South African Coal Mining Holdings Limited

(Registration number 1994/009012/06)

Integrated Annual Report **2015**

CONTENTS

SCOPE AND BOUNDARIES OF THIS INTEGRATED ANNUAL REPORT

This is the fifth integrated annual report produced by South African Coal Mining Holdings Limited ("SACMH") and aims to present to stakeholders comprehensive and understandable information which will allow them to make an educated assessment of the Company's economic, social and environmental performance.

Scope

- The Group's major shareholders are Comogen Proprietary Limited, a historically disadvantaged South African company which owns 26% and JSW Energy Limited ("JSW"), a company listed on the Indian Stock Exchanges which owns 8.8%, of the total issued share capital of the company.
- The report has been prepared in compliance with the South African Companies Act No 71 of 2008, the Listings Requirements of the Johannesburg Stock Exchange (JSE), the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code) and in line with the recommendations of the King Code and Report on Governance Principles for South Africa 2009 (King III).
- The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the South African Institute of Chartered Accountants (SAICA) Financial reporting Guides as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and in the manner required by the South African Companies Act 71 of 2008.
- The Group's key stakeholders include:
  - Investors, shareholders, mining analysts and media;
  - Customers;
  - Employees;
  - Regulatory authorities and bodies;
  - Business partners;
  - The community; and
  - Government.

CHAIRMAN’S AND CHIEF EXECUTIVE OFFICER’S REPORT

Dear Stakeholders

JSW Energy Limited recognises South Africa’s opportunities and barriers to success which limit its competitiveness in the mining industry.

During the year under review the world economy has remained uncertain and unpredictable resulting in very difficult trading conditions in all sectors of the mining industry. This coincided with a global coal price that has remained below the threshold required for mining operations to be profitable.

SACMH is currently in the process of delisting from the JSE, and it is expected that this undertaking will be finalised by 31 December 2016.

Review of 12 months to 31 December 2015

During this period SACMH continued to keep costs as low as possible while waiting for improved coal trading conditions, pending issue of the Water Use Licence and re-commencement of operations.

Financial

- Mining Rights were impaired in 2014 by R53.5 million as a result of the decrease of the export price of thermal coal and also as a result of the anticipated increase in mining costs. Income from the lease of infrastructure and logistic assets enabled the Group to continue to operate as a going concern. No impairment of Mining Rights was done during the 2015 year, as the fair value thereof is still considered to reasonably represent the expected future cash flows.
- Property, Plant and Equipment was impaired by R2 million (2014: R0) during the financial year to provide a more appropriate reflection of the expected future cash flows to be derived from it.

Production

- Operations remained under the “Care and Maintenance” program which included securing assets and running the plant at regular intervals to ensure a return to production as soon as possible, complying with reporting to authorities as required by mining regulation and legislation and leasing out of assets to generate income.
- The Umlabu Colliery’s Water Use Licence Application (“WULA”) is still awaited. Under previous legislation, the company was in possession of the water rights. However, in order to gain access to the brown filed resources, these rights must be converted into a Water Use Licence.
- As part of the “Care and Maintenance” programme, the Group continued to keep costs as low as possible to ensure that the Group continued as a going concern and trying hard to maximise the Group’s revenue from rental of logistical assets.
- The Group maintained its safety record during the period with no reportable incidents or fatalities.

Outlook for 2016

The market price for coal has shown a slow increase in 2016. Should this trend continue, it is hoped that mining operations can resume during 2017. In the meanwhile, several lucrative leasing contracts for the use of our siding have been entered into, which will commence during the second half of the 2016 year. These should allow us to meeting our obligations in the short-term, while we wait for the coal price to reach profitable levels.

Appreciation

On behalf of your Company’s Board of Directors, we wish to convey our deep gratitude to you, our valued employees and shareholders, for your continued support and trust.

KG Harris
Chief Executive Officer

CP Tated
Chief Financial Officer

BOARD OF DIRECTORS

LR Mamba, Non-Executive Chairman, BA, LLB

Mr Mamba was appointed to the Board on 21 September 2015, as a representative of Comogen Proprietary Limited, a 26% shareholder of the Company. Mr Mamba has practiced as an attorney for 24 years in Commercial and Civil Law. He is Senior Partner of LR Mamba and Associates, a Director of a number of private companies and legal advisor to a number of parastatals in Swaziland.

Mr Mamba is not an independent Director, as he has a shareholding in the Company.

KG Harris, Chief Executive Officer

Mr Harris was appointed Chief Executive Officer of the Company on 2 February 2015, has a strong local and international strategic managerial background with companies such as the Nissan Motor Company, Metro Cash and Carry and OTI Mozambique.

CP Tated, Chief Financial Officer, B.Com, Dipl. Accounting, CA India

Mr Tated was appointed Chief Financial officer on 30 September 2014 and also held the role of Chief Executive Officer with the consent of the JSE, until Mr Harris was appointed to that position in February 2015. Mr Tated has in excess of 20 years' experience in the power industry.

K Ashraff, Independent Non-Executive Director, BSc Mathematics

His Excellency, K Ashraff, was appointed to the Board on 31 January 2015. He is is a diplomat and businessman, being Chairman of the Board of Directors of the Ashgroup, Swaziland.

MCH Dhlamini, Independent Non-Executive Director CA, (Nigeria and Swaziland), MSc Finance (Economic Policy)

Mr Dhlamini was appointed to the Board of Directors on 18 May 2015 and as Chairman of the Audit Committee, has in excess of 30 years' experience in the auditing and public finance sectors in several African Countries. Mr Dhlamini is a member of several professional associations and institutes including the Institutes of Chartered Accountants in Nigeria and Swaziland, South African Institute of Professional Accountants and the Institute of Directors, South Africa.

PP Menon, Non-Executive Director, CA India

Mr Menon was appointed to the Board as Non-Executive director in November 2011. He is the Vice President and Chief Financial Officer of JSW Energy Limited, a company listed on the Mumbai Stock Exchange, India. He is an Associate Member of the Institute of Chartered Accountants of India and a graduate of the Institute of Cost and Works Accountants of India. He has 20 years' experience in Project Finance, Corporate Finance, Mergers and Acquisitions, Treasury Management and Investor Relations. Prior to joining JSW Energy Limited, he worked for JSW Steel Limited.

JM Mokgokong, Independent Non-Executive Director, BSc Applied Mechanics, MSc Structural Mechanics

Mr Mokgokong was appointed to the Board of Directors on 18 May 2015, has in excess of 30 years' experience in the design and construction of a wide variety of structures, working with several well-known civil and structural contractors and consulting engineers. He is the founder of STCS Consulting Engineers, Swaziland of which he is the Managing Director.

It should be noted that no performance evaluation of the Board of Directors has been carried out during the year under review.

CORPORATE GOVERNANCE

The Company is a public company listed on the JSE Limited ("JSE"). The Board is aware that the Company does not currently meet all regulatory requirements and is taking steps to address the situation with a view to meeting these requirements.

Set out below is a schedule setting out areas in which the Group did not comply or only partially complied, explaining reasons and action being taken since the commencement of 2015 to address areas where the Company did not comply with the following standards recommended by King III and JSE Listing Requirements during the year under review.

A 75-point checklist summarising SACMH's compliance with the principles of King III can be found on the website: www.sacmh.co.za.

Requirement	**Comments**
The Board has to ensure that the Group has an effective and independent audit committee	The Audit Committee consists of three independent Non-Executive Directors.
The Board should ensure that there is an effective risk-based internal audit	Operations are currently too small to employ an internal audit team. Processes are monitored by management and the aid of the JSW internal audit team is available for use by the Group. The JSW team reviewed the internal procedures and processes and found them adequate after introduction of additional controls and processes.
The Board reports on the effectiveness of the Company's internal controls	Management reviews controls and report to the Board when improvements are required. As a result of the closure of the operations very little activity is taking place and management oversight, reporting to the Board, is sufficient at this stage.
The Board comprises a balance of power, with a majority of Non-Executive Directors. The majority of Non-Executive Directors are independent	The Board comprises three independent Non-Executive Directors, one Non-Executive Director and two Executive Directors.
The evaluation of the Board, its committees and individual Directors is performed annually	No evaluation of the Board was conducted in 2015. An evaluation would be carried out shortly.
The Board delegates certain functions to well-structured committees without abdicating its own responsibilities	The Board is supported by an Audit and Risk, Social and Ethics Committee and a Remuneration and Nominations Committee.
The Board has ensured that the Company has an effective and independent Audit Committee	See notes in respect of the Audit and Risk Committee in the Integrated Report.
The Audit Committee has ensured that a combined assurance model has been applied, which provides a coordinated approach to all assurance activities	These activities will be implemented in full when the mine's operations are re-commenced. Until then risks are monitored by management and the board.
The Audit Committee should be responsible for overseeing the internal audit process	Due to the size of the operations, the need for internal audit will be requested from the JSW team where necessary.
The Audit Committee is an integral component of the risk management process	The Audit and Risk Committee will conduct an annual review of risks together with the management team during the course of the current financial year.
The Board has determined the levels of risk tolerance	Due to the limited scope of activity risks are limited, but are monitored by management and discussed at Board and management meetings.

Requirement	Comments
The Risk Committee and/or Audit Committee has assisted the Board in carrying out its risk responsibilities	Due to the limited scope of activity, risks are limited. The 2016 annual Audit Committee plan includes an assessment of the risks.
The Board has delegated to management the responsibility to design, implement and monitor the risk management plan	Management monitors risks and raise any concerns in management and Board meetings. Once operations are resumed a proper monitoring plan will be implemented.
The Board has ensured that risk assessments are performed on a continual basis	Management monitors risk and raise any concerns at meetings.
The Board has ensured that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	Once operations are resumed the risk management activities will have to be re-assessed and introduced.
The Board has ensured that there are process in place which enable complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	All controls and processes were examined the by JSW internal audit team and were considered appropriate. Management monitors and will report any irregularities, but with no mining activity and few financial transactions, risks are limited.
The Board should ensure that there is an effective risk-based internal audit, plan, effective controls and risk management overseen by the audit committee. Internal audit is to achieve its objectives	No internal audit team has been appointed because of the size of operations at present. All controls were assessed by the JSW India internal audit team. A re-assessment will be conducted once operations are resumed.
Sustainability reporting and disclosure should be integrated with the Company's financial reporting and independently assured	This will be considered once integrated reporting has reached a mature state and operations are resumed.

Code of Ethics

SACMH is committed to operating in accordance with highest standards of professional and business ethics, by the development of a community of Directors and employees with the highest ethical values. A Code of Ethics is included in standard operating procedures and handed to all employees when induction training is carried out. No reports have been received of contraventions of the Code of Ethics, bearing in mind the Company currently employs five members of staff. Once operations are recommenced a Whistle Blowing facility will be outsourced and re-introduced.

Amongst the principles to which the directors, management and employees dedicated themselves are the following:

- Compliance with legislative and regulatory provisions;
- The protection of human life by following safety, health and environmental practices;
- Treating all employees and stakeholders with respect;
- Not discriminating against any person;
- Providing employees with equality of opportunity, based on merit;
- Ensuring that the quality of life of stakeholders is maintained by seeking to improve, rather than adversely affect, the environment;
- Upholding the integrity of all stakeholders;
- Respecting the cultural background of stakeholders;
- Avoiding all potential conflicts of interest by being transparent in the declaration of all interests;
- Only using Company resources for the benefit of the Company and its shareholders; and
- Providing all employees with the opportunity to grow and advance.

Compliance with these principles will be reported monthly to the Finance and Operations Committee and monitored by the Social and Ethics Committee.

Board Composition

Details of the composition of the Board are set out on page 4 of this report.

- ***Independence***

  The Board believes that Messrs Ashraff, Dhlamini, Mokgokong and Mokoetle meet the requirements of independence set out in King III as they have no direct or indirect business association with the Group.

- ***Chairman and Chief Executive Officer***

  The roles of Chairman and Chief Executive Officer are separate and distinct.

- ***Board charter***

  A Board charter setting out the roles and responsibilities of the Board as required by King III has not yet been drafted. However, this will be rectified once the primary operations of the Company have resumed. The charter will provide for a clear definition of roles and responsibilities to ensure a balance of power and authority to ensure that no one Director has unfettered powers of decision-making.

- ***Retirement by rotation***

  SACMH's Memorandum of Incorporation calls for one-third of the previously elected Directors to retire by rotation at each annual general meeting. Mr J Mokgokong and PP Menon are required to retire by rotation at the next annual general meeting and have made themselves available for re-election.

  Directors appointed to the Board since the last annual general meeting hold office until the next annual general meeting and are required to retire and seek election and the annual general meeting should they so wish, as Directors.

- ***Policy and procedures for appointment of the Board***

  The procedure for appointment of Directors to meet a vacancy on the Board is as follows:

  - Suitable candidates will be recommended by members of the Board, the Company's sponsor, and/or the majority shareholder. Should nobody be identified in this matter, consideration will be given to approaching the Institute of Directors of South Africa to place an advertisement on its website;
  - Interviews will be conducted by the Remunerations and Nominations Committee which will make a recommendation to the Board as to the most suitable candidates; and
  - The Board will make the final decision as to appointments.

- ***Induction***

  Newly appointed directors receive a comprehensive induction pack relating to company legislation and regulations, corporate governance, financial and reporting documents, minutes and administrative matters. Visits to mining operations also form part of the induction process. Further ongoing training is recommended.

- ***Assessment***

  An assessment of the board of directors will be carried out in early 2016 when the current Board of Directors have been acting as directors for at least a year when it will be possible to make an assessment of the activities conducted.

- ***Board committees***

  Terms of reference of all committees were updated and approved by the Board. Names of the members of the Board committees are as follows:

  – *Audit and Risk Committee*

    Members: MCH Dhlamini, (Chairman), K Ashraff and JM Mokgokong

  – The Audit and Risk Committee comprises three independent Non-Executive Directors.

  – *Remuneration and Nomination Committee*

    Members: K Ashraff (Chairman), MCH Dhlamini and JM Mokgokong

  – *Social and Ethics Committee*

    Members: QMSM Mokoetle (Independent Non-Executive Chairman), RP Hugo and C P Tated

Internal Control and Internal Audit

The Group does not have a formal internal auditor but may make use of the services of JSW Energy's internal audit resource as required.

Going Concern

The Audit Committee and the Board annually consider the going concern status of the Company in the preparation of the year-end financial statements. See page 22 of the Directors Report.

Business Rescue

It is not necessary to consider the implementation of Business Rescue proceedings of the Group at this stage as JSW has confirmed its continued financial support of the Group.

Dealings in Securities and Insider Trading Policy

In order to ensure that Directors, prescribed officers, designated persons and employees are precluded from dealing in the Company's shares, a policy has been prepared for consideration by the Board and will be considered at its next Board meeting.

Company Secretary

The Company Secretary is required to provide the members of the Board with guidance and advice regarding their responsibilities, duties and powers and to ensure that the Board is aware of all the legislation relevant to or affecting the affairs of the Company. The Company Secretary is to ensure that the Group complies with all applicable legislation regarding the affairs of the Group, including the necessary recording of minutes, meetings of the Board, Board committees and the shareholders of the Group.

Subsequent to the reporting period, the acting Company Secretary, P Smit, resigned from her position. FJ Jansen van Rensburg, acting on behalf of Signature Business Solutions, was appointed as the new Company Secretary. The Board has confirmed that the Company Secretary does not serve as a Director of the Board and is thus not influenced by the Board and is considered to have an arm's-length relationship with the Board. The Board is satisfied that the Company Secretary has the competence, qualifications and experience to fulfil the role of Company Secretary.

The reconstituted Remunerations and Nominations Committee will, in the future, as part of its annual plan, be tasked with assessing the experience and independence of the Company Secretary.

The experience and details of the Company Secretary are set out on page 25 of this report.

Advice and Information

Information provided to the Board and its committees is derived from external sources and internally from minutes, plans and reports. No restriction is placed on the accessing of information by Directors from within the Company.

All Directors are entitled to seek independent professional advice concerning the affairs of the Company, at its expense. A policy in respect of directors obtaining independent professional advice was tabled and adopted at the Board meeting in March 2012.

Annual General Meeting

The Notice of Annual General Meeting is set out on pages 71 to 73 of this report.

Sponsor

In compliance with the JSE Listings Requirements, Exchange Sponsors (2008) Proprietary Limited is the Company's sponsor.

SUSTAINABILITY REPORT

Mine Works Programme

The Umlabu mining resource was re-evaluated towards the end of 2013 and an updated Resource and Reserve Statement has subsequently been prepared by Miptec Proprietary Limited and KJB GeoServices. A Competent Persons Report was prepared in 2012 and, as no mining activities have taken place since that date, it is unnecessary to prepare a new report until such time as the mining activities are resumed. See page 59 for the 2015 Reserves and Resources Statement and details in respect of SRK Consulting.

A copy of the Competent Persons Report is available for inspection at the Company's head office and on its website.

Labour Relations

While the Group's Umlabu mine is on care and maintenance pending the approval of the Water Use License ("WUL"), two employees are managing the process at the mine.

Employment Equity

The Group fully subscribes to the principles of the Mining Charter and strives to achieve more than the minimum requirements. The Umlabu Colliery ("Umlabu") believes that Employment Equity is an integral part of building an effective and representative workforce and to ensure equality for all employees. The company has not developed an Employment Equity Policy in order to comply with the provisions of the Employment Equity Act (Act No 55 of 1998). This will be rectified once the primary operations of the company are resumed.

It follows that no Employment Equity report has been submitted by the company.

