	-	(808,144)
Ferrochrome smelter project expenses (incurred)/recouped	-	(300,000)	-	17,477,708
Investment written off – Wellprop Mining Services (Pty) Ltd	-	(5,426,861)	-	(8,087,051)
	-	(6,535,005)	-	8,582,513
6. TAXATION				
No provision has been made for taxation as the company has an estimated assessed loss of R3,193,422 (2002: R4,442,757) as well as unredeemed capital expenditure of R nil (2002: R3,255,170). No provision has been made for taxation in the group as no companies within the group have taxable income. The total estimated assessed losses within the group are R152,046,336 (2002: R30,777,561) and the total estimated unredeemed capital expenditure of R686,669,051 (2002: R636,629,819).				
7. LOSS PER SHARE				
The loss per share was to be expected during our start-up year as a result of start-up costs exacerbated by technological difficulties, delayed production and the strengthening of the Rand, combined with low ferrochrome prices, which had a negative impact on the ferrochrome industry.				

	GROUP		COMPANY	
	31 March 2003	31 March 2002	31 March 2003	31 March 2002
	Rand	Rand	Rand	Rand

7.1 Headline loss per share (cents)

Headline loss per share is calculated on the basis of net loss of R146,844,777 (2002: R16,587,911) and 1,005,706,710 (2002: 911,400,085) being the weighted average number of ordinary shares in issue during the year.

Net loss for the year is reconciled to the headline loss as follows:

Net loss for the year	147,535,503	23,122,916
Exceptional items	-	(6,535,005)
(Loss)/Profit on disposal of property, plant and equipment	(690,726)	3,083
Headline earnings for the year	146,844,777	16,590,994

7.2 Basic loss per share (cents)

Basic loss per share is calculated on the basis of net loss of R147,535,503 (2002: R23,211,916) and the weighted average number of 1,005,706,710 (2002: 911,400,085) ordinary shares in issue during the year.

7.3 Diluted earnings per share (cents)

Diluted earnings per share for the current and prior year have not been shown as they were anti-dilutive.

8. OPTIONS FOR MINERAL AND PARTICIPATION RIGHTS

At cost less recoupments and amounts
written off

	257,487	257,487	257,487	257,487
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Options acquired are in respect of the mineral rights on certain parts of the farm Schoongezicht 225, Registration Department IR Mpumalanga and portion 9 of farm Annex Glen Ross No. 562 in the Administrative District of Theunissen.

9. PROPERTY, PLANT AND EQUIPMENT

9.1 Fixed property and mineral rights

Carrying value at beginning of year	7,746,273	4,171,216	4,258,719	834,709
Land and mineral rights at cost	8,055,692	4,325,926	4,568,138	989,419
Accumulated amortisation	(309,419)	(154,710)	(309,419)	(154,710)
Additions	665,046	3,729,766	-	3,578,719
Disposals	(712,126)	-	(712,126)	-
Amortisation charge for the year- mineral rights	(49,368)	(154,709)		(154,709)
Carrying value at end of year	7,649,825	7,746,273	3,546,593	4,258,719
Land and mineral rights at cost	8,008,612	8,055,692	3,546,593	4,568,138
Accumulated amortisation	(358,787)	(309,419)	-	(309,419)

Comprising of:

Remaining extent of portion 21 of the farm Boschoek 103 and 103JQ, North West Province, subdivided and rezoned into portions 138, 139 and 140. Mineral rights over portions 1 and 2 of Vogelstruiksnek 173JP and portions 7 and 8 of Ruighoek 169 JP.

Notes to the financial statements

	GROUP		COMPANY	
	31 March 2003 Rand	31 March 2002 Rand	31 March 2003 Rand	31 March 2002 Rand
9.2 Ferrochrome smelter project				
Carrying value at beginning of year	565,796,464	-	-	-
Cost	565,796,464	-	-	-
Accumulated amortisation	-	-	-	-
Additions	31,906,136	565,796,464	-	-
UG2 transferred from mine development	7,732,986	-	-	-
Depreciation for the year	(19,237,589)	-	-	-
Carrying value at end of year	586,197,997	565,796,464	-	-
Land and mineral rights at cost	605,435,586	565,796,464	-	-
Accumulated amortisation	(19,237,589)	-	-	-
9.3 Mine development project				
Carrying value at beginning of year	28,088,863	-	-	-
Cost	28,088,863	-	-	-
Accumulated amortisation	-	-	-	-
Additions	16,039,173	28,088,863	-	-
UG2 transferred to ferrochrome smelter project	(7,732,986)	-	-	-
Depreciation for the year	(1,164,177)	-	-	-
Carrying value at end of year	35,230,873	28,088,863	-	-
Land and mineral rights at cost	36,395,050	28,088,863	-	-
Accumulated amortisation	(1,164,177)	-	-	-
9.4 Mining equipment and structures				
Carrying value at beginning of year	24,689,036	27,989,962	1,057,005	1,223,071
Cost	30,470,090	30,470,090	1,532,911	1,532,911
Accumulated depreciation	(5,781,054)	(2,480,128)	(475,906)	(309,840)
Additions	-	-	-	-
Disposals at carrying value	(903,715)	-	(903,715)	-
Depreciation for the year	(3,046,969)	(3,300,926)	(153,290)	(166,066)
Carrying value at end of year	20,738,352	24,689,036	-	1,057,005
Cost	29,566,375	30,470,090	-	1,532,911
Accumulated depreciation	(8,828,023)	(5,781,054)	-	(475,906)

