

**PLATFIELDS LIMITED**

**ANNUAL FINANCIAL STATEMENTS**

*Year ended 29 February 2004*

**Directors**

C Knobbs\* (Chairman), S Oliver\* (Financial director), G Dreyer, S Erasmus, J Motlatsi, S Twala

\* Executive

**Company secretary and registered address**

J Caddy  
Unit 1, Tuscan Gardens,  
168 14<sup>th</sup> Road, Noordwyk  
Midrand, 1685

**Registration number**

2002/005851/06

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**PLATFIELDS LIMITED**

**DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING**

*Year ended 29 February 2004*

The directors are responsible for the preparation, integrity and fair presentation of the financial statements and other financial information included in this report. In presenting the accompanying financial statements, South African Statements of Generally Accepted Accounting Practice have been followed, applicable accounting assumptions have been used while prudent judgments and estimates have been made.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the company will not be a going concern in the foreseeable future based on forecasts and available cash resources. The financial statements support the viability of the company.

The financial statements have been audited by the independent accounting firm, Fisher Hoffman PKF (Jhb) Inc, which was given unrestricted access to all financial records and related data, including all resolutions and minutes of all meetings of shareholders and the board of directors. The directors believe that all representations made to the independent auditors during the audit were valid and appropriate.

The business of the annual general meeting will be dealt with by a resolution of members.

The financial statements were approved by the directors on 1 October 2004 and are signed on their behalf.

\_\_\_\_\_  
C Knobbs

Directors

\_\_\_\_\_  
S G H Oliver

**CERTIFICATE BY COMPANY SECRETARY**

I hereby certify that, in accordance with section 268(G)(d) of the Companies Act 1973, as amended, the company has lodged with the Registrar of Companies all such returns as are required of a public Company in terms of the Act and that such returns are true, correct and up to date.

\_\_\_\_\_  
J CADDY  
*Company Secretary*

1 October 2004

## **PLATFIELDS LIMITED**

### **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS**

*Year ended 29 February 2004*

We have audited the annual financial statements of Platfields Limited set out on pages 4 to 17 for the year ended 29 February 2004. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

#### **Scope**

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

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

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

#### **Audit opinion**

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company at 29 February 2004 and the results of its 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.

#### **Going concern**

Without qualifying our opinion, we draw attention to the income statement and balance sheet which indicate that the company incurred an operating loss for the year of R4 936 060 and that accumulated losses at 29 February 2004 amount to R7 564 907. These conditions indicate the existence of a material uncertainty about the ability of the company to continue as a going concern. In regard to the above we draw attention to the directors' report which details the directors' assessment of the appropriateness of adopting the going concern concept in the preparation of the financial statements and the future funding of operations.

Chartered Accountants (S.A.)  
Registered Accountants and Auditors  
Registration number 1994/001166/21  
Johannesburg  
1 October 2004  
AJH/3220

# PLATFIELDS LIMITED

## DIRECTORS' REPORT

*Year ended 29 February 2004*

Your directors have pleasure in presenting the financial statements of the company for the year ended 29 February 2004, and report as follows :

### **Nature of business**

Platfields' core business is identifying, evaluating and developing commercial deposits of Platinum Group Metals located in the Bushveld Complex.

### **Funding of operations**

The directors continue to raise capital to fund exploration and operating costs. During the year the shareholders provided capital to allow the company to continue operations. This funding has either been capitalised or subordinated in favour of other creditors. In addition, creditors to the value of R732 500 have agreed to forego their claims in the event that the company is unable to raise sufficient capital to settle their claims.

The directors are in negotiations with potential investors which, if successful, will ensure that the company has the finance to meet its operating and exploration expenses.

### **Exploration**

Our consulting geologists have reviewed the data from the high resolution airborne geophysical survey, which was completed after the year-end and have concluded that the Berg project still has excellent potential. This assessment justifies the continuation of the exploration programme on the Berg project. In addition the company is actively looking to acquire other properties with platinum potential.