The employment equity status of the company for the year under review:

	Male				Female				
	A	**C**	**I**	**W**	**A**	**C**	**I**	**W**	**Total**
Board: Non-Executive	3		2						5
Board: Executive			1	1					2
Senior management				1					1
Professionally qualified and experienced specialists/mid-management				1				1	2
Skilled technical and academically qualified workers, junior management, supervisors and foremen				2					2
Semi-skilled and discretionary decision-making									
Unskilled									
TOTAL	3		3	5				1	12

Environmental Performance

The Water Use Licence Application ("WULA") for the new Voorslag mine ("Voorslag") has been compiled and submitted to the Department of Water Affairs ("DWA"). To date, this had not been approved.

A rehabilitation programme had been formalised and historical backlog rehabilitation continues.

Broad-Based Black Economic Empowerment

A suitable B-BBEE partner has been identified and a formal agreement was finalised in July 2015

Skills Development/Succession Planning

Skills development and succession planning of operational staff had been suspended. The replacement of members of the Board of Directors and staff essential to managing statutory, legislative requirements and managing the care and maintenance programme and pending the recommencement of operations, will be dealt with as/when required.

Corporate Social Investment

Umlabu implemented various initiatives during the past two years, using local entrepreneurs to provide services to the mine. These included:

- contractors were encouraged to employ only locals where possible;
- an on-mine laundry to launder all employees' overalls at the end of each shift would be re-introduced once mining operations recommenced;
- the tuck shop had been closed pending the re-introduction of mining operations;
- a garden service was being provided by a local entrepreneur;
- grazing land was being made available to local communities;
- local community members were being invited to cut firewood on the mine for personal financial gain;
- water was made available to local communities;
- housing was made available for occupation by local community members; and
- employment is offered to retrenched workers on an ad hoc basis.

Further initiatives will be identified with a view to the development of the local community on an ongoing basis.

Preferential Procurement

All procurement is subject to a balanced scorecard to ensure that previously disadvantaged and local community members obtained an equal opportunity to provide services to the Group. The local community and previously disadvantaged communities enjoy preferential treatment during the adjudication process.

It is noted that there were no procurements made during the financial reporting period.

HIV/AIDS

It is the Group's policy that the ethical practices that govern all health/medical conditions in the employment context shall apply equally to HIV/AIDS in the workplace. There shall be no discrimination between employees with HIV/AIDS and other comparable life-threatening conditions.

Role of Remuneration and Nominations Committee

The Committee is responsible for making recommendations to the Board, on the Group's framework of executive remuneration and all staff at head office. The Committee is responsible for ensuring that levels of remuneration are sufficient to attract and retain Directors and senior management needed to run the Group successfully while maintaining shareholder value.

The Remuneration Policy and Practices which was adopted in March 2014 will be reviewed during 2016.

The policy governing the procedures for appointments to the Board is guided by the Memorandum of Incorporation and a Board appointment policy which has been prepared for approval by the Board at its next meeting. All appointments to the Board are considered by the Board as a whole with the assistance of the Remuneration and Nomination Committee and the procedure will be formal and transparent.

Terms of Reference

The Terms of Reference were approved by the Board in March 2014. These terms of reference will be reviewed during 2016.

Service Contracts

All Executive Directors, prescribed officers and employees have employment contracts with stipulated notice periods of three months (executives) and one month (other employees), by either party. They only receive remuneration in terms of their employment relationship with the Company.

No agreements have been concluded with Executive Directors and prescribed officers for the payment of a fixed sum of money on termination of employment.

Non-Executive Directors' Fees

Non-Executive Directors' fees will remain unchanged for the year ended 31 December 2016. These will be submitted to shareholders for approval at the annual general meeting. The fees payable are as follows:

	Annual	Additional per meeting
Board		
Chairman	R130 000	R10 000
Member	R104 000	R7 500
Audit and Risk Committee		
Chairman	R30 000	R10 000
Member	R17 500	R7 500
Other Committees		
Chairman	R13 000	R5 000
Member	R9 750	R3 500

DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and Group annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements and Group annual financial statements fairly present the state of affairs of the Group and the Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements and Group annual financial statements.

The annual financial statements and Group annual financial statements are prepared in accordance with International Financial Reporting Standards and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and Group and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements and Group annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Board of directors acknowledges its responsibility to ensure the integrity of the integrated report. The Board has accordingly applied its mind to the integrated report and in the opinion of the Board the integrated report addresses all material issues, and presents fairly the integrated performance of the organisation and its impacts. The integrated report has been prepared in line with best practice pursuant to the recommendations of the King III Code (principle 9.).

The Directors have reviewed the Company and Group cash flow forecasts for the year to 31 December 2015 and, in the light of this review and current financial position, they are satisfied that with the continued support by JSW, that the Company and Group has access to adequate resources to continue in operation existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the annual financial statements and Group annual financial statements and their report is presented on pages 15 to 18.

The annual financial statements and Group annual financial statements set out on pages 19 to 58, which have been prepared on the going concern basis, were approved by the Board and were signed on its behalf by:

LR Mamba
Non-Executive Chairman
15 September 2016

CP Tated
Chief Financial Officer

CERTIFICATE OF THE COMPANY SECRETARY

In my capacity as Company Secretary, I hereby confirm, in terms of section 33 together with section 88 of the Companies Act, 2008, that for the year ended 31 December 2015, the Company has lodged with the Commissioner all such returns as are required of a public company in terms of the Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date, with the exclusion of the following:

– The Company failed in terms of section 30(1) and 30 (2)(a) to publish audited provisional financial statements within three months of the financial year-end.
– The Company failed in terms of paragraph 3.4(b)(i) of the JSE Listings Requirements to produce a Trading Statement relating to the Provisional Report for the year ended 31 December 2015.

FJ Jansen van Rensburg

Johannesburg

15 September 2016

Other reports required by the Companies Act

As part of our audit of the Group and Company financial statements for the year ended 31 December 2015, we have read the Directors' Report, Audit Committee's Report and Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited Group and Company financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited Group and Company financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Nkonki Inc.

Nkonki Inc.
Nyarai Muzarewetu Chartered Accountant (SA) Registered Auditor
15 September 2016
1 Simba Road Sunninghill 2157

Annual Financial Statements

REPORT OF THE AUDIT COMMITTEE

This report is provided in respect of the 2015 financial year of the Group as required by the Companies Act, 2008, ("the Act").

Details of the members of the Audit and Risk Committee are set out on page 8 of this report. This Committee was appointed on 19 May 2015.

Execution of the Functions of the Audit Committee

The Audit Committee's duties, are to be executed in accordance with its Terms of Reference as they relate to SACMH's accounting, internal control and financial reporting practices.

During the year under review, the Committee, ensured, *inter alia*:

In respect of the external audit:

- That the appointment of the external auditor complied with the Act and all applicable legal and regulatory requirements for the appointment of the auditor and confirmed that the external auditor and designated auditor are accredited by the JSE;
- Approved the terms of engagement of the external auditors;
- Approved the external audit plan and the budgeted audit fees payable to the external auditor;
- Obtained an annual written statement from the auditor that their independence was not impaired;
- Determined the nature and extent of all non-audit services provided by the external auditor;
- Nominated Nkonki as the external auditor and Mrs Nyarai Muzarewetu as the designated auditor to the shareholders for appointment for the financial year ended 31 December 2015;
- Assessed the independence of the external auditors; and
- Reviewed the experience and expertise of the Chief Financial Officer and satisfied itself as to his suitability for the position.

In respect of the appropriateness and adequacy of the finance function:

- The finance department consisted of a Chief Financial Officer who was also acting as Chief Executive Officer, a financial manager and a bookkeeper during the year under review. This compliment was considered adequate for the needs of the Company while under a care and maintenance programme as trading had ceased and the number of accounting transactions had reduced significantly.

In respect of the financial statements:

- Confirmed the going concern as the basis of preparation of the interim and annual financial statements which is dependent on JSW supporting SACMH. JSW have confirmed their firm intention to continue their financial support of SACMH during 2015;
- Examined and reviewed the interim and annual financial statements, as well as all financial information disclosed to the public prior to submission and approval by the Board;
- Ensured that the annual financial statements fairly present the financial position of the Company and of the Group as at the end of the financial year and the results of operations and cash flows for the financial year and prospects of the Group;
- Considered accounting treatments, significant unusual transactions and accounting judgements;
- Considered the appropriateness of the accounting policies adopted and changes thereto;
- Reviewed the external auditor's audit report;
- Reviewed the disclosures in the sustainability report and consider that the level of activity while the operations are on care and maintenance are adequate to comply with legislative and regulatory standards; and
- Considered any problems identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements.

In respect of the internal financial controls of the Company:

- The Company does not have an internal audit function;
- Have access to JSW's internal audit team when necessary; and
- Have implemented recommendations made by that team to manage risks, internal controls and legal and regulatory matters to ensure that standards of governance are maintained.

In respect of the adequacy of the Finance Director:

- During the year under review Mr David Miller resigned as Finance Director of the Company and Mr Ajit Singh was appointed in his stead. Mr Singh, an employee of JSW and seconded to the Company, resigned from the JSW Group during September and Mr Chandraprakash Tated was appointed to fill the vacancy of the Finance Director. The qualifications and experience of all three incumbents were considered suitable to comply with the requirements of legislation and regulation.

It should be noted that the communication by the JSE, issued on 11 February 2016, titled "Reporting back on proactive monitoring of financial statements in 2015" was not considered by the Audit Committee. This will form part of our considerations going forward.

Since the new appointments to the Audit Committee in May 2015, four Audit Committee meetings have been held, visits organised for members of the Committee to the operations so that they can gain a better understanding of the affairs of the Company and an Audit Committee Plan prepared with a view to monitoring the activities of the Company as required by legislation and recommended by King III.

MHC Dhlamini
Chairman: Audit Committee

15 September 2016

DIRECTORS' REPORT

The Directors have pleasure in presenting their report and audited financial statements for the year ended 31 December 2015. These financial statements have been prepared using appropriate accounting policies, conforming to International Financial Reporting Standards, The Companies Act of South Africa and presented in accordance with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, supported by reasonable and prudent judgements where required.

Nature of Business

The Company is a South African registered and domiciled investment holding company with subsidiaries operating in the coal mining industry.

Performance for the 12 months to 31 December 2015

Operations at the Group's Umlabu Colliery continue to be suspended pending the finalisation of the Water Use Licence Application (WULA) by the Department of Water Affairs (DWAF). All assets and infrastructure is being maintained under a "Care and Maintenance" program.

The Group is utilising its logistical and infrastructural assets to generate rental income to offset the costs incurred while operations remain suspended.

Foreign Exchange Loss

The depreciation of the US$/ZAR rate from R10.674 to R15.398 during the reporting period resulted in an unrealised foreign exchange loss of R141.7 million (2014: R75.3 million) on the shareholders loan.

Depreciation

Depreciation charges of R11 million (2014: R6 million) are higher than the comparative period as a result of continued strain on the global coal market and uncertainty as to when mining operations can resume.

Amortisation of Mining Right

An assessment was made of the expected future cash flows from the mining rights held by the Company. Based on the assessment, no amortisation charge was recorded (2014: nil) as no mining activities were conducted during the year.

Statement of Reserves and Resources and Prospects

There are no changes to the Group's estimated reserves and resources as no mining activities took place. A Competent Persons Report was prepared in 2012 and is available for inspection on the website or at the company's head office. A further report will be prepared once mining operations are resumed upon receipt of the Water Use Licence.

Financing Activities

During the year R4.8 million was transferred to JSW Energy Natural Resources South Africa Proprietary Limited ("JSWENRSAL") to an FNB bank account held in South Africa so as reduce the interest on the Group's major shareholder loan account. The remaining movement on the loan account relates to Foreign Exchange movements and interest. The major shareholder has committed to provide financial support for operational and working capital purposes.

Asset Management

Working capital requirements have been reduced by 73.91% during the period as a result of the following:

- Accounts receivable has reduced due to tighter credit management.
- Accounts payable has increased due to payment terms with suppliers being stretched.
- Total Working Capital balances including cash have decreased from R11.5 million (2014) to R 3 million (2015)

All current portions of interest- and non-interest-bearing liabilities were settled during the prior year.

Taxation

No normal taxation adjustments have been made for the year as the Group has incurred further tax losses for the current year. The deferred tax movement through the statement of consolidated income for the current year was R4.6 million (2014: 68.5 million) and was recorded as a result of the difference between book values and tax values of the Rehabilitation and Bad Debts provisions.

The movement has resulted in a net deferred tax asset of R 8.7 million for the Group.

Mining Rights

The carrying value of Mining Rights is tested against expected economic benefit based on expected cash flows discounted to their present value to determine whether there is any impairment of the value of the Mineral Rights at year-end. No impairment (2014: R53.51 million) as the fair value of the Mining Rights is still considered to reasonably represent the expected future cash flows.

The following significant assumptions have been made in determining the economic value of mineral rights:

- *Selling Prices* – the API4 index as quoted by McCloskeys.
- *Foreign Exchange* – the forecast as quoted by The Standard Bank of South Africa.
- *Discount Rate* – expected future cash flows have been discounted to their present value based on a Weighted Average Cost of Capital (WACC) of 13.1% (2014: 19.41%).

Going Concern

The Group incurred a net loss of R199.13 million (2014: R80.57 million) during the 12 months. The Group's going concern has been underwritten by the support of JSW Energy (a company listed on the Indian Stock Exchanges) which operates through its subsidiary, JSW Energy Natural Resources South Africa Proprietary Limited ("JSWENRSAL"), supporting SACMH. JSW Energy has confirmed its support in writing of their intention to continue financial support of SACMH, subject to the following:

In terms of the loan agreements JSW Energy has undertaken not to accept repayment of its loan accounts until such stage as SACMH's assets, fairly valued, exceed its liabilities. The Group's Life of Mine plan reflects that operations are expected to produce positive cash flows after servicing all debt and capital requirements by 2016 once the WULA is received.

Events after the Reporting Period

Mr QMSM Mokoetle, resigned as Chairman and a member of the board of directors.

Capital Expenditure Commitments

The Group has no capital expenditure commitments.

Contingencies and Commitments

There have been no changes from those disclosed in the Group's Integrated Report for the year ended 31 December 2015.

Prospects

Until such stage as approval of the WULA for the Voorslag reserve at Umlabu Colliery is received, operations will remain suspended. The Group will continue to lease its logistical and its infrastructural assets to third parties in the interim to offset the costs of "Care and Maintenance".

No commitment has been received from the DWAF with regard to finalisation of the WULA.

Share Capital

There have been no changes to the Company's authorised and issued share capital during the year under review.

Distributions

No dividends or distributions out of reserves or share premium were made during the year or subsequent to the year-end.

Directorate

There are no contracts between SACMH and Non-Executive Directors. Executive Directors are appointed by letter of appointment with a notice of termination by either party of three months. No termination bonuses are paid to Directors.

Mr QMSM Mokoetle resigned as Chairman and a member of the Board of Directors.

Mr LR Mamba was appointed as Chairman of the Board on the resignation of Mr Mokoetle.

One meeting of Directors was held on 19 March 2015 but no Board committee meetings were held during the year under review. The names of the Directors and officers who were in office during the period 1 January 2015 to 31 December 2015 are as follows:

Director and Prescribed Officers	Main Board	Audit and Risk	Social and Ethics
Independent Non-Executive Chairman			
QMSM Mokoetle	√	√	–
Non-Executive Chairman			
LR Mamba appointed on 21 September 2015			
Independent Non-Executive Directors			
K Ashraff appointed on 19 May 2015	√	√	–
MHC Dhlamini appointed on 19 May 2015	√	√	–
JM Mokgokong appointed on 19 May 2015	√	√	–
Non-Executive Directors			
P P Menon	√	√	–
Executive Director			
CP Tated	√	–	–
KG Harris appointed on 2 February 2015	√	–	√
Prescribed Officer			
RP Hugo	–	–	√
PF Smit	–	–	–

** The details of the committees are set out on page 8 of this report.*

	Active			Date of appointment	Date of resignation
	2014	2015	2016		
Independent Non-Executive Chairman					
QMSM Mokoetle	Yes	Yes	No	06 Feb 12	15 February 16
Non-Executive Directors					
VP Garg	Yes	No	No	14 June 10	18 December 14
PP Menon	Yes	Yes	Yes	16 November 11	
K Ashraff	No	Yes	Yes	3 February 15	
C Dhlamini	No	Yes	Yes	19 May 15	
J Mokgokong	No	Yes	Yes	19 May 15	
LR Mamba	No	Yes	Yes	21 September 15	
Executive Directors					
K Harris	No	No	Yes	3 February 15	
DGA Miller	Yes	No	No		30 June 14
AP Singh	Yes	No	No	30 June 14	29 September 14
CP Tated	Yes	Yes	Yes	30 September 14	

The movements in the directorate during the reporting period were as follows:

Directors and Prescribed Officers' Emoluments

2015 – Rand

	Directors' fees	**Basic salary**	**Private use of motor vehicle**	**Medical aid**	**Pension**	**Other**	**Total**
Directors							
QMSM Mokoetle	**174 347**	**–**	**–**	**–**	**–**	**1 743**	**176 090**
KG Harris	**–**	**715 000**	**110 000**	**54 800**	**–**	**8 666**	**833 666**
A Ashraff	**144 396**	**–**	**–**	**–**	**–**	**1 444**	**145 840**
HMC Dhlamini	**126 247**	**–**	**–**	**–**	**–**	**1 263**	**127 510**
JM Mokgokong	**111 055**	**–**	**–**	**–**	**–**	**1 110**	**112 165**
LR Mamba	**36 237**	**–**	**–**	**–**	**–**	**363**	**36 690**
C P Tated**	**–**	**986 610**	**–**	**–**	**–**	**–**	**986 610**
Prescribed Officers							
RP Hugo	**–**	**1 312 630**	**58 718**	**–**	**103 378**	**14 169**	**1 488 895**
PF Smit	**–**	**444 148**	**–**	**–**	**32 899**	**6 000**	**483 047**
	592 282	**3 458 388**	**168 718**	**54 800**	**136 277**	**34 758**	**4 390 513**

***Mr CP Tated earned an annual CTC package of 4.2 million Indian Rupees (INR) equivalent to R986 610.*

These emoluments were paid by JSWNRS in India and have not been accounted for in the accounting records of SACMH.