	GROUP		COMPANY	
	31 March 2003 Rand	31 March 2002 Rand	31 March 2003 Rand	31 March 2002 Rand
9.5 Plant and equipment				
Carrying value at beginning of year	3,051,412	8,498,681	1,855,434	923,557
Cost	3,606,406	11,845,254	1,906,035	1,629,805
Accumulated depreciation	(554,994)	(3,346,573)	(50,601)	(706,248)
Additions	-	3,436,021	-	1,906,035
Disposals at carrying value	(1,419,297)	(651,924)	(1,419,297)	(651,924)
Depreciation for the year	(721,281)	(2,265,716)	(381,207)	(322,234)
Disposal of subsidiary	-	(5,965,650)	-	-
Carrying value at end of year	910,834	3,051,412	54,930	1,855,434
Cost	2,187,109	3,606,406	94,167	1,906,035
Accumulated depreciation	(1,276,275)	(554,994)	(39,237)	(50,601)
9.6 Motor vehicles				
Carrying value at beginning of year	979,349	413,690	776,949	-
Cost	1,190,205	566,065	956,650	-
Accumulated depreciation	(210,856)	(152,375)	(179,701)	-
Additions	158,128	1,288,355	137,628	956,650
Disposals at carrying value	-	(3,917)	-	-
Depreciation for the year	(242,727)	(267,296)	(193,624)	(179,701)
Disposal of subsidiary	-	(451,483)	-	-
Carrying value at end of year	894,750	979,349	720,953	776,949
Cost	1,348,333	1,190,205	1,094,278	956,650
Accumulated depreciation	(453,583)	(210,856)	(373,325)	(179,701)
9.7 Office furniture and equipment				
Carrying value at beginning of year	608,444	228,574	257,329	37,617
Cost	686,346	284,547	317,080	50,253
Accumulated depreciation	(77,902)	(55,973)	(59,751)	(12,636)
Additions	1,594,249	669,588	3,090	271,827
Disposals at carrying value	-	-	-	-
Depreciation for the year	(341,099)	(93,213)	(63,931)	(52,115)
Disposal of subsidiary	-	(196,505)	-	-
Carrying value at end of year	1,861,594	608,444	196,488	257,329
Cost	2,280,595	686,346	320,170	317,080
Accumulated depreciation	(419,001)	(77,902)	(123,682)	(59,751)

Notes to the financial statements

	GROUP		COMPANY	
	31 March 2003 Rand	31 March 2002 Rand	31 March 2003 Rand	31 March 2002 Rand
9.8 Capital work-in-progress				
Costs capitalised to date	2,830,956	-	-	-
Total carrying value at end of year	656,315,181	630,959,841	4,518,964	8,205,436
10. INVESTMENTS				
10.1 Wholly owned subsidiaries				
Southwits Mining Company (Pty) Ltd	-	-	(101,784)	(101,784)
Shares at cost	-	-	100	100
Loan from subsidiary	-	-	(101,884)	(101,884)
	-	-	415,812,742	381,384,688
Shares at cost	-	-	200	200
Loan to subsidiary	-	-	415,812,542	381,384,488
<p>These loans are unsecured, interest free and have no fixed repayment terms. The loan to Orion Mining and Prospecting Company (Pty) Ltd has been subordinated in favour of claims by other creditors of that company.</p>				
10.2 Bonds				
Held-to-maturity investment bonds	18,424,252	14,396,635	18,424,252	14,396,635
<p>The redemption value of these bonds have been ceded as security for the payment of all amounts due by the company to a financial institution in respect of licensing fees payable by the institution in terms of letters of credit issued on the company's behalf as per Note 18.3.</p>				
10.3 Listed investments at valuation				
Cost at end of year	-	4,523	-	4,523
Cost at beginning of year	4,523	65,285	4,523	65,285
Disposals during the year	(4,523)	(60,762)	(4,523)	(60,762)
<p>The market value of the listed investments at 31 March 2003 was R nil (2002: R2,540).</p>				
Total investments	18,424,252	14,401,158	434,135,210	395,684,062

	GROUP		COMPANY	
	31 March 2003 Rand	31 March 2002 Rand	31 March 2003 Rand	31 March 2002 Rand
11. NON-CURRENT RECEIVABLES				
11.1 Sundry receivables				
Brondav (Pty) Ltd	-	1,173,402	-	1,173,402
Loan – Disposal of Welprop Mining Services (Pty) Ltd	613,384	1,955,670	613,384	1,955,670
Forward exchange contract asset – licensing fee	570,946	1,887,912	570,946	1,887,912
	1,184,329	5,016,984	1,184,329	5,016,984
Less: Current portion	(613,384)	(923,562)	(613,384)	(923,562)
	570,946	4,093,422	570,946	4,093,422