### **Share capital**

<i>Issued share capital</i>		<b>Number of shares</b>
Beginning of year	183 757 293 ordinary shares of 0,001 cents each	183 757 293
30 June 2003	1 226 667 ordinary shares of 0,001 cents each	1 226 667
15 January 2004	7 000 000 ordinary shares of 0,001 cents each	7 000 000
		<hr/> <hr/>
		191 983 960

# PLATFIELDS LIMITED

## DIRECTORS' REPORT

*Year ended 29 February 2004*

### Directors

The directors in office are presented on page 1 and the changes during the period are detailed below :

J Davenport	(appointed 5 July 2002, resigned 14 May 2003)
M Msomi	(appointed 5 July 2002, resigned 2 May 2003)
M Yako	(appointed 5 July 2002, resigned 2 May 2003)
J Motlatsi	(appointed 14 May 2003)
S Twala	(appointed 30 May 2003)

### Directors' interests

Director	Direct beneficial	Indirect beneficial	Percentage of issued share capital
<i>Executive</i>			
C Knobbs	-	5 268 815	2,7%
S G H Oliver	-	2 268 815	1,2%
<i>Non-executive</i>			
G H Dreyer	130 000	11 151 666	5,8%
S C Erasmus		1 000 000	0,5%
T J Motlatsi		500 000	0,3%
S C Twala		1 000 000	0,5%

Other than G H Dreyer, who as a promoter, received the abovementioned shares for his role in the formation of Platfields, none of the directors has any interest in transactions entered into with the company.

### Directors' remuneration

Director	Directors' fees R	Salaries R	Total R
<i>Executive</i>			
C Knobbs	-	984 300	984 300
J Davenport	-	105 000	105 000
S Oliver	-	412 300	412 300
	-	1 501 600	1 501 600

# **PLATFIELDS LIMITED**

## **DIRECTORS' REPORT**

*Year ended 29 February 2004*

### **Share options**

The following options have been granted but not exercised :

- C G Knobbs            1 700 000 shares at 200 cents exercisable on or after 1 January 2005  
                                 1 700 000 shares at 250 cents exercisable on or after 1 January 2006  
                                 1 600 000 shares at 300 cents exercisable on or after 1 January 2007
- S G H Oliver            700 000 shares at 200 cents exercisable on or after 1 January 2005  
                                 700 000 shares at 250 cents exercisable on or after 1 January 2006  
                                 600 000 shares at 300 cents exercisable on or after 1 January 2007

All the above options will lapse if not exercised on or before 30 June 2007.

### **Secretary**

J Caddy was appointed as company secretary on 15 February 2003.

### **Borrowing limitations**

The company has unlimited borrowing powers in terms of its articles of association.

### **Dividends**

No dividend was declared during the year.

### **Audit committee**

The following members were confirmed at 30 May 2003 :

S Erasmus  
J Motlatsi  
S Oliver (by invitation)

### **Remuneration committee**

The following members were confirmed at 30 May 2003 :

J Motlatsi  
S Erasmus  
S Twala

**PLATFIELDS LIMITED**

**DIRECTORS' REPORT**

*Year ended 29 February 2004*

**Nominations committee**

The following members were confirmed at 30 May 2003 :

J Motlatsi  
S Twala

**Executive committee**

The following members were confirmed at 30 May 2003 :

C Knobbs  
S Oliver

**PLATFIELDS LIMITED****BALANCE SHEET***At 29 February 2004*

	Notes	R	Eight months ended 28 February 2003 R
<b>Assets</b>			
<i>Non-current assets</i>			
Property, plant and equipment	4	45 628	-
<i>Current assets</i>			
		670 903	1 064 289
Accounts receivable		396 120	149 488
Bank		274 783	914 801
<b>Total assets</b>		<u>716 531</u>	<u>1 064 289</u>
<b>Equity and liabilities</b>			
<i>Capital and reserves</i>			
		(579 312)	165 216
Issued share capital and share premium	2	6 250 624	2 819 320
Interest-free liability	3	734 971	-
Accumulated loss		(7 564 907)	(2 654 104)
<i>Current liabilities</i>			
Accounts payable		1 295 843	899 073
<b>Total equity and liabilities</b>		<u>716 531</u>	<u>1 064 289</u>

