

South African Coal Mining Holdings Limited
(Incorporated in the Republic of South Africa)
Registration number 1994/009012/06
Share code: SAH ISIN: ZAE000102034
("SACMH" or "the company")

Proposed suspension of mining operations

Shareholders are advised that SACMH's subsidiary, Umlabu Colliery Proprietary Limited ("Umlabu"), has arrived at a point where the company has taken a decision to suspend mining operations and place the mine on a care and maintenance programme. The reasons are *inter alia* as follows:

- Reserves at the Mooifontein section of the colliery currently being mined will be depleted by the end of December 2012.
- The company had planned to access the Voorslag reserve by now. However, approval of the Water Use Licence Application (WULA) for the area has not been received and consequently mining operations cannot be started. Numerous interactions have taken place and additional studies and updates required have been submitted to the Department of Water Affairs over the last two years.
- The global market prices of seaborne thermal coal have plummeted during this year. Consequently the company has been recording significant losses, as disclosed in its recent interim report. The Company's cost of production is in excess of the current market prices and the Company cannot sustain the operations and continue to incur such losses.

Consequently the National Union of Mineworkers has been informed on 24th October 2012 that Umlabu contemplates the retrenchment of 64 employees. Consultations in terms of the Labour Relations Act will commence on a date to be determined by the Commissioner of the Commission for Conciliation, Mediation and Arbitration which has been requested to facilitate the process.

Further announcements will be made in due course to keep shareholders abreast of developments.

24th October 2012
Johannesburg

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