The exchange rate at 31 December 2015 was 4.257 INR for 1 ZAR

2014 – Rand

	Directors' fees	Basic salary	Private use of motor vehicle	Medical aid	Pension	Other	Total
Directors							
QMSM Mokoetle	238 125	–	–	–	–	–	238 125
DGA Miller	–	542 165	71 956	54 800	23 864	–	692 785
AP Singh**	–	652 276	–	–	97 297	–	
CP Tated**	–	760 989	–	–	17 202	–	
Prescribed Officers							
RP Hugo	–	1 200 000	113 443	–		–	1 410 740
PF Smit	–	406 631	–	–		–	423 833
	238 125	2 148 796	185 399	54 800	138 363		2 765 483

***Mr AP Singh earned an annual CTC package of 3.6 million INR equivalent to R652 276.*
***Mr CP Tated earned an annual CTC package of 4.2 million INR equivalent to R760 989.*

These emoluments were paid by JSWNRS in India and have not been accounted for in the accounting records of SACMH.

The exchange rate at 31 December 2014 was 5.49310 INR for 1 ZAR.

Preparer of Integrated Report

The preparation of the consolidated and separate financial statements for the year ended 31 December 2015 were prepared by Signature Business Solutions under the supervision of Chandraprakash Tated. These results have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

Directors' Shareholding

Directors of the Company held no shares in the Company during the year under review.

External Auditors

Nkonki Inc. ("Nkonki") were appointed as external auditors of the Group with effect from 1 November 2015. Shareholder approval was received at the annual general meeting held on 10 December 2015, for the appointment of Nkonki as SACMH's external auditors for the 2015 financial year and confirmation of Mrs Nyarai Muzarewetu as the designated auditor.

Company Secretary

Mr FJ Jansen van Rensburg is the Company Secretary of the Company.

Business address: Building 6, Woodmead Willows Office Park, 19B Morris Street, Woodmead, 2191

Postal address: P O Box 463, Melrose Arch, 2076

After reviewing the Company Secretary's academic qualifications, the Board believes that the Company Secretary meets the requirements to competently carry out the role as Company Secretary.

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2015

		Group		Company	
	Notes	**31 Dec 2015 R'000**	31 Dec 2014 R'000	**31 Dec 2015 R'000**	31 Dec 2014 R'000
ASSETS					
Non-current assets		**293 812**	**321 386**	**50 500**	**50 500**
Property, plant and equipment	5	62 404	75 430	–	–
Intangible assets	6	180 908	180 908	–	–
Deferred tax	7	–	14 548	–	–
Investments and investment in subsidiaries	8	50 500	50 500	50 500	50 500
Current assets		**570**	**8 190**	**7 160**	**5 151**
Group loans	9	–	–	7 160	5 151
Trade and other receivables	10	294	4 845	–	–
Cash and cash equivalents	11	276	3 345	–	–
Total assets		**294 382**	**329 576**	**57 660**	**55 651**
EQUITY AND LIABILITIES					
Capital and reserves		**(428 918)**	**(229 791)**	**(156 839)**	**(108 461)**
Issue capital and premium	12	233 885	233 885	233 885	233 885
Accumulated loss		(398 268)	(199 141)	(390 724)	(342 346)
Revaluation reserve		(264 535)	(264 535)	–	–
Non-current liabilities		**715 215**	**553 940**	**214 499**	**164 061**
Shareholders' loans	13	659 962	498 693	205 886	155 448
Non-current provision	14	46 576	46 576	–	–
Deferred taxation	7	8 677	8 613	8 613	8 613
Other liability		–	58	–	–
Current liabilities		**8 085**	**5 427**	**–**	**51**
Trade and other payables	15	2 507	3 309	–	51
Current provisions		2 672	–	–	–
Other liability		2 906	2 118	–	–
Total equity and liabilities		**294 382**	**329 576**	**57 660**	**55 651**

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2015

		Group		Company	
	Notes	**31 Dec 2015 R'000**	31 Dec 2014 R'000	**31 Dec 2015 R'000**	31 Dec 2014 R'000
Revenue	16	**18 841**	42 595	**–**	–
Cost of sales		**(13 086)**	(37 714)	**–**	–
Gross profit		**5 755**	4 881	**–**	–
Foreign exchange loss	13	**(141 745)**	(75 575)	**(44 778)**	(17 404)
Impairment reversed/(impairment) of asset	6 & 17	**(2 002)**	(53 510)	**–**	–
Depreciation		**(11 025)**	(6 004)	**–**	(876)
Finance Income	19	**54**	28	**–**	–
Other income		**–**	400	**–**	–
Operating expenses		**(18 210)**	(9 462)	**–**	–
Operating (loss)/profit before finance costs and taxation	18	**(167 173)**	(139 242)	**(44 778)**	(18 280)
Finance costs	19	**(16 069)**	(9 907)	**(3 600)**	(2 048))
(Loss)/profit before taxation		**(183 242)**	(149 149)	**(48 378)**	(20 328)
Taxation	7	**(15 885)**	68 577	**(48 378)**	–
(Loss)/profit for the year		**(199 127)**	(80 572)	**–**	(20 328)
Other comprehensive income		**–**	–	**–**	–
Total comprehensive loss attributable to ordinary shareholders		**(199 127)**	(80 572)		–
Loss attributable to ordinary shareholders		**(199 127)**	(80 572)		
Loss per share	20	**(44.01)**	(17.81)		
Diluted loss per share	20	**(44.01)**	(17.81)		
Headline loss per share	20	**(44.01)**	(9.29)		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2015

	Share capital R'000	Share premium R'000	Revaluation reserve R'000	Accumulated loss R'000	Total R'000
Group					
Balance at 1 January 2014	45 246	188 639	(264 535)	(118 569)	(149 219)
Total comprehensive loss attributable to ordinary shareholders – loss for the year				(80 572)	(80 572)
Balance at 1 January 2015	**45 246**	**188 639**	**(264 535)**	**(199 141)**	**(229 791)**
Total comprehensive loss attributable to ordinary shareholders – loss for the year				**(199 127)**	**(199 127)**
Balance at 31 December 2015	**45 246**	**188 639**	**(264 535)**	**(398 268)**	**(428 918)**
Company					
Balance at 1 January 2013	45 246	188 639		(322 018)	(88 133)
Total comprehensive loss attributable to ordinary shareholders – loss for the year				(20 328)	(20 328)
Balance at 1 January 2014	45 246	188 639		(342 346)	(108 461)
Total comprehensive loss attributable to ordinary shareholders – loss for the year				(48 378)	(48 378)
Balance at 31 December 2014	**45 246**	**188 639**		**(390 724)**	**(156 839)**
Note:		12		12	

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2015

	Notes	Group **31 Dec 2015 R'000**	31 Dec 2014 R'000
Cash flows from operations	24	**(5 815)**	4 549
Finance charges paid	19	**–**	(184)
Interest received	19	**54**	28
Net cash flow from operating activities		**(5 761)**	4 393
Cash flow from investing activities		**–**	**–**
Cash from financing activities			
Repayment of shareholder loan		**–**	(5 000)
Increase in shareholders loan		**4 800**	–
RBCT loan movement		**(2 108)**	–
Net cash from financing activities		**2 692**	(5 000)
Net (decrease) in cash and cash equivalents		**(3 069)**	(607)
Cash and cash equivalents at the beginning of the year	11	**3 345**	3 952
Cash and cash equivalents at the end of the year	11	**276**	3 345

Note:
There is no Company statement of cash flows as the Company does not have any cash and cash equivalents

for the year ended 31 December 2015

PRESENTATION OF FINANCIAL STATEMENTS

These annual financial statements are presented in South African Rand thousands (R'000) being the currency in which the majority of the Company's and Group's transactions are denominated and the Company's functional currency.

1. **GENERAL INFORMATION**

   South African Coal Mining Holdings Limited ("the Group") is a limited company incorporated in the Republic of South Africa and listed on the main board of the JSE Limited. The addresses of its registered office and principal place of business are disclosed in the inside back cover of this annual report.

2. **NEW STANDARDS AND INTERPRETATIONS**

   Standards and Interpretations Effective and Adopted in the Current Year

   In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

   IFRS 13 Fair Value Measurement

   Clarification has been settled that entities are still able to measure short-term receivables and payables with no stated interest rate, at invoice amounts without discounting when the effect of discounting is immaterial.

   The clarification is applicable with immediate effect.

   The Group adopted the clarification with immediate effect.

   The clarification did not have a material effect on the Group's consolidated annual financial statements.

   IAS 32: Financial Instruments: Presentation

   The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement". The amendments require retrospective application.

   The effective date of the amendment is for years beginning on or after 1 January 2014.

   The Group adopted the amendment for the first time in the 2014 consolidated annual financial statements. The amendment did not have a material effect on the Group's consolidated annual financial statements.

   Standards and Interpretations not yet Effective

   The Group has chosen not to early adopt the following standards and interpretations and amendments to standards and interpretations:

   Amendment to IFRS 8: Operating Segments: Annual improvements project

   Management are now required to disclose the judgements made in applying the aggregation criteria. This includes a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

   A reconciliation of the reportable segments' assets to the entity's assets, is only required if the segment assets are reported in accordance with paragraph 23. The effective date of the amendment is for years beginning on or after 1 July 2015.

The Group expects to adopt the amendment for the first time in the 2016 consolidated annual financial statements.

It is unlikely that the amendment will have a material impact on the Group's consolidated annual financial statements, as no aggregation is applied yet.

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39: Financial Instruments: Recognition and Measurement (IAS 39) and is effective for annual periods beginning on or after 1 January 2018. The new standard does away with the rule-based classifications previously seen under IAS 39 and instead requires principle-based classifications which are driven by cash flow characteristics of the instrument and the Group's business model. The measurement classes for financial instruments under the new standard comprise amortised cost, fair value through profit or loss and fair value through other comprehensive income.

The standard also incorporates a forward-looking "expected loss" impairment model, which is a departure from the "incurred loss" model applied previously under IAS 39. The forward-looking model includes credit risk assessments from the date of initial recognition using probability-weighted outcomes. Where forward-looking information is not available, there is a rebuttable presumption that credit risk has increased significantly when contractual payments are more than 30 days past due. A three stage approach is used to recognise expected credit losses: stage 1 – 12 month expected credit losses, stage 2 – lifetime expected credit losses, stage 3 – credit impaired lifetime expected credit losses. The standard also incorporates hedge accounting requirements which are more aligned with risk management activities than under the largely rule-based approach of IAS 39.

The group is in the process of assessing the impact of the new standard on the classification and measurement of its financial instruments. The Group will adopt the new standard on its mandatory effective date which is for years beginning on or after 1 January 2018.

IFRS 15 – Revenue from Contracts with Customers

This standard establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It will supersede the following revenue Standards and Interpretations upon its effective date:

- IAS 18 – Revenue;
- IAS 11 – Construction contracts;
- IFRIC 13 – Customer loyalty programmes;
- IFRIC 15 – Agreements for the construction of real estate;
- IFRIC 18 – Transfer of assets from customers; and
- SIC 31 – Revenue-barter transactions involving advertising services.

As suggested by the title of the new Standard, IFRS 15 will only cover revenue arising from contracts with customers. The core principle of the Standard is that the entity should recognise revenue to depict the transfer of the promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new Revenue Standard introduces a 5-step approach to revenue recognition and measurement.

IFRS 15 is effective for reporting periods on or after 1 January 2018 with early application permitted.

The Group has not yet adopted and applied the Standard.

The Group expects to adopt the standard when it becomes applicable.

The impact of the standard is currently being assessed.

IAS 1: Presentation of Financial Instruments

As part of a major initiative to improve presentation and disclosure in financial reports, designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements, such as the following:

- Materiality consideration; and
- Line items in the Statement of Financial Position and Statement of Comprehensive Income can be aggregated or disaggregated as relevant.

The effective date of the amendment is for years beginning on or after 1 January 2016.

The Group expects to adopt the amendment for the first time in the 2016 consolidated annual financial statements.

It is unlikely that the amendments will have a material impact on the Group's consolidated annual financial statements.

IAS 24: Related Party Disclosure: Annual improvements project

The definition of a related party has been amended to include an entity, or any member of a Group of which it is a part, which provides key management personnel services to the reporting entity of the parent of the reporting entity (management entity). Disclosure is required of payments made to the management entity for these services but not of the payments made by the management entity to its Directors or employees.

The effective date of the amendment is for years beginning on or after 1 July 2015.

The Group expects to adopt the amendment for the first time in the 2015 consolidated annual financial statements.

It is unlikely that the amendments will have a material impact on the Group's consolidated annual financial statements.

Amendment to IFRS 13: Fair Value Measurement: Annual improvements project

The amendment clarifies that references to financial assets and financial liabilities in paragraphs 48 – 51 and 53-56 should be read as applying to all contracts within the scope of, and accounted for in accordance with IAS 39 of IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities in IAS 32: Financial Instruments: Presentation.

The effective date of the amendment is for years beginning on or after 1 July 2015.

The Group expects to adopt the amendment for the first time in the 2015 consolidated annual financial statements.

The impact of this amendment is currently being assessed.

IAS 27: Separate Financial Statements

Management are now required to reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statement.

The effective date of the amendment is for years beginning on or after 1 January 2016.

The Group expects to adopt the amendment for the first time in the 2016 separate annual financial statements.

It is unlikely that the amendments will have a material impact on the Group's consolidated annual financial statements.

IAS 38: Intangible Assets – Amendment to the amortisation method of intangible assets

The amendment to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a. When the intangible asset is expressed as a measure of revenue; and
b. When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible assets are highly correlated.

The effective date of the amendment is for years beginning on or after 1 January 2016.

The Group expects to adopt the amendment for the first time in the 2016 consolidated annual financial statements.

It is unlikely that the amendments will have a material impact on the Group's consolidated annual financial statements.

IAS 38: Intangible Assets – Amendment to the revaluation method

The revaluation of the carrying amount of an intangible asset is adjusted to the value in one of the following ways:

a. The gross carrying amount is adjusted consistently with the valuation; or
b. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

The effective date of the amendment is for years beginning on or after 1 July 2014.

The Group expects to adopt the amendment for the first time in the 2015 consolidated annual financial statements.

It is unlikely that the amendments will have a material impact on the Group's consolidated annual financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The annual financial statements of the Group and its subsidiaries have been prepared in accordance with the Companies Act 71 of 2008, International Financial Reporting Standards, the listings requirements of the JSE Limited and SAICA's Financial Reporting Guides as issued by the Accounting Practices Committee.

3.1 Basis of preparation

The annual financial statements have been prepared on the historical cost basis, except as indicated and incorporate the accounting policies set out below.

These accounting policies are consistent with the previous period.

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to effect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that gives it the current ability to direct the relevant activities of the investee);
- Exposure, all rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to effect its investment.

The results of the subsidiaries are included in the consolidated annual financial statements from the effective date that control was acquired to the effective date that control is disposed or lost.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

3.3 *Fair value measurements*

The Group measures the available-for-sale financial asset at fair value. The fair values of the instruments measured at amortised cost are disclosed should it be determined that the carrying value of these instruments does not reasonably approximate their fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows. Based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities; or
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the assets that are recognised in the financial statements at fair value on a recurring basis, the group determines whether transfers have occurred between the levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of the fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.4 *Property, plant and equipment*

The cost of an item of property, plant and equipment is recognised when:

It is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Property, plant and equipment is initially recognised at cost. Cost includes all costs necessary to bring the asset to working conditions for its intended use. This would include not only its original purchase price but also costs of site preparation, delivery and handling, installation, related professional fees and the estimated cost of dismantling and removing the asset and restoring the site. Directly attributable expenses relating to mining and other major capital projects, such as site preparation and exploration are capitalised until the asset is brought to a working condition for its intended use. Any provision recognised for dismantling and site restoration costs at the end of the useful term of the item of property, plant and equipment, forms part of the initial cost price of the item of property, plant and equipment.

Measurement subsequent to initial recognition is stated below per class of property, plant and equipment:

Land is stated at cost and is not depreciated. Buildings and all other items of property, plant and equipment are reflected at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged on a straight-line basis over the estimated useful lives of the assets after taking into account the estimated residual value of the assets. Useful life is the period of time over which the asset is expected to be used.

Depreciation commences when the asset is available for use and continues until the asset is derecognised, even if it is idle.

Items of property, plant and equipment are capitalised in components where components have a different useful life to the main item of property, plant and equipment to which the component can be logically assigned.

The estimated useful life of assets, depreciation methods thereof and their residual values, are re-assessed at the end of each reporting period with any changes in such accounting estimates being adjusted in the financial year of re-assessment and applied prospectively. The estimated useful lives of items of property, plant and equipment are:

• Land	Indefinite
• Buildings	20 years
• Fixed plant and equipment	2 – 20 years
• Mobile plant and equipment	5 years
• Motor vehicles	4 years

Maintenance and repairs which neither materially add to the value of assets nor appreciably prolong their useful lives are taken to profit or loss.

At the end of each reporting period the Group reviews the carrying amounts of the items of property, plant and equipment to determine whether there is any indication that those items have suffered an impairment loss. If any such indication exists, the recoverable amount of the item is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the item for which the estimates of future cash flows have not been adjusted. If the recoverable amount of the item is estimated to be less than its carrying amount, the carrying amount of the item is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Property, plant and equipment is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its use or disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

3.5 Leasing

The Group as lessee

Operating lease

Operating lease payments are recognised as an expense on the straight-line basis over the lease term.