The loan relating to Welprop Mining Services (Pty) Ltd bears interest at 17% p.a., and is secured as follows:

- a guarantee to the value of R580,000 which is exercisable on the 2 December 2003.
- a special and general notarial bond over all the movable assets and cession of the book debts of Welprop Mining Services (Pty) Ltd.
- a pledge of the Welprop Mining Services (Pty) Ltd shares in favour of SA Chrome and Alloys Limited.

The forward exchange contract asset relates to forward exchange contracts in respect of the licencing fee payable as set out in Note 18.3 of the notes to the financial statements.

12. INVENTORIES

Consumables stores	5,756,854	108,844	-	-
Raw materials	25,259,932	18,067,814	-	-
Work-in-progress	2,367,569	3,793,186	-	-
Finished goods	42,229,629	1,105,636	-	-
	75,613,984	23,075,480	-	-

13. TRADE AND OTHER RECEIVABLES

Trade receivables	9,013,375	1,270,397	-	1,115,586
Other receivables	21,354,054	22,993,311	1,985,093	272,693
	30,367,429	24,263,708	1,985,093	1,388,279

Notes to the financial statements

	GROUP		COMPANY	
	31 March 2003 Rand	31 March 2002 Rand	31 March 2003 Rand	31 March 2002 Rand
14. HELD-FOR-TRADING FINANCIAL ASSET				
At beginning of year	-	-	-	-
Additions	3,445,000	-	-	-
Exchange differences	4,335,000	-	-	-
Options expired during year	(1,855,000)	-	-	-
At end of year	5,925,000	-	-	-
<p>The held-for-trading financial asset relates to outstanding option contracts at their fair value, as at 31 March 2003, which gives the Group the option to convert all US dollar currency amounts at a rate of R8.80 to the US dollar. The last option contract expires on 16 May 2003. As at year-end, the Group had the option to still convert US dollars 7,5 million at the aforementioned rate.</p>				
15. SHARE CAPITAL				
Authorised				
1,500,000,000 ordinary shares of 1 cent each	15,000,000	15,000,000	15,000,000	15,000,000
Issued				
1,014,957,119 (2002: 998,566,832) ordinary shares of 1 cent each	10,149,571	9,985,668	10,149,571	9,985,668
<p>The unissued share capital is under the control of the directors, subject to the Companies Act and the rules and regulations of the JSE Securities Exchange, until the next annual general meeting. The directors report and Note 25 sets out the details in respect of the share option scheme.</p>				
16. SHARE PREMIUM				
Balance at beginning of year	407,350,312	68,156,345	407,350,312	68,156,345
Arising from the issue of new shares	14,111,726	340,145,028	14,111,726	340,145,028
Share issue expenses	(55,845)	(951,061)	(55,845)	(951,061)
	421,406,193	407,350,312	421,406,193	407,350,312
17. NON-DISTRIBUTABLE RESERVES				
Revaluation of listed investments:				
Balance at beginning of year	520	61,226	520	61,226
Reversal of revaluation on investment written down	-	(490)	-	(490)
Surplus realised on the sale of shares	(520)	(60,216)	(520)	(60,216)
	-	520	-	520

	GROUP		COMPANY	
	31 March 2003 Rand	31 March 2002 Rand	31 March 2003 Rand	31 March 2002 Rand
18. LONG-TERM LIABILITIES				
18.1 Loan: Ferrochrome smelter and mine development	350,000,000	277,761,256	-	-
18.2 Loan: Establishment of mining and related operation	10,039,000	12,972,309	-	-
18.3 Loan: Licence fees payable	19,053,165	16,710,686	19,053,165	16,710,686
18.4 Instalment sale liabilities	431,348	2,172,308	431,348	2,172,308
18.5 Finance leases	992,398	371,784	288,052	371,784
18.6 Sundry loans	366,022	3,778,494	366,022	3,778,494
18.7 Shareholder's loan	-	2,875,630	-	2,875,630
	380,881,933	316,642,467	20,138,587	25,908,902
Current portion of interest-bearing borrowings	(45,467,679)	(30,526,027)	(7,440,810)	(3,557,384)
	335,414,254	286,116,440	12,697,777	22,351,518

18.1 The following securities in respect of these loans are held by Investage 123 (Pty) Ltd on behalf of the lenders and have been or are in the process of being registered:

- a general notarial bond over all of the group's movable assets.
- a mortgage bond over the surface of portion 21 of the farm Boschoek 103, registration division JQ, North West Province.
- a collateral special notarial bond over the Ferrochrome smelter project and the mine development project (refer Note 9).
- a first collateral mortgage bond over the mineral leases of the group.
- a cession of all rights, title and interest in various securities.
- a limited guarantee by the holding companies.
- a pledge of the subsidiary's shares and a cession of all rights in respect of the shareholder's loan by the holding companies.