**PLATFIELDS LIMITED**

**INCOME STATEMENT**

*Year ended 29 February 2004*

	Notes	R	Eight months ended 28 February 2003 R
Exploration expenditure		2 048 482	774 041
Operating costs		2 887 578	1 880 627
<b>Operating loss</b>	5	<u>(4 936 060)</u>	<u>(2 654 668)</u>
Interest received		25 257	564
<b>Net loss attributable to ordinary shareholders</b>		<u><u>(4 910 803)</u></u>	<u><u>(2 654 104)</u></u>
Loss per ordinary share (cents)	7	(2,65)	(2,57)
Headline loss per ordinary share (cents)	7	(2,65)	(2,57)

**PLATFIELDS LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

*Year ended 29 February 2004*

	Share capital R	Share premium R	Interest-free liability R	Accumulate d loss R	Total R
<i>Shares issued</i>					
- 13 March 2002	100	-	-	-	100
- 8 August 2002	1 413	-	-	-	1 413
- 15 October 2002	287	-	-	-	287
- 28 February 2003	38	2 817 482	-	-	2 817 520
Net loss attributable to ordinary shareholders	-	-	-	(2 654 104)	(2 654 104)
<b>Balances at 28 February 2003</b>	<u>1 838</u>	<u>2 817 482</u>	<u>-</u>	<u>(2 654 104)</u>	<u>165 216</u>
<i>Shares issued</i>					
- 30 June 2003	12	919 962	-	-	919 974
- 15 January 2004	15	2 999 985	-	-	3 000 000
- 15 January 2004	55	-	-	-	55
Share issue expenses	-	(488 725)	-	-	(488 725)
Interest free loan received	-	-	734 971	-	734 971
Net loss attributable to ordinary shareholders	-	-	-	(4 910 803)	(4 910 803)
<b>Balances at 29 February 2004</b>	<u>1 920</u>	<u>6 248 704</u>	<u>734 971</u>	<u>(7 564 907)</u>	<u>(579 312)</u>

**PLATFIELDS LIMITED****CASH FLOW STATEMENT***Year ended 29 February 2004*

	Note	R	Eight months ended 28 February 2003 R
<b>Cash flows from operating activities</b>		(4 755 857)	(1 904 519)
Cash utilised in operations	8	(4 781 114)	(1 905 083)
Interest received		25 257	564
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(50 436)	-
<b>Cash flows from financing activities</b>		4 166 275	2 819 320
Share capital issued		3 431 304	2 819 320
Increase in interest-free liability		734 971	-
<b>Net (decrease)/increase in cash resources</b>		(640 018)	914 801
Cash and cash equivalents at beginning of year		914 801	-
<b>Cash at end of year</b>		<u>274 783</u>	<u>914 801</u>

# PLATFIELDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

*Year ended 29 February 2004*

### **1. Accounting policies**

The financial statements are prepared in accordance with the historical cost convention and incorporate the following principal accounting policies, which conform to South African Statements of Generally Accepted Accounting Practice.

#### *1.1 Exploration and evaluation expenditure*

Exploration and evaluation expenditure constitutes costs incurred in obtaining and securing prospecting, mineral and surface rights for mining projects. This expenditure is charged to the income statement in the year in which it is incurred. When a decision is taken that a mining project is capable of commercial production all subsequent pre-production expenditure is capitalised. Once the production phase of the project commences, the asset is amortised over the estimated life of the project.

#### *1.2 Deferred taxation*

Deferred taxation is provided on the liability method using the comprehensive basis in respect of income tax payable in future periods in respect of taxable temporary differences.

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future tax benefits will be available against which the losses can be utilised.

#### *1.3 Bank balance*

The bank balance is stated in accordance with the cash book balance.

#### *1.4 Financial instruments*

Financial instruments are initially measured at cost, which includes transactions costs. Subsequently, these instruments are measured as set out below.

##### *Trade and other receivables*

Trade and other receivables are stated at cost less a provision for doubtful debts.

##### *Cash*

Cash is measured at fair value.

##### *Financial liabilities*

Financial liabilities are recognised at their cost, being original debt less principal payments.