The Group as lessor

Operating lease

Operating lease income is recognised as income on a straight-line basis over the lease term. The difference between the amounts recognised as income and the contractual receipts is recognised as an operating lease asset that is not discounted.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

3.6 Intangible assets

An intangible asset is recognised when:

*It is probable that the expected future economic benefits that are attributable to the asset will flow to the Company; and the cost of the asset can be measured reliab*ly.

Intangible assets are initially recognised at cost.

Intangible assets acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is recognised the intangible asset used. The amortisation method is reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for in the period of the change.

Intangible assets comprise of mineral rights which are accounted for at original cost to the Group on acquisition.

Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

3.7 Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.8 Translation of foreign currencies

In preparing the annual financial statements of the individual entities, transactions in currencies, other than the entity's functional currency (foreign currencies), are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at historical cost should be reported using the exchange rate at the date of the transaction. When non-monetary items are carried at fair value, the rate should be reported as when the fair values were determined.

Exchange differences are recognised in profit or loss in the period in which they arise.

3.9 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts received for goods and services provided in the normal course of business and net of value added tax.

3.9.1 Lease income

Lease income is recognised in accordance with the lease policy.

3.9.2 Interest income

Interest is recognised, in profit or loss, using the effective interest rate method.

3.10 Taxation

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

3.11 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Decommissioning and environmental rehabilitation

Provision is made for environmental rehabilitation and decommissioning costs where either a legal or constructive obligation is recognised as a result of past events. Estimates are based upon costs that are regularly reviewed and adjusted as appropriate for new circumstances.

Provisions are raised in the rehabilitation provision, operated in accordance with the statutory requirements to provide for the estimated cost of pollution control and rehabilitation during and at the end of the life of the mine.

3.12 Related parties

A related party in case of the Group, is a person or entity that is related to the entity that is preparing its financial statements (referred to as the "reporting entity").

a. A person or a close corporation of the person's family is related to the Group if that person:

(i) Has control or joint control over the Group
(ii) Has significant influence over the Group; or
(iii) Is a member of the key management personnel of the Group or of the parent of the Group

b. An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member);
(iii) The entity is controlled or jointly controlled by a person identified in (a); or
(iv) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel or the entity (or of a parent of the entity).

The related parties of the Group consist of the subsidiaries of the Group.

3.13 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, less transactions costs to sell.

Financial assets

Classification

Financial assets are classified into the following specified categories:

- Available-for-sale financial assets.
- Loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Subsequent measurement

Available-for-sale financial assets are subsequently measured at fair value with fair value adjustments recognised in other comprehensive income.

Loans and receivables are subsequently measured at amortised cost, using the effective interest rate method, less accumulated impairment losses.

Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating interest income and finance cost over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or (where appropriate) a shorter period, of the net carrying amount on initial recognition.

Available-for-sale financial asset

The Group has an investment in unlisted shares that are not traded in an active market, but that is also classified as an available-for-sale financial asset and stated at fair value.

Loans and receivables

Trade and other receivables and Group loans are classified as "loans and receivables".

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call, and investments in money market instruments, net of bank overdrafts, all of which are available for use by the group unless otherwise stated. The carrying amounts of these assets approximate their fair value.

Impairment of financial assets

At each reporting date the group assesses all financial assets to determine whether there is objective evidence that a financial asset or group or financial assets have been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit and loss.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period. With the exception of available-for-sale equity instruments if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expires, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity

Financial liabilities

Classification

Financial liabilities are classified as financial liabilities measured at amortised cost and consists of the following:

- Trade and other payables
- Shareholders' loans
- Other financial liabilities

The classification depends on the nature and purpose of the financial liability and is determined at the time of initial recognition.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Trade and other payables

Trade and other payables are classified as financial liabilities at amortised cost.

Shareholders' loans

These financial liabilities are classified as financial liabilities at amortised cost.

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

3.14 Share capital, share premium and equity

An equity instrument is any contract that evidences a residual interest in the assets of an equity after deducting all of its liabilities.

Ordinary shares and share premium are classified as equity.

4. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are treated as a change in accounting estimate and are recognised prospectively.

4.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see 4.2 below), that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Estimated residual values and useful lives of property, plant and equipment

The residual values of the property, plant and equipment are reviewed annually after considering the current condition of the asset, future market conditions, the remaining life of the asset and projected disposal values. The estimation of the useful lives is based on historic performance as well as expectation about future use and, therefore, requires a degree of judgement to be applied. The depreciation rates represent management's current basis estimate of the useful lives of the assets.

Deferred taxation

Deferred taxation assets are recognised to the extent it is probable that the taxable income will be available against which they can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation and taxation rates and competitive forces.

Impairment

The group assesses at each balance sheet date whether there is objective evidence that either an asset or a group of assets is impaired.

Investments

The group reflects its available-for-sale investments at fair value. The directors' value of unlisted investments was determined using a combination of discounted cash flow, net asset value and price earnings methods.

Trade receivables

Management identifies impairment of trade receivables on an ongoing basis. An impairment allowance in respect of doubtful debts is raised against trade receivables when their collectability is considered to be doubtful. Management believes that the impairment adjustment is conservative and there are no significant trade receivables that are doubtful and have not been impaired or an allowance provided. In determining whether a particular receivable could be doubtful, the age, customer's current financial status and disputes with the customer are taken into consideration.

Rehabilitation provision

Provision is made for environmental and decommissioning costs where either a legal or a constructive obligation is recognised as a result of past events. Estimates are made in determining the present obligations of environmental and decommissioning provisions, which include the actual estimate, the discount rate and the expected date of suspension of mining activities in determining the present value of environmental and decommissioning provisions. Estimates are based upon costs that are regularly reviewed by internal and external experts, and adjusted as appropriate for new circumstances.

Mining Right

The estimated value of future cash flows are discounted to their present value based on the expected market conditions to determine whether there has been any reduction in value.

4.2 Key sources of estimation uncertainty

Key sources of uncertainty relate to the mine's economic ability of the mineral rights (as set out in the competent Person's Report) and the effect that this has on the carrying value of the asset on the balance sheet. The carrying value of the mineral rights at 31 December 2015 was R180.9 million (2014: R180.9 million).

The going concern status of the group is reviewed annually by the directors and an unconditional letter of support has been put in place as a guarantee for the groups' going concern needs, including operational and cash flow requirements.

4.3 Determination of fair value

A number of the group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4.3.1 Investments

The unlisted investment in Richards Bay Coal Terminal Proprietary Limited is valued at cost which management believes represents fair value, which is evaluated by the group annually.

4.3.2 Environmental rehabilitation obligation

The long term obligation resulting from environmental disturbances associated with the group's mining operations estimates are determined by independent environmental specialists, as well as internal specialists, in accordance with environmental regulations and value over the expected period of the programme.

5. PROPERTY, PLANT AND EQUIPMENT

	2015				2014			
	Cost R'000	**Accumulated depreciation R'000**	**Accumulated impairment R'000**	**Accumulated Carrying value R'000**	Cost R'000	Accumulated depreciation R'000	Accumulated impairment R'000	Accumulated Carrying value R'000
Group								
Owned assets								
Land and buildings	**90 657**	**(29 602)**	**(4 998)**	**56 057**	90 657	(23 050)	(3 482)	64 125
Plant and equipment	**62 802**	**(53 861)**	**(2 709)**	**6 233**	62 802	(49 488)	(2 223)	11 091
Motor vehicles	**1 141**	**(1 027)**	**–**	**114**	1 141	(927)	–	214
	154 600	**(84 490)**	**(17 361)**	**62 404**	154 600	(73 465)	(5 705)	75 430

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at start of year R'000	Depreciation R'000	Impairment R'000	Prior period error correction	Carrying value R'000
Group 2015					
Owned assets					
Land and buildings	**65 125**	**(6 552)**	**(1 516)**		**56 057**
Plant and equipment	**11 091**	**(4 373)**	**(486)**	**–**	**6 233**
Motor vehicles	**214**	**(100)**	**–**	**–**	**114**
	75 430	**(11 025)**	**(2 002)**	**–**	**62 404**
Group 2014					
Owned assets					
Land and buildings	66 789	(2 668)	–		64 125
Plant and equipment	14 174	(3 827)	–	4	11 091
Motor vehicles	471	(257)	–	744	214
	81 434	(6 752)	–	748	75 430

6. INTANGIBLE ASSETS

	2015				2014			
	Cost R'000	**Accumulated amortisation R'000**	**Impairments R'000**	**Carrying value R'000**	Cost R'000	Accumulated amortisation R'000	Impairments R'000	Carrying value R'000
Group								
Owned assets								
Mineral rights	**392 257**	**(42 489)**	**(168 860)**	**180 908**	392 257	(42 489)	(168 860)	180 908
Total	**392 257**	**(42 489)**	**(168 860)**	**180 908**	392 257	(42 489)	(168 860)	180 908

The carrying value of intangible assets can be reconciled as follows:

	Carrying value beginning of year R'000	Impairment R'000	Carrying value end of year R'000
Group 2015			
Mineral rights	**180 908**	**–**	**180 908**
Total	**180 908**	**–**	**180 908**
Group 2014			
Mineral rights	234 418	(53 510)	180 908
Total	234 418	(53 510)	180 908

Mineral rights

On the statement of financial position date the mineral rights are tested for impairment. The carrying value of mineral rights is tested against the expected economic benefit based on the expected cash flows discounted to their present value to determine whether there is any impairment of the value of the mineral right at year-end.

Significant assumptions

The following significant assumptions are made in determining the economic value:

- *Expected market conditions* – information available at the reporting date is utilised to determine value. Forecasts to account for expected changes as a result of market conditions at the reporting date are based on the following significant assumptions;
  - Forecasted coal selling prices – the API4 index. The API4 index is the benchmark price for coal exported out of South Africa's Richards Bay Terminal and is used in physical and over the counter contracts. This is calculated as an average of the Argus fob Richards Bay assessment and the IHS McCloskeys FOB Richards Bay marker; and
  - Foreign exchange – the forecast USD/ZAR as forecast by The Standard Bank of South Africa Limited; and
  - Discount rate – expected future cash flows are discounted to their present value based on a Weighted Average Cost Capital of 13.10% (2014: 19.41%).

Included in the valuation of the mining right at year-end are the following index rates:

Assumption	Amount	Potential impairment to mining right value (R'000)	
	Change	<10%	>10%
Coal Export Price – API4	–	2 500	–
SA Rand/US Dollar exchange rate	–	–	15 598
WACC	–	13 098	–

Future cash flows – the expected future cash flows estimated include the following operational assumptions:

- *Reserves* – the estimated reserves as included in the updated resource and reserve statement together with the yields reflected in the Independent Engineer's Report in this report; and
- *Period* – the estimated life of the mine is 12 years; and
- *Operational and overhead costs* – estimated costs are based on existing costs;
- *Capital expenditure* – estimated capital expenditure is based on the updated Mine Works Programme which has been utilised to develop the Life of Mine plan.
- *A major risk facing the group is the failure of the coal prices to rise above the cost of production after the Water Use Licence is issued enabling the mine to commence mining the new reserve at Voorslag.*

Explanation:

Operational costs are maintenance and upkeep of the mine and its assets.

Salaries of Mine personnel, security and mine related statutory consultancy services ie health and safety, environmental agent and surveyor costs.

Overhead costs re Head office rental, JSE related Creditors and Salaries of Directors and HO staff.

7. INCOME AND DEFERRED TAX

	2015 R'000	2014 R'000
Group:		
Deferred taxation		
Revaluation/(impairment) of mineral rights	**–**	–
Rehabilitation provision	**–**	13 041
Gain on loans acquired from subsidiaries	**–**	–
Bad Debts Provision	**–**	1 504
Pre-paid expenses	**(64)**	–
	(64)	14 545
Balance at 1 January	**14 545**	(54 032)
Statement of comprehensive income charge	**(14 609)**	68 577
Total deferred tax asset	**(64)**	14 545
Deferred taxation assets for assessed losses not provided for due to the uncertainty surrounding their ultimate realisation	**(47 280)**	(47 280)
Statement of comprehensive income (charge)/credit	**(15 885)**	
South African Tax Penalty	**(1 276)**	–
Deferred taxation –current year	**(14 609)**	–
Tax reconciliation	**%**	%
Tax at the standard tax rate	**(28.00)**	(28,00)
Deferred tax asset not raised	**20.13**	(17.98)
Deferred tax on restructure reversal		
Permanent impairments		
Tax rate per financial statements		
Company:	**(7.87)**	(45.98)
Deferred taxation liability	**8 613**	8 613
Gain on loans acquired in subsidiaries	**8 613**	8 613

The Group has no taxable income.

8. INVESTMENTS AND INVESTMENTS IN SUBISDIARIES

Investments on group level

	2015		2014	
	Cost R'000	**Carrying value R'000**	Cost R'000	Carrying value R'000
Group				
Investment in RBCT	**50 500**	**50 500**	50 500	50 500

This investment comprise 1,000 ordinary shares acquired in terms of the agreement with Richards Bay Coal Terminal Proprietary Limited, which entitles the Group to export 120,000 tons (2014: 120,000 tons) of product per annum through Richards Bay Coal Terminal.

No fair value adjustment has been made. The investment's fair value can't be determined as too many variables exist and the variables are changing constantly, therefore the available-for-sale asset is measured at cost.

Investments on company level

	2015 Cost R'000	2015 Carrying value R'000	2014 Cost R'000	2014 Carrying value R'000
Company				
Investment in subsidiaries	**19 800**	**19 800**	19 800	19 800
Less: Impairments	**(19 800)**	**(19 800)**	(19 800)	(19 800)
Investment in RBCT	**50 500**	**50 500**	50 500	50 500
Total	**50 500**	**50 500**	50 500	50 500

All subsidiaries country of incorporation is the Republic of South Africa and the proportion of ownership interest held and principal activities are:

Entity	**2015 (%)**	2014 (%)	Principal activity at year-end	**2015 Carrying Value R'000**	**Profit/ (loss) after tax 2015 R'000**	Profit/ (loss) after tax 2014 R'000
Ilanga Coal Mines Proprietary Limited	**100**	100	Dormant coal mine	**–**	**–**	(45)
Jigmining Operations No 1 Proprietary Limited	**100**	100	Dormant	**–**	**–**	–
Jigmining Operations No 3 Proprietary Limited	**100**	100	Dormant	**–**	**–**	–
SACM (Breyten) Proprietary Limited	**100**	100	Mine holding company	**–**	**(108 479)**	(64 003)
SACM (Newcastle) Proprietary Limited	**100**	100	Dormant	**–**	**–**	–
South African Coal Mining Equipment Company Proprietary Limited	**100**	100	Equipment leasing company	**–**	**–**	(162)
South African Coal Mining Operations Proprietary Limited	**100**	100	Mine operating company	**–**	**(16 752)**	(1 926)
Umlabu Colliery Proprietary Limited	**100**	100	Holder of mining right	**–**	**(26 538)**	(94 840)
Voorslag Coal Handling Proprietary Limited	**100**	100	Siding operating company	**–**	**–**	–
Yomhlaba Coal Proprietary Limited	**100**	100	Dormant	**–**	**–**	–

The carrying value of all investments have been impaired in full.

9. GROUP LOANS

	2015 R'000	2014 R'000
Amounts owing by Group companies		
Company:		
SACMH (Breyten) Proprietary Limited	**111 545**	111 545
South African Coal Mining Operations Proprietary Limited	**7 160**	5 151
Yomhlaba Coal Proprietary Limited	**33 365**	33 365
Umlabu Colliery Proprietary Limited	**4 921**	4 921
	156 991	154 982
Less: Impairments	**(149 831)**	(149 831)
Total	**7 160**	5 151

These loans are unsecured, interest free and are repayable on demand.

The carrying value of group loans is considered to approximate fair value, due to the nature of the loans and the loans' terms.

10. TRADE AND OTHER RECEIVABLES

	2015 R'000	2014 R'000
Group:		
Trade and other receivables	**–**	11 527
Less: Provision for bad debts	**–**	(7 258)
Prepayments	**–**	–
Deposits	**294**	66
VAT receivable	**–**	510
	294	4 845

Trade receivables disclosed above are considered to be fairly valued, due to the short term nature thereof.

The average credit period on leasing revenue is 30 days. No interest is charged on trade receivables. The Group has recognised an allowance for doubtful debts of 100% against receivables over 120 days. Allowances for doubtful debts are recognised against trade receivables between 60 days and 120 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position. Refer to note 22 for further disclosures on trade receivables and impairments.

11. CASH AND CASH EQUIVALENTS

Group	2015 R'000	2014 R'000
Bank balance	**276**	3 345
	276	3 345

Due to the short term nature of cash and cash equivalents the carrying amount is deemed to approximate the fair value.

The credit quality of the Group's financial service provider is evaluated as good, as the group banks with a major South African financial service provider.

12. SHARE CAPITAL AND PREMIUM (Group and Company)

	2015 R'000	2014 R'000
Authorised		
700,000,000 ordinary shares of R0.10 each	**70 000**	70 000
Issued		
452,454,204 ordinary shares of R0.10 each	**45 246**	45 246
Share premium	**188 639**	188 639
	233 885	233 885

The shareholders are requested to place the unissued share capital under the control of the directors at each annual general meeting.