These loans bear interest at 14.16% semi-annually, and are repayable semi-annually commencing 20 November 2002.

The loan repayments of R89.6 million in respect of these loans, due on 20 November 2002 were waived to 20 May 2003.

An interest payment of R57,1 million was made in respect of these loans on 12 June 2003. The remaining capital balance of R32,5 million due in respect of the payment is still outstanding, and has been deferred by the lenders. The next capital payment of R32,5 million is due on 20 November 2003.

18.2 This loan is secured as per Note 18.1. The loan is repayable in monthly instalments of R351,000 (2002: R233,000) and bears interest at a variable rate of 2% below prime overdraft rate.

18.3 These foreign licence fees are payable by irrevocable and transferable letters of credit issued on the company's behalf by a financial institution (refer Note 10.2). The licence fees, which are covered by forward exchange contracts (refer Note 24), and are payable in three annual instalments commencing on 29 September 2003.

Notes to the financial statements

	GROUP		COMPANY	
	31 March 2003 Rand	31 March 2002 Rand	31 March 2003 Rand	31 March 2002 Rand
18.4 These loans are secured by instalment sale agreements over motor vehicles with a book value of R441,905 (2002: R 411,681). The loans are repayable in monthly instalments of R18,455 (2002: R13,491). Included in the prior year loan balance was plant and equipment with a book value of R1,419,297 (2002: R1,781,670), which was disposed of in the current year as set out above in Note 9.5.				
18.5 These loans are secured by finance lease agreements over motor vehicles and equipment with a book value of R 866,004 (2002: R365,269) These loans are repayable in monthly instalments of R202,362 (2002: R11,291), and bear interest at rates linked to the prime overdraft rate.				
18.6 The loan is secured by demand guarantees from financial institutions, and relates to the settlement of the Welprop Mining Services (Pty) Ltd overdraft facility in terms of the sale agreement. The loan repayments were re-negotiated in January 2003 and are now repayable in monthly instalments of R35,885 (2002: R105,291). The final payment in respect of this loan is due on 5 February 2004. The prior year loan balance of R1,721,946 relating to the financing of insurance premiums, were settled during the financial year.				
18.7 This unsecured loan from the Royal Bafokeng Nation was interest free and had no fixed repayment terms. This loan was converted into equity at 45 cents per share after being approved by shareholders at the annual general meeting held on 17 September 2002.				
19. PROVISION FOR CLOSE DOWN AND RESTORATION COSTS				
Balance at beginning of year	500,000	-	500,000	-
Utilised during the year	-	-	-	-
Charge for the year	323,860	500,000	-	500,000
Balance at end of year of year	823,860	500,000	500,000	500,000
20. TRADE AND OTHER PAYABLES				
Trade payables	9,669,759	55,446,174	416,074	204,557
Other payables	155,397,265	7,289,525	782,390	908,693
Foreign exchange liability – licencing fee (refer Note 23)	293,584	-	293,584	-
	165,360,608	62,735,699	1,492,048	1,113,250
21. PROVISIONS				
Leave pay provision:				
Opening balance	182,635	-	-	-
Utilised during the year	(182,635)	-	-	-
Additional provision	2,057,456	182,635	665,271	-
	2,057,456	182,635	665,271	-
Downstream project	8,554,320	-	8,554,323	-
Total provisions	10,611,776	182,635	9,219,594	-

	GROUP		COMPANY	
	31 March 2003	31 March 2002	31 March 2003	31 March 2002
	Rand	Rand	Rand	Rand

The Downstream project relates to a feasibility study and investigation which is being undertaken by SA Chrome and Alloys Limited. An amount of one million Euro was advanced to SA Chrome and Alloys by ThyssenKrupp Metallurgie GMBH for the feasibility study. Should the project be successful, and the Downstream Project is "hot commissioned", SA Chrome and Alloys shall issue shares to Thyssen for the amount of one million Euro's. The number of SA Chrome shares shall be the investigation payment (the amount of one million Euro's, specifically excluding interest) divided by the issue price (weighted average price of SA Chrome shares dealt on the JSE Securities Exchange South Africa thirty days after the Downstream Project is "hot commissioned" and/or 1 July 2004, whichever is the soonest).

In the event that the Downstream Project is not "hot commissioned" on/or before 1 July 2004, SA Chrome shall issue shares to Thyssen for the one million Euro's. The number of SA Chrome shares shall be the investigation payment divided by the issue price as set out above.

If the Downstream Project proves to be feasible and SA Chrome decides not to proceed with the project, then SA Chrome shall issue shares to Thyssen for the amount of one million Euro's on 1 July 2004.