**PLATFIELDS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*Year ended 29 February 2004*

	R	Eight months ended 28 February 2003 R
<b>2. Share capital</b>		
<i>Authorised</i>		
600 000 000 ordinary shares of 0,001 cents per share	<u>6 000</u>	<u>6 000</u>
<i>Issued</i>		
191 983 960 (2003 : 183 757 293) ordinary shares of 0,001 cents per share	<u>1 920</u>	<u>1 838</u>
The unissued shares are under the control of the directors.		
<b>Share premium</b>		
Opening balance	2 817 482	-
Movement	3 431 222	2 817 482
Closing balance	<u>6 248 704</u>	<u>2 817 482</u>
Details of the movement are included in the statement of changes in equity on page 10.		
<b>3. Non-current liability</b>		
Shareholders' loans	<u>734 971</u>	<u>-</u>
The above loans will be converted to equity after year end.		

**PLATFIELDS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*Year ended 29 February 2004*

	R	Eight months ended 28 February 2003 R
<b>4. Property, plant and equipment</b>		
<i>Cost</i>	50 436	-
Computer equipment	8 481	-
Furniture and office equipment	41 955	-
<i>Accumulated depreciation</i>	4 808	-
Computer equipment	1 952	-
Furniture and office equipment	2 856	-
<i>Carrying amount at end of year</i>	45 628	-
Computer equipment	6 529	-
Furniture and office equipment	39 099	-
	-	-
Movement for the year		
Carrying amount at beginning of year	-	-
Additions	50 436	-
Computer equipment	8 481	-
Furniture and office equipment	41 955	-
Depreciation for year	(4 808)	-
Carrying amount at end of year	45 628	-

**PLATFIELDS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*Year ended 29 February 2004*

	R	Eight months ended 28 February 2003 R
<b>5. Operating loss</b>		
<i>Is stated after the following :</i>		
Auditors' remuneration	117 930	33 500
- Audit fees	60 000	25 000
- Other services - prospectus	50 000	-
- Accounting fees	7 930	8 500
Directors' remuneration	1 501 600	1 510 000
- Directors' fees	-	60 000
- Salaries	1 501 600	1 450 000
Operating lease payments		
- Property	71 310	-
	5 187 827	2 581 015
<b>6. Taxation</b>		
No provision for taxation has been made as the company has an estimated tax loss available for utilisation against future taxable income.	5 187 827	2 581 015
Tax relief at current rates	1 556 348	774 304
<b>7. Loss and headline loss per share</b>		
The calculation of loss per share and headline loss per share is based on a loss of R4 910 803 (2003 : R2 654 104) and a weighted average of 185 435 727 (2003 : 103 216 726) ordinary shares in issue.		

**PLATFIELDS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*Year ended 29 February 2004*

	R	Eight months ended 28 February 2003 R
<b>8. Cash utilised in operations</b>		
Operating loss before interest	(4 936 060)	(2 654 668)
Depreciation	4 808	-
Changes in working capital	150 138	749 585
Increase in accounts receivable	(246 632)	(149 488)
Increase in accounts payable	396 770	899 073
	(4 781 114)	(1 905 083)
<b>9. Contingent liabilities and commitments</b>		
<p>The company has entered into various option agreements to acquire exploration properties. The company has the discretion to exercise these options. During the option period the company is obliged to pay the following prospecting fees to the current property owners :</p>		
2004	-	1 101 400
2005	550 700	550 700
2006	550 700	550 700
2007	1 652 600	1 652 600
	2 754 000	3 855 400

In addition, Platfields is obliged to spend at least R1 500 000 per year for the first two years of the agreement on exploration of the Platmile 359 Properties.

**PLATFIELDS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*Year ended 29 February 2004*

**10. Financial instruments**

*Liquidity risk*

The company manages liquidity risk by monitoring forecasted cash flows and ensuring that adequate cash resources are maintained.

*Credit risk*

Credit risk relates to potential exposure on bank deposits and trade receivables.

The company limits its counterparty exposure arising from money market instruments by dealing only with well-established financial institutions of high credit standing. Accounts receivable consist mainly of amounts receivable from the Government relating to VAT claimed.

At the balance sheet date, the company did not consider there to be any significant concentration of credit risk which has not been adequately provided for.

**PLATFIELDS LIMITED**

**FINANCIAL STATEMENTS : 29 FEBRUARY 2004**

**PLATFIELDS LIMITED**

**FINANCIAL STATEMENTS**

**29 FEBRUARY 2004**