13. SHAREHOLDERS' LOANS

	2015 R'000	2014 R'000
Group:		
Long-term loan – JSW Energy Natural Resources South Africa Proprietary Limited		
Loan from JSW Energy Natural Resources South Africa Proprietary Limited to SACM (Breyten) Proprietary Limited carried interest at the three-month LIBOR rate and at a fixed spread of 2.5%. The capital sum as well as the accrued interest is repayable on 23 July 2017. Currency for this loan is US Dollar.	**454 076**	343 247
Loan from JSW Energy Natural Resources South Africa Proprietary Limited to South African Coal Mining Holding Limited, which carried interest at the one-month LIBOR rate and at a fixed spread of 2.5%. Interest is repayable on the last business day of each calendar month and the capital is repayable on 17 December 2017. Currency for this loan is US Dollar.	**182 155**	133 724
Loan from Mainsail Trading 55 Proprietary Limited to South African Coal Mining Holding Limited agreed to advance working capital to a maximum capital amount of R17,5 million. The loan attracts interest at variable prime interest rate and is repayable when South African Coal Mining Holding Limited raises money through rights issue or loan extended by South African Coal Mine Holding Limited current financial service provider, Standard Bank, whichever is earlier.	**23 731**	21 722
Total	**659 962**	498 693
Company:		
The applicable loans for SACMH are as follows:		
JSW Energy Natural Resources South Africa Proprietary Limited loan (refer to terms above)	**182 155**	133 724
Mainsail Trading 55 Proprietary Limited loan (refer to terms above)	**23 731**	21 722
Total	**205 886**	155 446

The movement in the loan from JSW Energy Natural Resources South Africa Proprietary Limited relates to additions of R4.8 million, foreign exchange differences of R141.745 million (2013: R 75,575 million) and interest of R12,716 million. The foreign exchange loss is as a result of the revaluation of the US Dollar loan value at the closing exchange rate at year-end.

The movement in the loan from Mainsail Trading 55 Proprietary Limited relates to interest accrued of R2.041 million.

14. **NON-CURRENT PROVISION**

	2015 R'000	2014 R'000
Group:		
Balance at 1 January	**46 576**	44 286
Change in provision for the year	**–**	2 290
Total	**46 576**	46 576

Explanation: The Change in provision relates to the increase of the Environmental consultants Rehabilitation certificate issued at the end of the year

15. **TRADE AND OTHER PAYABLES**

	2015 R'000	2014 R'000
Group:		
Trade and other payables	**1 000**	2 676
Expense accruals	**975**	225
Leave pay	**532**	408
	2 507	3 309
Company:		
Trade and other payables	**–**	51
	–	51

Trade and other payables will be paid within 12 months, no interest is levied on late payments and therefore discounting has not been taken into consideration. The carrying value of trade and other payables is considered to approximate fair value due to the short-term nature thereof.

16. **REVENUE**

	2015 R'000	2014 R'000
Group:		
Major classes of revenue comprise:		
Leasing income	**18 841**	42 595
	18 841	42 595

Due to the suspension of mining activities the group has explored other revenue generating opportunities of which leasing of mine assets and railage allocation assets comprised most of the revenue.

17. **IMPAIRMENT REVERSED/(IMPAIRMENT) OF ASSETS**

During a site inspection conducted in relation to the audit of the 2015 financial statements, it was ascertained that the following assets needed to be impaired in order to accurately reflect their fair value:

- Furniture and Fittings by R 51 877
- Land and Buildings by R 1 464 175
- Plant and Equipment by R 185 303
- Leased Equipment by R 300 702

	2015	2014
Group: Impairment of intangible assets		
Impairment of intangible assets	**–**	(53 510)
Impairment of		
– Furniture and Fittings	**(52)**	–
– Land and Buildings	**(1 464)**	–
– Plant and Equipment	**(185)**	–
– Leased Equipment	**(301)**	–
Net impairment Charge	**2 002**	–
Company:		
Reversal of impairment of Group loans	**–**	18 552

RESTATEMENT

During the current year, it was found that expenses incurred in relation to the RBCT Deferred Loan in 2014 were not accounted for in that year. A correction has been processed whereby the RBCT Deferred Loan was increased by R2 066 000 with a corresponding increase in RBCT Expense. A SENS announcement dated 1 August 2016 was released detailing the circumstances surrounding the adjustments made.

During inspection of the fixed asset register in 2015, it was found that certain assets had been incorrectly depreciated by amounts greater than their carrying value, resulting in assets being reflected at negative values. A correcting journal was passed that reduces accumulated depreciation by the following amounts:

- Office Equipment by R1 916
- Owned Assets by R26 945
- Site Establishment by R2 042
- Plant and Equipment by R717 252

The correction of these errors has resulted in the following changes:

Statement of Financial Position	**Audited 31 December 2014 R'000**	**Restated 31 December 2014 R'000**	**Difference 31 December 2014 R'000**
Assets			
Non-current assets			
Property, plant and equipment	74 682	75 430	748
Equity and liabilities			
Current liabilities			
Other Liability	(52)	(2 118)	(2 066)
Statement of profit or loss			
Depreciation	(6 752)	(6 004)	748
Operating expenses	(7 396)	(9 462)	(2 066)
Basic loss per share	(17.51)	(17.81)	(0.29)
Diluted loss per share	(17.51)	(17.81)	(0.29)
Headline earning per share	(9.00)	(9.29)	(0.29)

18. **OPERATING (LOSS)/PROFIT BEFORE FINANCE COSTS AND TAXATION**

	2015	2014
Group:		
Operating loss for the year has been arrived at after:		
Auditors' remuneration –audit fees	**2 064**	614
Employee costs – short term	**5 691**	5 447
Foreign exchange losses/(gains)		
Loans	**141 745**	75 575
Directors' fees		
QMSM Mokoetle	**176**	238
A Ashraff	**146**	–
HMC Dhlamini	**128**	–
JM Mokgokong	**112**	–
LR Mamba	**37**	–
Directors' salary		
D G A Miller	**–**	693
KG Harris	**834**	–
Total directors fees	**1 433**	931
Prescribed officer's remuneration		
R Hugo	**1 489**	1 410
P Smit	**483**	424
Total	**1 972**	1 834
Company:		
Audit fees	**–**	–

19. **FINANCE INCOME AND COSTS**

	2015 R'000	2014 R'000
Group		
Finance income		
Bank	**54**	28
Finance costs		
Bank	**–**	–
JSW Energy Natural Resources South Africa Proprietary Limited	**(12 716)**	(7 874)
SARS	**(1 345)**	(1 845)
Mainsail Trading 55 Proprietary Limited	**(2 008)**	(1 848)
	(16 069)	(9 907)
Company		
Finance costs		
JSW Energy Natural Resources South Africa Proprietary Limited	**(3 651)**	(2 048)
Mainsail Trading 55 Proprietary Limited	**(2 008)**	(1 848)

20. LOSS PER SHARE

Group	2015 R'000	2014 R'000
Loss attributable to ordinary shareholders	**(199 127)**	(80 572)
Weighted average number of shares in issue ('000)	**452 454**	452 454
Basic loss per share (cents)	**(44.01)**	(17.81)
	452 454	452 454
Diluted average number of shares ('000)		
Diluted loss per share (cents)	**(44.01)**	(17.81)
Headline earnings reconciliation:		
Basic earnings loss	**(199 127)**	(80 572)
Adjusted for:	**–**	53 510
Impairment of mining right	**–**	(14 983)
Headline loss	**(199 127)**	(42 045)
Weighted average shares in issue for the year ('000)	**452 454**	452 454
Diluted average shares in issue ('000)	**452 454**	452 454
Headline loss per share (cents)	**(44.01)**	(9.29)
Headline diluted loss per share (cents)	**(44.01)**	(9.29)

21. FINANCIAL INSTRUMENTS

a Categories of financial instruments

	Available-for-sale financial assets R'000	Loans and receivables R'000	Total R'000	Fair value* R'000
Group:				
Financial assets				
2015				
Investments (see note 8)	**50 500**	**–**	**50 500**	**50 500**
Trade receivables (see note 10)	**–**	**294**	**294**	**294**
Cash and cash equivalents (see note 11)	**–**	**276**	**276**	**276**
	50 500	**570**	**51 070**	**51 070**
2014				
Investments (see note 8)	50 500	–	50 500	50 500
Trade receivables (see note 10)	–	4 335	4 845	4 845
Cash and cash equivalents (see note 11)	–	3 345	3 345	3 345
	50 500	8 190	58 690	58 690
Company:				
Financial assets				
2015				
Investments (see note 8)	**50 500**	**–**	**50 500**	**50 500**
Group loans (see note 9)	**–**	**7 190**	**7 190**	**7 190**
	50 500	**7 190**	**57 190**	**57 190**
2014				
Investments (see note 8)	50 500	–	50 500	50 500
Group loans (see note 9)	–	5 151	5 151	5 151
	50 500	5 151	55 651	55 651

* See all note references for detail on the fair value of the financial assets.

	Amortised costs R'00	Total R'000
Group:		
Financial liabilities		
2015		
Trade and other payables	**2 507**	**2 507**
Shareholders' loans	**659 962**	**659 962**
	662 469	**662 469**
Group:		
Financial liabilities		
2014		
Trade and other payables	3 309	3 309
Shareholders' loans	498 693	498 693
	502 002	502 002
Company:		
2015		
Trade and other payables	**–**	**–**
Shareholders' loan	**205 886**	**205 886**
	205 886	**205 886**
Company:		
2014		
Trade and other payables	51	51
Shareholders' loan	155 446	155 446
	155 497	155 497

22. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's performance. There has been no change in the manner in which these risks are managed.

a. **Liquidity risk**

Liquidity risk is the risk that the Group will be unable to meet a financial commitment. The risk is minimised through the holdings of cash balances and sufficient available borrowing facilities. In addition detailed cash flow forecasts are regularly prepared and reviewed by the Board. The liquidity risk is managed through JSW Energy Natural Resources South Africa Proprietary Limited providing financing and agreeing not to request repayment of its loans. The following table details the Group's contractual maturity for its non-derivative financial liabilities. The table has been compiled based on the undiscounted cash flows of financial liabilities and include both the principal and interest payments.

	<1 year R'000	1 – 2 years R'000	2 – 5 years R'000	Thereafter R'000	Total R'000
Group					
2015					
Trade and other payables	**2 676**	**–**	**–**	**–**	**2 676**
Shareholders' loans	**–**	**–**	**659 962**	**–**	**659 962**
	2 676	**–**	**659 962**	**–**	**662 638**
Group					
2014					
Trade and other payables	2 676	–	–	–	2 676
Shareholders' loans	–	–	498 693	–	498 693
	2 676	–	498 693	–	501 369
Company					
2015					
Trade and other payables	**–**	**–**	**–**	**–**	**–**
Shareholders' loans	**–**	**–**	**205 886**	**–**	**205 886**
	–	**–**	**205 886**	**–**	**205 886**
Company					
2014					
Trade and other payables	–	51	–	–	51
Shareholders' loans	–	–	155 446	–	155 446
	–	–	155 446	–	155 497

b. **Credit risk**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above.

This information is supplied by independent rating agencies where available and, if not available, the group uses other publicly available financial information and its own trading records to rate its customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management annually.

Trade receivables disclosed include amounts (see below for age analysis) that are past due at the end of the reporting period but against which the Group has recognised an allowance for doubtful receivables on the receivables past due more than 90 days, because there has not been a significant change in credit quality and the amount is considered unrecoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

The maximum credit exposure for trade and other receivables are:

	Gross amount 2015 R'000	**Impairment 2015 R'000**	Gross amount 2014 R'000	Impairment 2014 R'000
Ageing of trade and other receivables				
Not past due	**–**	**–**	2 504	–
Past due 0-30 days	**–**	**–**	1 765	–
Past due 30-90 days	**–**	**–**	–	–
Past due more than 90 days	**–**	**–**	7 258	(7 258)
	–	**–**	11 527	(7 258)

All past due amounts are reviewed during the year and it was found that none were recoverable. As a result, all amounts outstanding from debtors were written off as bad debts.

Impairment of trade and other receivables:

	2015 R'000	2014 R'000
Balance at the beginning of the year	**(7 258)**	(7 658)
Included in the statement of comprehensive income	**7 258**	400
Balance at end of the year	**–**	(7 258)

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

The Group's exposure to credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk is continuously monitored with exposure being controlled by credit limits that are reviewed and approved by the Board. Ongoing credit evaluation is performed on the financial condition of customers.

The table below sets out the credit limit of the customers representing more than 5% of the total balance at year-end:

	2015		2014	
	Credit Limit R'000	**Carrying amount R'000**	Credit Limited R'000	Carrying amount R'000
Customer				
HMS	**3 000 000**	**–**	3 000 000	1 760 665
Barberry Rail Management	**3 000 000**	**–**	3 000 000	1 843 743
Total	**6 000 000**	**–**	3 400 000	3 098 193

The average credit provided to customers is 30 days from statement. No interest is charged on the trade receivables.

There is no credit risk associated with Group Loans as the loans are within the group and all the companies are under the control of the same directors.

c. **Market risk**

i. ***Foreign exchange risk***

The Group operates internationally and is exposed to foreign exchange risk arising mainly from the US dollar. Foreign exchange risk arises from commercial transactions and recognised assets and liabilities.

The following table details the Group's sensitivity to a 10% increase and decrease in the Rand against the relevant USD foreign currency on profit and loss:

	2015 R'000	2014 R'000
Sensitivity analysis		
Profit and loss:		
USD 10% up	**(63 868)**	(63 868)
USD 10% down	**63 868**	63 868

Currency analysis	**Rate at year-end**	**Average rate**
2015 – US Dollar	**$1: R15.56**	**$1: R12.76**
2014 – US Dollar	$1: R11.69	$1: R11.62

ii. ***Interest rate risk***

The Group is exposed to interest rate risk because entities in the Group borrow funds at floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

	2015 R'000	2014 R'000
Financial liabilities		
Variable interest rate borrowings (repayable)	**659 962**	498 693
	659 962	498 693

A 1% movement in the LIBOR rate will have a R4.5 million (2014 R0.2 million) effect on the Group's interest charge/operating income.

d. **Capital risk Management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in note 13, cash and cash equivalents disclosed in note 11, and equity as disclosed in the statement of financial position.

The Group's shareholder, JSW Energy Natural Resources South Africa Proprietary Limited Energy India, has undertaken not to accept repayment of its loans until such time as the Group's assets, fairly valued, exceed its liabilities to safeguard the Group's ability to continue as a going concern.

23. **RELATED PARTIES**

Identity of related parties

The Group has a related party relationship with its subsidiaries. Key management personnel have been defined as the executive and non-executive directors of the Group, as well as other employees with significant roles. The definition of key management includes the close members of family of key management personnel and any other entity over which key management exercises control. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Group. They may include the individual's domestic partner and children, the children of the individual's domestic partner, and dependants of the individual or the individual's domestic partner. Key management are identified as the directors and prescribed officers.

Transactions between the subsidiaries, which are related parties of the Group, have been eliminated on consolidation and not disclosed in this note.

Please refer to directors' emoluments in note 19.

a. **Trading transactions**

During the year, Group entities entered into the following trading transactions with related parties that are not members of the Group:

	2015 R'000	2014 R'000
Interest paid		
Mainsail Trading 55 Proprietary Limited	**2 008**	1 848
JSW Energy Natural Resources South Africa Proprietary Limited	**12 716**	7 875

b. **Loans from related parties**

Group:		
Shareholders' loans:		
Mainsail Trading 55 Proprietary Limited	**23 731**	21 722
JSW Energy Natural Resources South Africa Proprietary Limited	**636 232**	476 971
Loan repayment		
JSW Energy Natural Resources South Africa Proprietary Limited		(5 000)
Loan additions		
JSW Energy Natural Resources South Africa Proprietary Limited	**4 800**	
Company		
Mainsail Trading 55 Proprietary Limited	**23 731**	21 722
JSW Energy Natural Resources South Africa Proprietary Limited	**182 156**	133 724

Inter-Group transactions with subsidiary companies are predominantly funding related. See notes 8 and 12 for balances at year-end.

24. NOTES TO CASH FLOW STATEMENT

Cash generated by/(utilised in) operations – Group

	Group	
	2015 R'000	2014 R'000
Loss before taxation	**(183 242)**	(147 831)
Adjusted for non-cash movements		
Depreciation and amortisation	**11 025**	6 752
Change in rehabilitation provision	**2 672**	2 290
Scrapping of assets	**218**	742
Gain on sale of asset	**–**	–
Impairment losses	**2 002**	53 510
Finance Costs	**16 069**	9 907
Unrealised forex gains	**141 745**	75 575
Interest received	**(54)**	(28)
	(9 565)	917
Movements in working capital		
Movements in inventories	**–**	–
Movements in trade and other receivables	**4 552**	2 654
Movements in trade and other payables	**(802)**	978
	3 749	3 632
	(5 815)	4 549

25. SHAREHOLDERS

Major shareholders and shareholders' spread

The following shareholders have a 5% (or more) interest in the issued share capital of the Company as at 31 December 2015.