If the Downstream Project proves not to be feasible, then SA Chrome shall issue shares to Thyssen on 1 July 2004 for their participation in providing the funds (one million Euro's) for the Downstream Investigation. In determining the number of SA Chrome shares to be issued to Thyssen, it shall be 50% of the investigation payment as defined above, divided per the issue price as defined above.

CASH FLOW INFORMATION

22. CASH FLOW UTILISED (BY)/IN OPERATIONS

Net loss for the year	(147,535,503)	(23,122,916)	-	4,451,812
<i>Adjusted for:</i>				
Amortisation and depreciation	24,803,210	6,081,860	792,052	874,825
Interest received	(5,032,474)	(9,952,509)	(4,076,317)	(8,670,009)
Interest paid	53,575,242	9,792,784	359,062	1,016,274
Non cash flow exceptional items	-	5,426,861	-	(9,390,657)
Exceptional items paid by issue of share capital	-	300,000	-	-
Loss on investments written down	-	490	-	490
Loss/(profit) on disposal of fixed assets	690,726	(3,083)	690,726	(2,000)
Operating loss before working capital changes	(73,498,799)	(11,476,513)	(2,234,477)	(11,719,265)
Working capital changes:	48,486,822	(19,288,695)	9,001,578	1,799,843
(Increase)/decrease in inventory	(52,538,504)	(17,478,699)	-	-
(Increase)/decrease in trade and other receivables	(12,028,724)	(9,069,551)	(596,814)	8,576,306
Increase/(decrease) in trade and other payables	113,054,050	7,259,555	9,598,392	(6,776,463)
	(25,011,977)	(30,765,208)	6,767,101	(9,919,422)

Notes to the financial statements

	GROUP		COMPANY	
	31 March 2003 Rand	31 March 2002 Rand	31 March 2003 Rand	31 March 2002 Rand

23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	1,308,296	46,620,450	1,191,002	14,172,783
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24. FAIR VALUE AND CREDIT RISK OF FINANCIAL INSTRUMENTS

In the normal course of its operations, the Group is exposed to commodity price, currency, interest, liquidity and credit risk. In order to manage these risks, the Group may enter into transactions that make use of off-balance sheet financial instruments. The Group did not acquire, hold or issue derivative instruments for trading purposes.

Concentration of credit risk

The Group's cash and equivalents do not represent a concentration of credit risk because the Group deals with a variety of major banks. As regards receivables, the Group sells the majority of its ferrochrome to ThyssenKrupp Metallurgie, and a small number of various customers after evaluating their credit rating. As a result of these procedures, the Group believes that no concentration of risk exists with regards to sales to these customers, due to the international markets for their product. An adequate level of provision is maintained.

Forward exchange contracts, which relate to a specific balance sheet item together with interest payable thereon, amounting to the following were outstanding at 31 March 2003:

Outokumpu licencing fee liability - Rand amount	19,053,165	19,330,526	19,053,165	19,330,526
Outokumpu licencing fee liability - Euro amount	2,227,315	2,227,315	2,227,315	2,227,315

The rights which the company has in terms of the abovementioned forward exchange contracts have been ceded as surety for a letter of credit issued on the company's behalf in respect of foreign licence fees payable (Refer Note 18.3)

Foreign currency and commodity price risk

In the normal course of business, the Group enters into transactions denominated in foreign currencies (primarily US\$). In addition, the Group has liabilities in a number of different foreign currencies (primarily US\$ and Euro). As a result, the Group is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates. The strengthening of the South African Rand against the US\$ and Euro in the current financial year resulted in exchange gains being achieved on the foreign borrowings which have been offset to an extent by unrealised exchange losses arising on foreign assets and investments. All foreign currency liabilities at 31 March 2003 are covered by forward exchange contracts. During the year, the Group hedged its foreign currency exposure with respect to export sales by means of option contracts (refer Note 14). The Group does not hedge its exposure to the ferrochrome price fluctuation risk.

Interest rate and liquidity risk

Fluctuations in interest rates impact on the value of short-term cash investments and financing activities, giving rise to interest rate risk. In the ordinary course of business, the Group receives cash from its operations to fund working capital and capital expenditure requirements, as well as debt repayments. This cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks.

	Number of options 31 March 2003	Number of options 31 March 2002
25. SHARE INCENTIVE SCHEME		
Movement in the number of share options held by employees are as follows:		
Balance at the beginning of year	86,906,845	12,931,432
Options granted during the year	2,126,091	74,225,413
Options forfeited during the year	-	(250,000)
Balance at the end of the year	89,032,936	86,906,845

Share options outstanding at the end of the period have the following terms:

Exercise price:

35 cents	9,985,668	9,985,668
39 cents	9,985,668	9,985,668
40 cents	11,391,749	11,641,748
45 cents	55,237,478	55,293,761
54 cents	-	-
69 cents	32,371	-
82 cents	500,000	-
98 cents	1,500,000	-
114 cents	400,000	-
	89,032,936	86,906,845

Exercisable date:

31 December 2003	15,478,503	15,561,835
30 June 2004	31,531	-
31 December 2004	28,811,170	28,968,947
30 June 2005	31,531	-
31 December 2005	28,979,448	28,968,947
30 June 2006	698,198	-
31 December 2006	13,500,945	13,407,116
30 June 2007	666,667	-
31 December 2007	168,277	-
30 June 2008	666,667	-
	89,032,936	86,906,845

Notes to the financial statements

The following share options were outstanding at 31 March 2003 in favour of directors of the company

	JG Dorfan	TM McConnachie	Z van der Walt	SP Elliot	B McBride	MZ Pollack
Average Strike Price (cents)	43	45	45	45	45	40
Exercisable on 31/Dec/03	1,664,278	3,328,556	3,328,556	3,328,556	3,328,556	250,000
Exercisable on 30/June/04		7,883	7,883	7,883	7,883	
Exercisable on 31/Dec/04	1,664,278	3,330,778	3,330,778	3,330,778	3,330,778	250,000
Exercisable on 30/June/05		7,883	7,883	7,883	7,883	
Exercisable on 31/Dec/05	1,664,278	3,372,848	3,372,848	3,372,848	3,372,848	250,000
Exercisable on 30/June/06		7,883	7,883	7,883	7,883	
Exercisable on 31/Dec/06		44,291	44,291	44,291	44,291	
Exercisable on 30/June/07						
Exercisable on 31/Dec/07		42,069	42,069	42,069	42,069	
Exercisable on 30/June/08						
Total	4,992,834	10,142,191	10,142,191	10,142,191	10,142,191	750,000

26. RELATED PARTY TRANSACTIONS

The Industrial Development Corporation (IDC) and the Royal Bafokeng Nation are considered to be related parties, due to their ability to exercise significant influence over financial and operating decisions of SA Chrome and Alloys Limited. The significant influence is a result of the aforementioned parties respective shareholding of 24.13 % and 35.03 %, and the financing provided by the IDC in respect of the Boshhoek Smelter operation as set out above in Note 18.1 and 18.2

27. CONTINGENCIES AND COMMITMENTS

(i) Contingencies

There are no contingent liabilities and/or contingent assets which may effect the financial position of the Group for the period reported on as per the requirements of South African Generally Accepted Accounting Statement AC130.

(ii) Commitments

Capital expenditure:

– Authorised and contracted for **20,000,000**

Commitments relate to capital expenditure for the upgrading of the existing ferrochrome smelter facility. The capital commitments will be funded by means of cash raised in terms of the general and proposed specific issue of shares as set out below in Note 28.

28. SUBSEQUENT EVENTS

Subsequent to the financial year end, and as announced in press on 17 June 2003, the company announced that it had raised funding of R108,4 million through a general issue of shares for cash and a proposed specific issue of shares for cash at 60 cents per share for capital expenditure to acquire additional chromite reserves and to upgrade the existing ferrochrome facility, for loan payments to its lending banks and for a feasibility study to expand its ferrochrome facility.

Shareholder information

Analysis of ordinary shareholders at 31 March 2003

	Number of shares	Percentage shareholding
Ten major shareholders (1)		
The Royal Bafokeng Nation	355,555,555	35.03%
Industrial Development Corporation	244,949,495	24.13%
Bateman Projects Ltd	55,311,111	5.45%
Stanlib Limited	34,011,485	3.35%
Investec Asset Management	27,843,878	2.74%
Outokumpu Engineering Contracts	24,333,333	2.40%
Thyssen Krupp Metallurgie GmbH	22,221,555	2.19%
PSG Securities	15,017,690	1.48%
BOE Securities	14,507,412	1.43%
Sanlam Investment Managers	14,317,051	1.41%
	<u>808,068,565</u>	<u>79.62%</u>

(1) In accordance with the terms of S140A of the Companies Act, the company has conducted investigations into the registered holders of its ordinary shares and the results are disclosed in the table above

Spread of ordinary shareholders

Public*	405,823,313	40.0%
Non-public		
- The Royal Bafokeng Nation	355,555,555	35.0%
- The Industrial Development Corporation	244,949,495	24.1%
- Directors of SA Chrome	8,628,756	0.9%
	<u>1,014,957,119</u>	<u>100.0%</u>

* 4,753 shareholders

JSE Securities Exchange South Africa - share statistics - 1 April 2002 to 31 March 2003

Share price (cents)

- high	125
- low	63
- closing price	67

Shares traded

- number of shares	200,206,384
- value of shares (R'm)	204,201,928
- Turnover of ordinary shares (%)	19.70%