Shareholder	**2015 ('000)**	**(%)**	2014 ('000)	(%)
Royal Bafokeng Capital Proprietary Limited*	**244 583**	**54,1**	244 583	54,1
JSW Energy Natural Resources South Africa Proprietary Limited	**157 108**	**34,8**	157 108	34,8
	401 691	**88,8**	401 691	88,8

The following shareholders did not comprise "public shareholders" as at 31 December 2015:

	2015 ('000)	**(%)**	2014 ('000)	(%)
Non-public				
Royal Bafokeng Capital Proprietary Limited*	**244 583**	**(54,1)**	244 583	54,1
JSW Energy Natural Resources South Africa Proprietary Limited	**157 108**	**34,7**	157 108	34,7
Mainsail Trading 55 Proprietary Limited	**20 000**	**4,4**	20 000	4,4
	421 691	**93,2**	421 691	93,2
Public shareholders	**30 763**	**6,8**	30 763	6,8
	452 454	**100,0**	452 454	100,0

**On 1 November 2011, JSW Energy Natural Resources South Africa Proprietary Limited acquired the entire issued share capital of Royal Bafokeng Capital Proprietary Limited and Mainsail Trading 55 Proprietary Limited from Royal Bafokeng Holdings resulting in it having an effective direct and indirect holding in SACMH of 93,2% of the total issued share capital of the company.*

Shareholder spread at 31 December 2015

	Number of shares	Percentage	Number of shareholders	Percentage of total
0 – 2 000	**126 213**	**0.03**	**452**	**62.09**
1 000 – 10 000	**699**	**0.15**	**198**	**27.17**
10 001 – 100 000	**1 095 099**	**0.47**	**63**	**8.65**
100 001 – 500 000	**1 082 111**	**0.46**	**9**	**1.26**
500 001 – 1 000 000	**555 179**	**0.12**	**1**	**0.14**
1 000 000+	**446 895 796**	**98.77**	**5**	**0.69**
	452 454 204	**100.00**	**728**	**100.00**

Shareholder spread at 31 December 2014

	Number of shares	Percentage	Number of shareholders	Percentage of total
0 – 1 000	126 213	0.03	452	62.09
1 000 – 10 000	699	0.15	198	27.17
10 001 – 100 000	1 095 099	0.47	63	8.65
100 001 – 500 000	1 082 111	0.46	9	1.26
500 001 – 1 000 000	555 179	0.12	1	0.14
1 000 000+	446 895 796	98.77	5	0.69
	452 454 204	100.00	728	100.00

Interests of directors

No directors held direct, indirect or deemed interests in the issued share capital of the Company at 31 December 2015 (2014: Nil).

No directors have traded in shares from 31 December 2015 up until the issue of the Integrated Annual Report 2015.

26. Going Concern

The Group incurred a net loss of R199.13 million (2014: R80.57 million) during the 12 months. The Group's going concern has been underwritten by the support of JSW Energy (a company listed on the Indian Stock Exchanges) which operates through its subsidiary JSW Energy Natural Resources South Africa Proprietary Limited ("JSWENRSAL") supporting SACMH.

JSW Energy has confirmed its support in writing of their intention to continue financial support of SACMH, subject to the following:

In terms of the loan agreements JSW Energy has undertaken not to accept repayment of its loan accounts until such stage as SACMH's assets, fairly valued, exceed its liabilities. The Group's Life of Mine plan, reflects that operations are expected to produce positive cash flows after servicing all debt and capital requirements by 2016 once the WULA is received.

RESOURCES AND RESERVES STATEMENT

1. **GENERAL**

1.1 Purpose of report

Miptec (Pty) Ltd ("Miptec") and KJB GeoServices ("KJB"), were jointly contracted by SACMH to produce an updated resource and reserve estimate of the company's coal assets at Umlabu Colliery as at 31 December 2015. Both Miptec and KJB operate as independent technical consultants to SACMH, and neither company has any interest in SACMH or the coal assets reviewed. Both Miptec and KJB will receive a consulting fee for the generation of this update report.

The initial resource and reserve estimates have been prepared in accordance with the South African Code for Reporting of Mineral Resources and Mineral Reserves, commonly referred to as the SAMREC Code. In accordance with the contents of the SAMREC Code, the latest resource update has been prepared under the direction of a Competent Person. This document serves as an update to the latest Independent Engineer's Report on the Material Assets of SACMH as compiled by SRK in 2012.

This report will be the third update (2015 update) that is compiled by the authors listed as competent persons in this report.

SACMH requested an update on the resources and reserves of Umlabu Colliery, which is a partial evaluation focussing on the resource and reserve update only. As such, this report is not considered a Competent Persons Report, but rather an update report as requested by the client. It has been recognised that the main coal asset is still under care and maintenance since November 2012. There was no mining or exploration done since November 2012. With respect to the resources, no updated modelling was done on the geological and mine planning models since the last Life of Mine plan and the SRK IER back in 2012.

Since 2012 the only material change to the resources was on the Sterkfontein 242-IS/1 area where the prospecting licence expired. An application for the renewal of this licence is still pending, resulting in resources from this area being excluded.

Regarding the reserve estimations, the only material change was in 2015 when the updated economic modifying factors rendered all of the Voorslag opencast and underground resources uneconomical for extraction. This resulted in the previously classified reserves being reclassified as resources.

All work conducted with regard to this report was based on the geological modelling and mine planning done during the 2012 period. There was no further update on the models due to the inactivity on the operation. The 2012 Life of Mine Plan ("LOMP") formed the basis of the financial evaluations done by the client regarding the economic viability of the asset.

No further exploration or technical work is planned for this asset for the foreseeable future.

1.2 Project outline

SACMH ceased operations at Umlabu Colliery in the Mooifontein 107-IT/1 area in November 2012. The Water Use Licence was not approved which resulted in a delay in the underground expansion into the Voorslag and Sterkfontein areas. A retrenchment process followed, after which the mine was put on care and maintenance whereby only key mine personnel were retained in order to manage the ongoing rehabilitation and the upkeep of the existing infrastructure. At the time of this report, the Water Use Licence approval was still pending.

During the 2014 fiscal year and the 2015 calendar year, no mining or exploration activities took place on any of the SACMH properties.

During the 2014/5 financial year, no discards were processed through the plant as the yields obtained in the previous year were too low to warrant continuing. Due to the realised yields during the 2013 financial year, as well as the fact that the discards have not been sampled and analysed, it was decided that they would not be included in the resource update below.

1.3 Key plan maps and diagrams

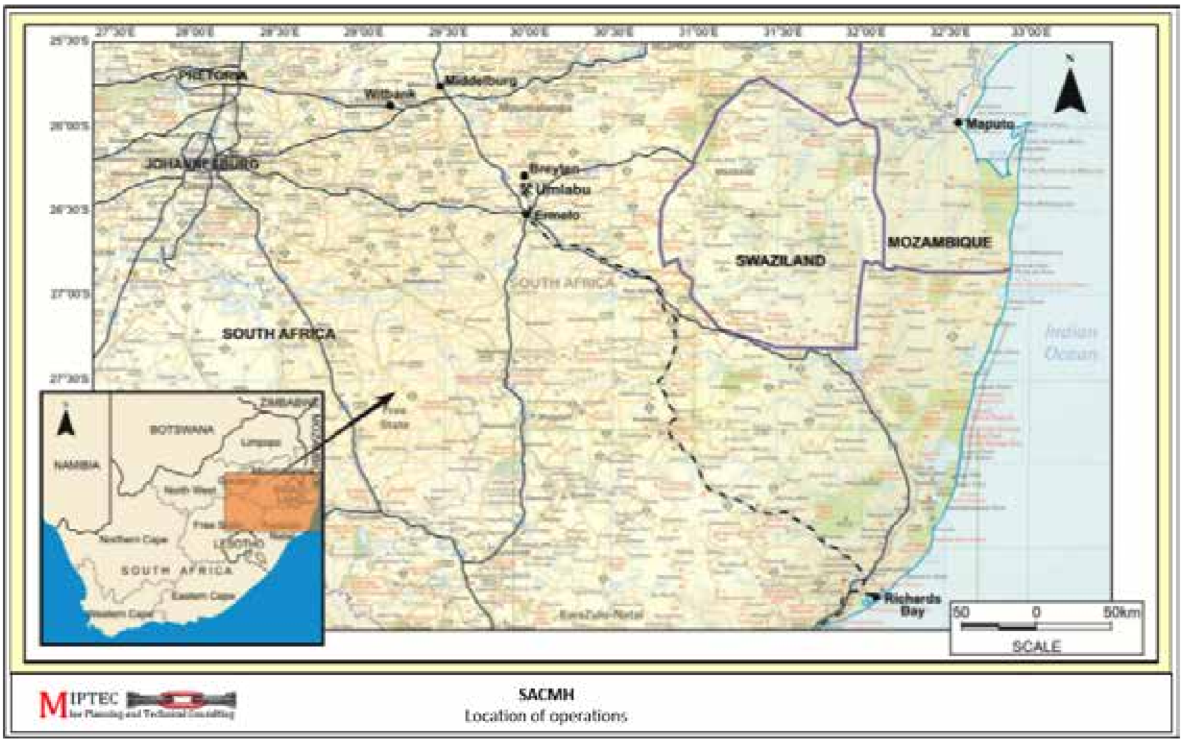

Figure 1 – Location of operations

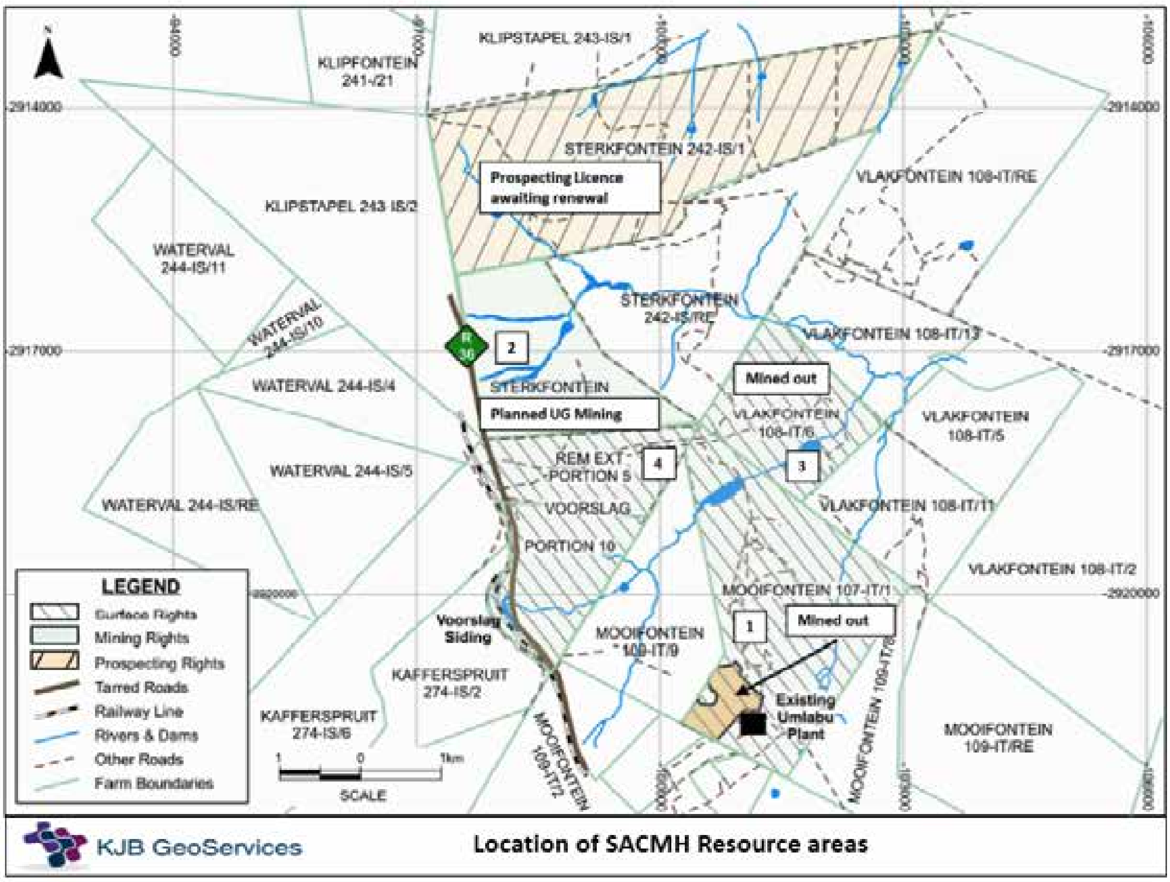

Figure 2 – Location of SACMH resource areas

1.4 *Project location*

SACMH's Umlabu Colliery is situated in the Mpumalanga Province in the magisterial district of Ermelo. It is approximately 250km east of Johannesburg Figure 2 – (latitude 260 18'S and longitude 300 00'E) Umlabu is some 7 km south of Breyten, east of the R36 road joining Breyten and Ermelo.

1.5 *Legal aspects and tenure*

SACMH holds a new order mining right ("NOMR") MP30/5/1/2/2/69MR granted 26 July 2007 for a period of 20 years, which is then valid until 25 July 2027 covering a total area of 1724.71 Ha. The following properties are cover in this right, also refer Figure 2.

1.	Ptn2 of Sterkfontein 242IS	367.58 Ha
2.	RE of Ptn5 (portion of Ptn2) of Kafferspruit (now Voorslag) 274IS	224.02 Ha
3.	Portion 10 (a portion of Ptn5) of Kafferspruit (now Voorslag)274IS	222.60 Ha
4.	RE of Ptn6 (a portion of Ptn5) of Vlakfontein 108IT	265.01 Ha
5.	RE of Ptn1 of Mooifontein 109IT	645.49 Ha

Approval of the Water Use Licence and the Section 102 application was still pending at the time of the report.

SACMH has an approved Mine Works Programme (MWP), social and Labour plan (SLP) and Environmental Management Programme, all approved in 2007 and valid up until 25 July 2027. A section 102 application was lodged with updated MWP, SLP and EMPR back in 2012 but was never approved.

This document as compiled by the authors do not constitute a legal due diligence and the authors as such cannot state and opinion or make a claim as to the validity of SACMH's title to the mineral or surface rights of the material asset. The information provided in terms of property extends as stated in the various rights are consistent with the diagrams and maps generated.

2. **PROJECT DATA**

The Umlabu coal resource is situated within the Ermelo coalfield, where all of the coal seams occur within the Vryheid Formation of the Ecca Group (Karoo Supergroup). During the year under review no exploration or drilling was undertaken.

3. **SAMPLING**

During the period under review no sampling was done.

4. **INTERPRETATION/MODELING**

Geological modelling has been conducted across the project area. During the 2012 geological modelling update, the coal specific software StratModel was used to geologically model the data. All holes used in the model were validated against the available wireline logs and core photographs. Validations confirming the seam thicknesses, depth to seam roof and floor as well as checks to confirm the correct seam correlations were conducted. The collar elevations of the holes were checked for correctness against a valid Digital Terrain Model. The coal qualities were verified using industry accepted standard verification routines before inclusion into the quality model.

The estimates contained within the December 2015 resource statement were based on this geological model, as compiled by Mrs. K. Black in 2012. As there has been no activity during the 2013 – 2015 year, there was no need to update the geological model. As such, the resources have remained unchanged, with the exception that the resources contained within the Sterkfontein Prospecting area were removed.

As SACMH intend to delist from the JSE, and considering that the operation is under care and maintenance, no further technical work is planned for the foreseeable future.

5. TECHNO-ECONOMIC STUDY

The Geological modelling and Life of Mine planning was completed in 2012 and have not been updated subsequent to SACMH closing the Mooifontein underground production section and placing it under care and maintenance.

Governmental – Status of the licences and permits required:

1. Mining Licence approved (26 July 2007 – 25 July 2027)
2. Social and Labour Plan approved (valid until 25 July 2027)
3. Mine Works Programme approved (valid until 25 July 2027)
4. Environmental Management Programme approved (valid until 25 July 2027)
5. Water use Licence approval pending
6. New application regarding the prospecting licence for Sterkfontein 242IS pending, after the renewal for the previously held New Order Prospecting Right (NOPR) MP30/5/1/1/2/594 PR was not submitted in time.
7. Section 102 application submitted by Geovicon 20 Apr 2012, approval still pending

Legal – The COO, Mr. Roelof Hugo, responded on behalf of the directors for SACMH Ltd confirming that there are no legal proceedings or related material conditions that may impact the company's ability to restart operations under the right economic conditions.

Environmental – SACMH has an approved Environmental Management Programme that is valid until 2027. The update submitted as part of the section 102 application will replace the current approved EMP once the section 102 application is approved. The approval of the Water Use licence was at the time of drafting this report also still pending. Monthly environmental monitoring and reporting are being conducted by ENVASS on air and water quality as well as compliance to the site's Environmental Management Program (EMP) and environmental legislation for Umlabu Colliery and the Voorslag siding area. Reports from ENVASS dated November 2015 have been made available.

ENVASS conducted the rehabilitation closure assessment for Umlabu in December 2014 and again in December 2015. These assessments followed the DMR's guidelines. The closure liability as at December 2014 exclusive of VAT amounted to R46.33 million. The December 2015 assessment before escalation and also exclusive of VAT amounted to R44.62 million. The variance of R1.71 million relates to rehabilitation that was conducted during 2015 on Umlabu Colliery. The calculated liability as at December 2015 excluding VAT and inclusive of escalation amounts to R47.15 million. It must be noted that the SRK 2012 IER report estimated closure cost at R95.88 million, also noting that the DMR's method tends to understate costs and it does not provide a very reliable estimate.

A Financial guarantee, dated 23 October 2012 ("Guarantee number – G0657/515514/GLO – R10,531,116.99") from FNB Corporate and Investment Banking, for the rehabilitation of land disturbed by opencast mining at Umlabu Colliery was issued. According to clause 6 of the guarantee, it is stated that the Guarantors liability under the aforementioned Financial Guarantee will expire on 30th April 2013 and that claims received after 30th April 2013 shall not be considered. On 6 November 2012 the Guarantee of 23 October 2012 was substituted with an updated Guarantee from which the expiry date of 30th April 2013 was removed, stated that it will lapse on the granting of a closure certificate in terms of the MPRD.

Given the ENVASS closure assessment of R47 million as at Dec 2015 and the SRK 2012 closure estimation of R96 million, the R10.5 million Guarantee will fall short by a maximum value, estimated at R85.5 million based on the SRK 2012 calculation. This shortfall is then part of the current SACMH liability for Umlabu Colliery.