Shareholders' diary

Meetings

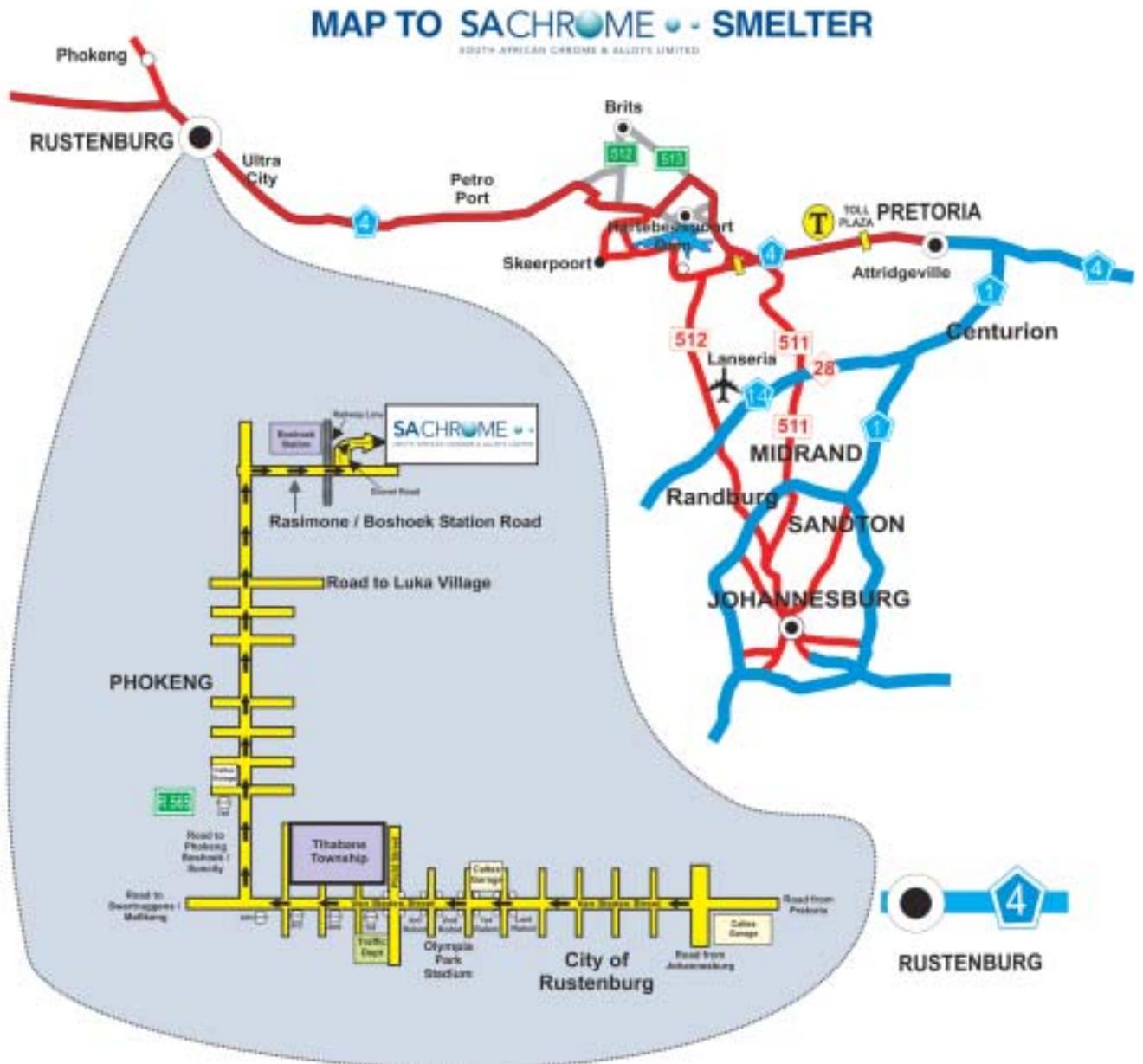
Annual General Meeting

Wednesday, 17 September 2003 at 11:00 at Boshhoek

Reports

Interim report for six months to 30 September 2003 published
 Annual results for the year to 31 March 2004 released
 Annual report for the year to 31 March 2004 published
 Annual General Meeting for 2004 year

December 2003
 June 2004
 July/August 2004
 August 2004



Notice of annual general meeting

Notice is hereby given that the sixteenth Annual General Meeting of members of South African Chrome and Alloys Limited will be held at South African Ferrochrome and Mining (Pty) Ltd, Corner Boshhoek Station and Rasimone Road, Boshhoek, North West province on Wednesday, 17 September 2003 at 11:00 for the purpose of transacting the following business:

1. To receive, consider and adopt the annual financial statements for the period ended 31 March 2003.
2. To elect directors by a single resolution.
3. To ratify the appointment of the following new directors in accordance with the provisions of the company's articles of association:
Chris Molefe appointed Non-Executive Chairman
Steve Phiri appointed Executive Director.

To elect directors in place of those retiring in accordance with the provisions of the company's Articles of Association. These directors are Messrs MZ Pollack, Dr T Vljajic, RP Meyjes and TM McConnachie who retire by rotation and, being eligible, offer themselves for re-election.

4. To determine and approve the directors' remuneration.
5. To approve the auditors' remuneration.
6. To appoint PriceWaterhouseCoopers Inc. as the Group's auditors.
7. To renew the general authority of the directors to allot and issue, subject to the provisions of the Companies Act, 1973, and the listings requirement of the JSE Securities Exchange South Africa ("JSE"), the remaining shares in the authorised but unissued share capital of the company.

ORDINARY RESOLUTION NUMBER 1

"Resolved that, in terms of the requirements of the JSE, the directors be given general authority to issue ordinary shares of one cent each for cash as and when suitable situations arise, subject to the following limitations;

- that this authority shall not extend beyond 15 (fifteen) months from the date of this meeting or the date of the next annual general meeting, whichever is the earlier date;
- that a paid press announcement giving full details, including the effect on net asset value and earnings per share will be published at the time of any issue representing on a cumulative basis within one financial year, 5% or more of the number of shares of that class in issue prior to the issues;
- that issues in the aggregate in any one financial year will not exceed 15% of the number of shares of any class of the company's issued share capital, including instruments which are compulsorily convertible into shares of that class;
- that, in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of the shares in question, as determined over the 30 days prior to the date that the price of the issue is determined or agreed by the directors;
- that any such issue will only be made to public shareholders as defined by the JSE and not to any related parties.

Notice of annual general meeting

The approval of a 75% majority of the votes cast by shareholders present or represented by proxy at this meeting is required for ordinary resolution number 1 to be carried.”

By order of the Board.

A handwritten signature in blue ink, appearing to be 'JG Dorfan', followed by a horizontal line.

JG Dorfan
Secretary

Johannesburg

6 August 2003

Form of proxy

South African Chrome & Alloys Limited
(Registration Number 1987/003452/06)
("the Company")

Form of proxy for annual general meeting

I/We _____

(Name in block letters)

of _____

(Address)

being the holder/s of _____ ordinary shares

in the Company, hereby appoint (see note 1):

1. _____

of _____ or failing him

2. _____

of _____ or failing him

3. the chairman of the Company, or failing him, the chairman of the annual general meeting, as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the Company to be held at South African Ferrochrome and Mining (Pty) Ltd, Boshhoek on Wednesday, 17 September 2003 at 11:00, or at any adjournment thereof.

I/We desire to vote as follows (see note 2):

	For	Against	Abstain
To adopt the annual financial statements			
To elect the directors in a single resolution			
To approve the directors remuneration			
To approve the auditors remuneration			
To appoint PriceWaterhouseCoopers Inc. as the Group's auditors			
To place the unissued shares under the control of the directors			
Ordinary resolution No 1			

Signed at _____ on _____ 2003

Signature

Assisted by me (where applicable)

Please see notes overleaf

Notes to Proxy

Only for use by members who have not dematerialised their shares or who have dematerialised their shares and registered them in their own name.

The relevant provisions of the articles of association of the company are as follows:

1. Any member may appoint a proxy, who need not be a member, to attend, speak and, subject to the provisions of section 197 of the Act, to vote in his place on a show of hands and on a poll at any general meeting or at any meeting of any class members. The instrument appointing a proxy to vote at a meeting of the company shall be deemed also to confer authority to demand or join in demanding a poll, and, for the purpose of section 198 of the Act, a demand by a person as proxy for a member shall be the same as a demand by the member.
2. Members who have not dematerialised their shares or who have dematerialised their shares and registered them in their own name are entitled to attend and vote at the meeting. Any such member may appoint a proxy or proxies to attend and speak in his stead. A proxy need not be a member of the company. Proxy forms must reach the registered office of the company not later than forty-eight hours (excluding Saturdays, Sundays and public holidays) before the meeting.
3. Members who have dematerialised their shares and registered them in the name of a CSDP or broker should contact their CSDP or broker to make the relevant arrangements to attend/vote at the meeting.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his agent, or if the appointer is a body corporate, under the hand of an officer or agent authorised by the body corporate. The proxy need not be a member of the company.
5. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed, and any power of attorney entitling an agent to vote on behalf of a member in pursuance of article 69, or in lieu of any such power of authority, a notarially certified copy, shall be deposited at the registered office of the company not later than forty-eight hours (excluding Saturdays, Sundays and public holidays) before the meeting at which the person empowered proposes to vote, and no effect shall be given to any instrument of proxy or power of attorney unless such instrument or power is deposited in the manner required by this article.

Group information

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Registration number 1987/003452/06

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Company Secretary

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South Africa

Addresses of operations

Ferrochrome Plant Boshhoek
Private Bag X4001
Boshhoek 0301

Cnr Boshhoek Station/Rasmone Road
Boshhoek

Horizon Chrome Mines
Ferrochrome Plant Boshhoek
Private Bag X4001
Boshhoek 0301

Cnr Boshhoek Station/Rasmone Road
Boshhoek

Auditors

PriceWaterhouseCoopers
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Sunninghill, 2157
Private Bag X36
Sunninghill, 2157
Telephone: 011 797 4000
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Bankers

Rand Merchant Bank, First National Bank

Attorneys

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Transfer secretaries

Computershare (Investor Services)
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