Social – SACMH has an SLP dated March 2005 that was approved with the Mining Licence 26 July 2007. The changes in the 2012 LOMP triggered a section 102 application, this was required to amend the existing MWP in terms of production rates from Voorslag underground. For this application a revised MWP, SLP and proof of submission of an EIA/EMP was done by GEOVICON (Pty) Ltd in April 2012. An unsigned copy of the updated SLP was made available, the section 102 application was still pending at the time of this report.

A copy of the July 2015 annual SLP Report was provided by SACMH. This report detailed the care and maintenance status of the mine. No Human Resource Development (HRD) issues were addressed during the last period as this is mostly focussed on employees. From a Local Economic development (LED) perspective initiatives were listed as ongoing on an annual basis. These are listed in Table 1 as per the report, contributing an estimated R 623 000 annually with regard to LED.

Table 1 – Local Economic Development Contribution 2014 (SLP 2015 Annual Report)

Grazing for animals	R210 000,00
Housing and water	R190 000,00
Cutting of black wattle trees	R25 000,00
Local gardener and plant cleaners	R58 000,00
Farmer on mine property	R140 000,00
Total	**R623 000,00**

This report states that no local Economic Development Committee was active for the reporting period and this would, by implication, continue to be the case until the mine becomes operational again.

Table 2 – Summary of the planned SLP expenditures (SLP 2015 Annual Report)

Section	2011	2012	2013	2014	2015	Total
HRD	R180 000	R210 000	R0	R0	R0	R390 000
LED	R420 000	R587 000	R587 000	R587 000	R587 000	R2 768 000
Total	**R600 000**	**R797 000**	**R587 000**	**R587 000**	**R587 000**	**R3 158 000**

This report also notes that the mine continued with its LED initiatives and commitments during the reported period and will continue to do so until the Water Use Licence has been granted and the mine re-commissioned again.

The report concludes that the remainder of the SLP commitments will be activated again after the approval of the WUL and re-commissioning of operations.

It is worth noting that the SLP dated March 2005 summarised the commitments as follows, HRD approximately R200 000 per annum, LED approximately R650 000 per annum. This commitment on HRD and LED according to the note in the SLP document was based on R1.00 per saleable ton, based on 850 000 tons sold per annum. The plan as tabled in the report and reflected under Table 2 follows the commitments on HRD and LED from the SLP of March 2005. The mine has already retrenched most of the employees, leaving only those required for the upkeep of the mine. Downscaling provisions can thus be ignored as well as the HRD commitments whilst there are no employees that will be benefitting from this.

Mining – The Life of Mine Plan as developed in 2012 was based on methodologies and factors derived from ongoing and neighbouring operations. A small opencast was planned at Voorslag to provide a suitable high-wall that would have provided the required access to the underground resources

Treatment and Processing – The old plant is still operational at Umlabu Colliery. From time to time it was utilised to either toll wash or to wash discards from the Umlabu complex.

Infrastructure – All infrastructure is still in place and forms part of the care and maintenance process that is currently in place.

Economic Criteria – From a financial evaluation perspective the main drivers in the model was the API4 coal price and the underground mining cost.

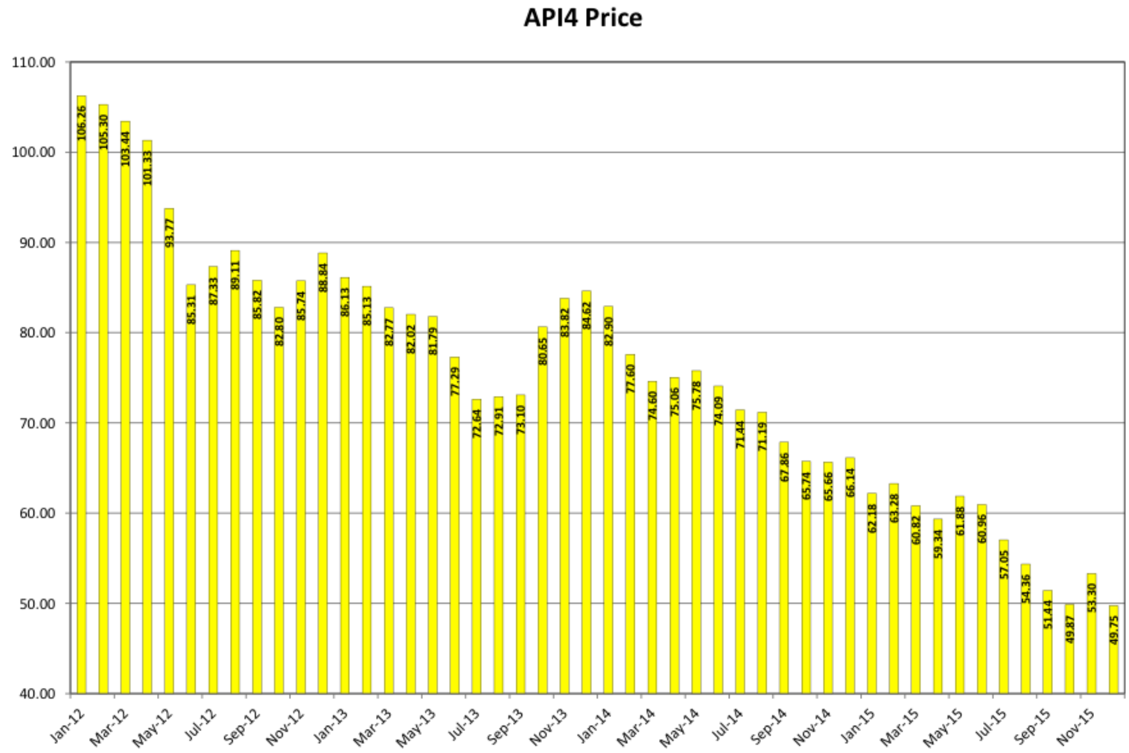

Figure 3 – Ap14 coal price

Figure 3 demonstrates the decline in the API4 price since 2012 when the LOMP for SACMH regarding Umlabu Colliery was done. The underground mining cost in 2012 was R148 per ROM ton produced. Updated prices was requested from the same underground contractor, as at 31 December 2015 the underground mining cost would have been R250 per ROM ton produced from underground.

SACMH updated the financial DCF model end of June 2015 ("SACMH Valuation for Impairment 30-06-2015.xls") this model concluded, based on the economic parameters at the time that the Umlabu Colliery was not able to operate economically. Since this evaluation economic parameters deteriorated further.

Marketing – SACMH has a siding that grants access to their Quattro allocation Phase V of the RBCT.

Historically SACMH did supply a RB1 specification product to export markets. The sulphur characteristics of the Umlabu Colliery resource is such that an external source of coal is required to blend an acceptable product to the export markets.

Traditionally SACMH did not supply coal to the domestic market, no agreement is in place to supply to Eskom either.

6. VALUATION

SACMH ran an internal evaluation model at the end of June 2015, this model was based on the LOM information that reflects the reserves tabled in the 2012 update. All relevant economic factors were adjusted to reflect on the economy at the time of the evaluation. This model concluded that the mining of the reserves as stated in the 2014 update would not be economical.

The model provided by SACMH, ("SACMH Valuation for Impairment 30-06-2015.xls") was an internal evaluation model that can be made available on request from SACMH.

7. RISK ANALYSIS

What follows is a list of potential risks to the endeavour:

- The Mining Right as approved 26 July 2007 was issued conditional to the commitments made as per the approved MWP, SLP and EMP. Failure to comply could result in the Mining Right being suspended.

According to SACMH there was no negative response from the authorities with regard to the annual SLP Report, the DMR 128 submissions and the EMP compliance report.

- The Water Use Licence not being approved.
- The Section 102 application not being approved.
- The authors are aware of the risks listed by SRK in the 2012 IER report, the above risks were identified as the risks that could be material to the re-commissioning of operations.
- Financial Guarantee from FNB covering the amount of R 10,531,116.00 for closure rehabilitation, as per the 6 November 2012 Guarantee, will not cover the full closure liability as calculated by SRK 2012. The difference of R85.5 million relates to a current liability for SACMH on Umlabu Colliery closure.

8. RESOURCE AND RESERVE - CLASSIFICATION CRITERIA

8.1 Resource.

Within the Voorslag Mining Right (highlighted in blue above), two potentially exploitable coal measures have been identified, namely the B Seam and C Seam, which split into the C Upper and C Lower Seams. It is currently planned that the B Seam will be mined by both opencast and underground methods. The C Lower and C Upper Seams will be exploited by opencast methods with engineering studies being undertaken to determine the economic extraction of the C Seams by underground methods. Within the Mooifontein area, the B Seam was mined out using the underground board and pillar extraction method, and within the Vlakfontein area, C Upper and C Lower seams were mined out by opencast mining. Resources were categorised with respect to Underground and Opencast based on the mine planning work conducted during 2012. Resources are quoted inclusive of any reserves.

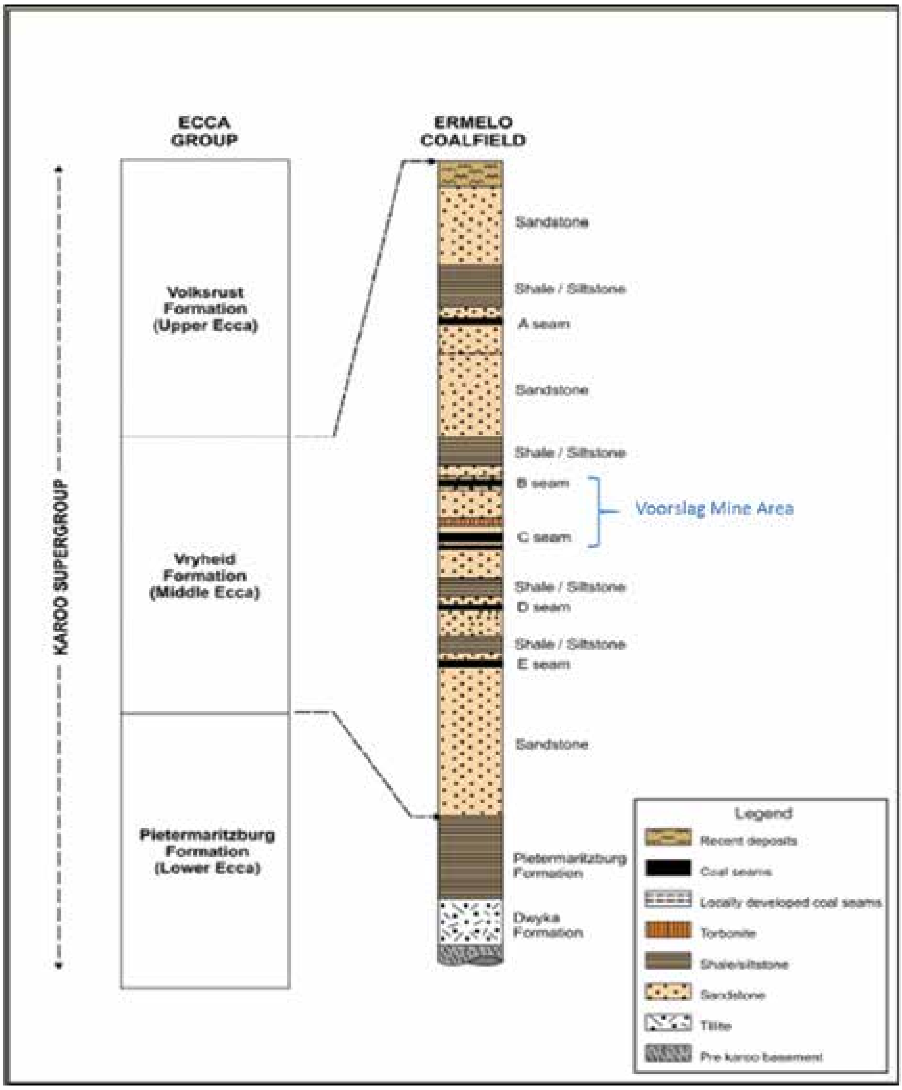

Figure 4 – A simplified stratigraphic column of the Ermelo Coalfield.

Due to the fact that no mining activates took place during the 2013 – 2014 fiscal year, there is no material change in the Resource Estimates. The GTIS remains unchanged at 32.5 Mt. However due to prevailing market conditions, it has been decided that at this point in time, the resources cannot be converted to Reserves.

The following criteria were used to define the seam limits for the reporting of GTIS resources:

- a minimum of 0.5 m seam thickness
- a geological loss factor of 8%
- a minimum CV of 12 MJ/Kg and VM of 18%
- unweathered coal only
- resource estimated within the tenure boundary.

Table 3 – Resource Estimate for the Mining Licence area (100% attributable to SACMH)

	GTIS (Resource)				TTIS (Resource)			
Mining Area	**Measured Mt**	**Indicated Mt**	**Inferred Mt**	**Total Mt**	**Measured Mt**	**Indicated Mt**	**Inferred Mt**	**Total Mt**
Voorslag Underground	15.30	8.20	3.10	26.60	14.08	7.54	2.85	24.47
Voorslag Opencast	4.82	0.35	0.73	5.91	4.43	0.32	0.67	5.44
Mooifontein Underground	–	–	–	–	–	–	–	–
Vlakfontein Opencast	–	–	–	–	–	–	–	–
Total	**20.12**	**8.55**	**3.83**	**32.51**	**18.51**	**7.86**	**3.52**	**29.91**

** All Resources are quoted on an air dried moisture basis*

Table 4 – Resource estimation reported history

GTIS Resource (Air Dried) Million tons	**SRK 1 Jan 2012**	**31 Jan 2014**	**31 Dec 2014**	**31 Dec 2015**
Voorslag UG	26.51	26.60	26.60	26.60
Voorslag OC	4.89	5.91	5.91	5.91
Mooifontein	0.90	–	–	–
Vlakfontein OC	0.30	–	–	–
Sterkfontein	7.83			
Total	**40.43**	**32.51**	**32.51**	**32.51**

Table 4 summarises the history of reported resources for Umlabu colliery since 2012. The material changes from the SRK 2012 statement is the depletion of Vlakfontein Opencast and Mooifontein Underground operations.

The expiry of the Sterkfontein prospecting licence and the fact that approval on the renewal application is still pending resulted in the exclusion of the Sterkfontein resources from January 2014.

8.2 Reserve

Table 5 – Updated Reserves (100% attributable to SACMH)

	Reserve			Saleable
Mining Area	**Proven Mt**	**Probable Mt**	**Total Mt**	**Mt**
Mooifontein Underground	–	–	–	–
Voorslag Underground	–	–	–	–
Vlakfontein Opencast	–	–	–	–
Voorslag Opencast	–	–	–	–
TOTAL	**–**	**–**	**–**	**–**

Table 6 – ROM reserve estimation reported history

ROM Reserve (Air Dried) Million tons	**SRK 1 Jan 2012**	**31 Jan 2014**	**31 Dec 2014**	**31 Dec 2015**
Voorslag UG	9.26	9.39	–	–
Voorslag OC	1.09	1.11	–	–
Mooifontein UG	0.44	–	–	–
Vlakfontein OC	0.15	–	–	–
Sterkfontein	0.07	–	–	–
Total	**11.01**	10.50	–	–

Table 7 – Saleable reserve reported history

Saleable Reserve (Air Dried) Million tons	**SRK 1 Jan 2012**	**31 Jan 2014**	**31 Dec 2014**	**31 Dec 2015**
Voorslag UG	4.49	4.49	–	–
Voorslag OC	0.56	0.56	–	–
Mooifontein UG	0.20	–	–	–
Vlakfontein OC	0.08	–	–	–
Sterkfontein	0.02	–	–	–
Total	**5.35**	**5.05**	–	–

Table 6 and Table 7 show the history on reported estimation for Run of Mine (ROM) and saleable reserves. From the SRK reported ROM reserves of 11.01 in January of 2012, the Mooifontein and Vlakfontein areas were depleted and the Reserves for the Sterkfontein area was excluded in the 31 Jan 2014 estimation due to the expiry of the prospecting licence and the fact that the renewal application was not approved.

With the change in the economic factors, which were mainly related to the mining cost, distribution cost, buy-in coal cost as well as coal prices, the project became uneconomical to operate.

Due to the fact that no resources could be extracted economically, the reserves were reduced to zero from the previous estimates for the 31 Dec 2014 and now this 31 Dec 2015 update.

The estimation done for the 31 Jan 2014 was based on the Voorslag underground, mining the B seam (9.39 Mt) as well as the Voorslag opencast that formed part of the underground access development (1.11 Mt) that was planned for construction and operation in 2012. The start-up was dependant on SACMH obtaining their water use licence for Umlabu Colliery, which at the time, was still awaiting approval.

Umlabu produced an export product previously that was exported through the Richards Bay Coal Terminal (RBCT) as well as the Maputo terminal. Due to the high sulphur content of the coal, a buy in source is required to produce an acceptable blend. Such a source must have been identified and secured for starting up operations.

8.3 *Classification*

The SAMREC guidelines, SANS 10320:2004 were applied for classification purposes. If boreholes are missing analytical data, the classification will have less supporting confidence and will not be classified. Where all the seams were found to be thinner than 0.5 m, these areas were masked-out and did not form part of the resource classification.

Borehole density for thin multiple coal seams, as shown in Figure 5 are:

- Measured Resource. More than eight boreholes per 100 ha, or 350 x 350 m drill grid.
- Indicated Resource. Four to eight boreholes per 100 ha, or 500 x 500 m drill grid.
- Inferred Resource. Less than four boreholes per 100 ha, or 1,000 x 1,000 m drill grid.

The formula of 'boreholes per 100 ha' applies in cases where a rigorous gridding pattern was drilled. For clustered and unevenly spaced boreholes, it is better to use the distance radii to get a better understanding of the borehole distribution. In this case, the distance radii were used to determine the resource classification.

Where the deposit is found to be structurally influenced by faulting and intrusives and where geological and grade continuity is questionable, the Competent Person may decide that additional boreholes to those set out in the SAMREC guidelines are required to classify the resource.

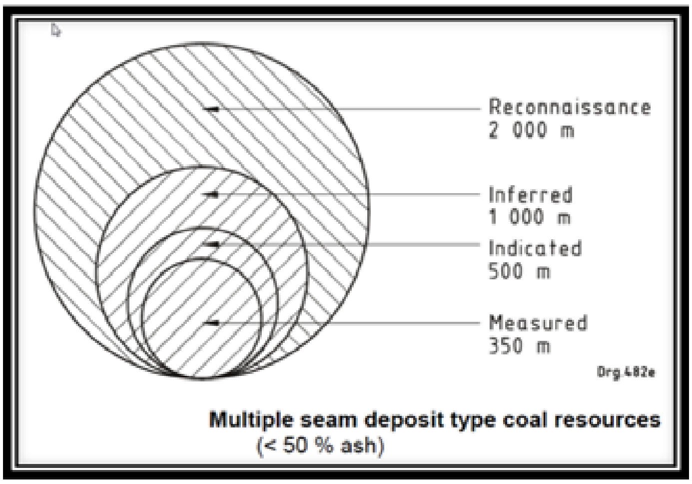

Figure 6 – Resource classification diagram

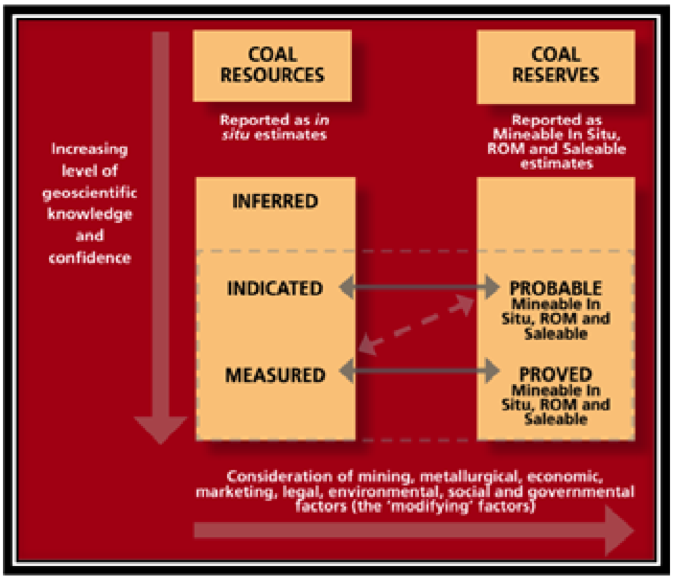

Figure 7 – Relationship between Coal Resources and Coal Reserves.

Figure 6 graphically presents the relationship between resource and reserve, showing the effect of increasing geological confidence on the coal resource classification category on the vertical axis and the impact of the relevant modifying factors on the conversion of coal resources to coal reserves on the horizontal axis.

Definitions of Coal Resources and Coal Reserves

The following coal resource and coal reserve definitions are extracts from the SAMREC Code (2009):

An 'Inferred Coal Resource' is that part of a Coal Resource for which volume or tonnage and coal quality can be estimated only with a low level of confidence. It is inferred from geological evidence and sampling and assumed physical continuity with or without coal quality continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill-holes, information that is limited or of uncertain quality and reliability.

An 'Indicated Coal Resource' is that part of a Coal Resource for which tonnage, densities, shape, physical characteristics and coal quality can be estimated with a moderate level of confidence. It is based on information from exploration, sampling and testing of material gathered from locations such as outcrops, trenches, pits, workings and drill holes. The locations are appropriate to confirm physical continuity, while the locations are too widely or inappropriately spaced to confirm the continuity of the coal quality. However, such locations are spaced closely enough for such continuity to be assumed.

A 'Measured Coal Resource' is that part of a Coal Resource for which tonnage, densities, shape, physical characteristics and coal quality can be estimated with a high level of confidence. It is based on detailed and reliable information from exploration, sampling and testing of material gathered from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm physical and coal quality continuity.

A 'Probable Coal Reserve' is the economically mineable material derived from a Measured or Indicated Coal Resource or both. It is estimated with a lower level of confidence than a Proved Coal Reserve. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a Pre-Feasibility Study for a project or a Life of Mine Plan for an operation must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed.

A 'Proved Coal Reserve' is the economically mineable material derived from a Measured Coal Resource. It is estimated with a high level of confidence. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a Pre-Feasibility Study for a project or a Life of Mine Plan for an operation must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed.

A 'Run of Mine (ROM) Coal Reserve' is the tonnage and coal quality of Mineable In Situ Coal Reserves that are expected after all geological losses, mining losses, mining dilution, contamination and moisture-content factors have been applied.

A 'Saleable Coal Reserve' is the tonnage and coal quality that will be available for sale, either in the raw ROM state at a specified moisture content or after beneficiation of the ROM Coal Reserves has produced materials at specified qualities, moisture contents and size ranges.

9. BALANCED REPORTING

- This Report is dated 5 January 2016 and is a partial evaluation focussing on the resources and reserves of Umlabu Colliery
- Annexure A: Checklist and Guideline of Reporting and Assessment Criteria.
- Annexure B: Mineral Asset Valuation: Reporting and Assessment Criteria.
- Annexure C: JSE Section 12.9 Checklist
- It must be noted that this report covers the topics relevant to the update as required by the SAMREC code and the JSE. To complete the remainder of the requirements as per the checklists, references were made to relevant reports reflecting on the information required.

10. AUDITS AND REVIEWS

K. Black re-modelled the whole of Umlabu Colliery resources early 2012, followed by the LOM plan done by L. Raaths. SRK verified the geological model and used the LOM work after verification. The IER by SRK was the only audit/review done on the work done by the CP's responsible for this report. There were no material deficiencies identified from the work that SRK Consulting did, in order for them to compile the IER on Umlabu Colliery and SACMH.

11. OTHER CONSIDERATIONS

This resource could again be exploited economically given more favourable market conditions and economic climate.

12. COMPETENT PERSON CONSENT

Information in this Report that relates to exploration results, coal resources and Run of Mine Reserve tonnes, is based on information compiled by the authors and the sourced documents are listed in Sect. 1.1 and 15 of this report. The coal resource modelling and reporting were done by Mrs. K Black while the reserve modelling was done by Mr. L Raaths from Miptec. This report was compiled by Miptec and KJB Geoservices, who are consultants for SACMH

The Authors consent to the use of this report and its information in the form and context in which it appears. For the purpose of this report L Raaths will assume the role as lead competent person.

13. SIGNATURE PAGE

I, **Katherine Black**, confirm that:

- I have read and understood the requirements of the South African Code for the reporting of Exploration Results, Mineral Resources and Mineral Reserves (The SAMREC CODE).
- I am a Competent Person as defined by the 2009 SAMREC Code, having eight years' experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity for which I am accepting responsibility.
- I am registered with the South African Council for Natural Scientific Professions (400295/12).
- I am an employee of KJB Geoservices, which has been contracted by SACMH to prepare the update of its coal resource estimations, dated 31 Dec 2015.

I certify that, as of the effective date of the Resource and Reserve update, to the best of my knowledge, information and belief, the Resource update contains all scientific and technical information, to make this update a true reflection of the Resources held by SACMH, as at 31 Dec 2015.

K Black (Pr. Sci. Nat)

5 February 2016

I, **Leonardt Raaths**, confirm that:

- I have read and understood the requirements of the South African Code for the reporting of Exploration Results, Mineral Resources and Mineral Reserves (The SAMREC CODE).
- I am a Competent Person as defined by the 2009 SAMREC Code, having more than 25 years' experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity for which I am accepting responsibility.
- I am registered with the SAIMM and SACMA.
- I am an employee of Miptec, which has been engaged by SACMH to prepare the update of its coal reserve estimations, dated 31 Dec 2015.

L Raaths

5 February 2016

NOTICE OF ANNUAL GENERAL MEETING

SOUTH AFRICAN COAL MINING HOLDINGS LIMITED

Registration number 1994/009012/06
Share Code: SAH ISIN: ZAE000102034

Notice of annual general meeting posted to shareholders	Thursday, 15 September 2016
Last date to trade in order to be eligible to vote at the annual general meeting	Friday, 30 September 2016
Record date in order to vote at the annual general meeting	Friday, 7 October 2016
Form of proxy to be lodged by no later than 10h30 on	Monday, 10 October 2016
Annual general meeting to be held at 10h30 on	Wednesday 12 October 2016

Notice is hereby given that the Annual General Meeting of the shareholders of the Company will be held at 44a Boundary Road, Inanda, Sandton on Wednesday, 12 October 2016 at 10:30, for the following purposes:

To receive, consider and adopt the annual financial statements for the twelve months ended 31 December 2015 of the Company and the Group, together with the directors' and independent auditors' reports and to pass the following resolutions:

Ordinary Resolution Number 1: Election and re-election of directors

Ordinary Resolution 1.1

"RESOLVED to re-elect Mr L R Mamba who was appointed since the last annual general meeting and who, being eligible, offers himself for re-election as independent non-executive director in accordance with the Company's Memorandum of Incorporation."

In addition, one third of the non-executive directors, excluding the newly appointed directors, must retire from office at the AGM and may, if eligible and willing, offer themselves for re-election. In terms hereof, Mr J M Mokgokong and Mr PP Menon will be retiring from office at the AGM. Mr J M Mokgokong and Mr PP Menon have confirmed their willingness to continue to serve as members of the board.

Ordinary Resolution 1.2

"RESOLVED that Mr J M Mokgokong, who retires by rotation at this annual general meeting in accordance with the Company's Memorandum of Incorporation and who is eligible and available for re-election, be and is hereby re-elected as an independent non-executive director of the Company."

Ordinary Resolution 1.3

"RESOLVED that Mr PP Menon, who retires by rotation at this annual general meeting in accordance with the Company's Memorandum of Incorporation and who is eligible and available for re-election, be and is hereby re-elected as a non-executive director of the Company."

Directors' curriculum vitae are available on page 4 of this report

Ordinary Resolution Number 2: Appointment of Audit and Risk Committee

The re-appoint Messers K Ashraff, MCH Dhlamini, JM Mokgokong and PP Menon as members of the Audit and Risk Committee will be subject to their election and re-election as directors of the Company.

Ordinary Resolution 2.1

"RESOLVED THAT Mr K Ashraff be and is hereby elected as a member and Chairman of the Audit and Risk Committee."

Ordinary Resolution 2.2

"RESOLVED THAT Mr MCH Dhlamini be and is hereby elected as a member of the Audit and Risk Committee."

Ordinary Resolution 2.3

"RESOLVED THAT Mr JM Mokgokong be and is hereby elected as a member of the Audit and Risk Committee."

Ordinary Resolution 2.4

"RESOLVED THAT Mr PP Menon be and is hereby elected as a member of the Audit and Risk Committee."

Ordinary resolution 3: Re-appointment of external auditors

Nkonki Incorporated has indicated its willingness to continue in office and ordinary resolution 3 proposes the reappointment of that firm as the Company's auditors by shareholders. Section 90(3) of the Companies Act requires the designated auditor to meet the criteria as set out in section 90(2) of the Act. The board of directors of the Company is satisfied that both Nkonki Incorporated and the designated auditor, Ms Nyarai Muzameretu, meet all relevant requirements.

"RESOLVED THAT Nkonki Incorporated be and is hereby reappointed as the Company's external auditors, with Ms Nyarai Muzameretu being the individual registered auditor, until the next AGM."

Ordinary Resolution Number 4: Control of authorised but unissued share capital

"Resolved that the authorised but unissued shares in the capital of the Company be and are hereby placed under the control of the directors of the Company, until the next Annual General Meeting, to enable them to allot and issue such ordinary shares at their discretion subject to the provisions of the Companies Act 2008, the Company's Memorandum of Incorporation and the Listings Requirements of the JSE Limited ("JSE Listings Requirements")."

Ordinary Resolution Number 5: Issue of ordinary shares for cash

"Resolved that subject to not less than 75% of shareholders, present in person or by proxy and entitled to vote at the Annual General Meeting at which this ordinary resolution is considered, voting in favour thereof, excluding the designated adviser and the controlling shareholder together with their associates, the directors of the Company be and are hereby authorised, by way of general authority, to issue all or any of the authorised but unissued shares in the capital of the Company for cash as they in their discretion deem fit, but subject to the Company's Memorandum of Incorporation, the provisions of the Companies Act, as amended, and the JSE Listings Requirement, when applicable, and provided that:

the securities must be of a class already in issue, or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;

- the securities must be issued to public shareholders as defined in the JSE Listings Requirements and not to related parties;
- the general issue of shares for cash in the aggregate in any one financial year, being 67 868 130 shares may not exceed 15% of the Company's issued share capital as at the date of the annual general meeting of that class, as set out in terms of the JSE Listings Requirements;
- the maximum discount at which securities may be issued is 10% of the weighted average traded price of those securities over the 30 business days prior to the date that the price of the issue is agreed between the company and the person subscribing for the securities;
- after the Company has issued securities representing, on a cumulative basis with a financial year, 5% or more of the number of securities in issue prior to that issue, the Company shall publish an announcement containing full details of the issue, including the effect of the issue on net asset value and earnings per share;
- the shareholders of the company hereby waive their pre-emptive rights to the shares to be issued shares for cash in terms of this authority; and
- this authority shall not be extended beyond 15 months from the date of this resolution, or the next Annual General Meeting, whichever is the earlier date".

Ordinary Resolution Number 6: Advisory endorsement of remuneration policy

"Resolved that the Company's remuneration policy as set out on page 12 of the integrated report (excluding the remuneration of non-executive directors for their services as directors and members of the Board committees), be endorsed on an advisory basis."

Motivation

In terms of the King Code of Governance Principles for South Africa, 2008, an advisory vote should be obtained from shareholders on the Company's annual remuneration policy. The vote allows shareholders to express their view on the remuneration policies adopted and their implementation but will not be binding on the Company.

Ordinary Resolution Number 7: Authority to action all ordinary and special resolutions

"Resolved that any one director of the Company or the Company Secretary be and is hereby authorised to all such things as are necessary and to sign all such documents issued by the Company as to give effect to special resolutions number one, two and three and ordinary resolutions numbers 1 to 6."

Special Resolution Number 1: Non-executive directors' remuneration

"Resolved that, for the year ending 31 December 2016 until the next annual general meeting that the non-executive directors be remunerated as follows:

Board	Annual	Per meeting
Chairman	R130 000	R10 000
Member	R104 000	R7 500
Audit and Risk Committee		
Chairman	R30 000	R10 000
Member	R17 500	R7 500
Other committees		
Chairman	R13 000	R5 000
Member	R9 750	R3 500"

Special Resolution Number 2: Authority to render financial assistance to Group companies

"Resolved that the Board (or any person/s authorised by the Board to do so), as it in its discretion thinks fit but subject to the provisions of section 45 of the Companies Act and the JSE Listings Requirements, is hereby authorised to provide director or indirect financial assistance as contemplated in section 45 to any of its present or future subsidiaries and/or any juristic person that the Company directly or indirectly controls, for any purpose in the normal scope of the business of the SACMH Group."

Before making any such financial assistance available, the Board will satisfy itself that:

- Immediately after providing the financial assistance, the Company will satisfy the solvency and liquidity test;
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

The authority granted to the Board shall remain of full force and effect until the next annual general meeting.

Special Resolution Number 3: Amendment of company Memorandum of Incorporation

Resolved, as a special resolution, that the memorandum of incorporation of the Company be and is hereby amended by the deletion of the existing clause 17.7 in its entirety and the substitution therefor with the following new clause 17.7:

"If a fraction of a Share comes into being as a result of any corporate action, the Board may, subject to compliance with the JSE Listings Requirements, to the extent applicable, round all allocations of Shares down to the nearest whole number and make or facilitate a cash payment for any fractional entitlement. The company must release an announcement in respect of the cash value determined on the date required by the JSE. Notwithstanding the aforementioned, to the extent that the JSE requires another principle to apply to fractional entitlements, the Board may apply such principle and undertakes to amend this MOI as soon as practically possible."

By order of the Board

Mr FJ Jansen van Rensburg
Company Secretary

Building 6 I Woodmead Willows Office Park I 19B Morris Street I Woodmead

15 September 2016

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING

GENERAL INFORMATION ON THE COMPANY TO SUPPORT THE RESOLUTIONS PROPOSED IN THE NOTICE OF ANNUAL GENERAL MEETING

The following information is required by the JSE Listings Requirements with regard to the resolutions granting a general authority to the Company to repurchase its securities for cash and to make payments to shareholders.

The JSE Listings Requirements require the following disclosure, some of which are elsewhere in the annual report of which this notice forms part as set out below:

- Directors and management – page 4
- Major shareholders of the Company – page 57
- Director's interests in securities – page 58
- Share capital of the Company – page 47

Statement by the Company's Board of Directors in respect of repurchases of shares and payments to shareholders

Pursuant to and in terms of the JSE Limited Listings Requirements, the directors of the Company hereby state that:

1. The intention of the directors is to utilise the relevant authority to repurchase shares or make payments to shareholders if, at some future date, the cash resources of the Company are in excess of its requirements. In this regard the directors will take account of, *inter alia*, an appropriate capitalisation structure for the Company, and will ensure that any such utilisation is in the interests of shareholders; and

2. The method by which the Company intends to make such repurchases or payment and the date on which such repurchase or payment will take place has not yet been determined.

The Board of Directors has no immediate intention to use these authorities to repurchase Company shares or make payments to shareholders. However, the Board of Directors is of the opinion that this authority should be in place should it become appropriate to undertake a share repurchase or make a payment to shareholders in the future.

At the time that the contemplated repurchase or payment is to take place, the directors will ensure that:

1. The Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business for a period of 12 months after the date of the transaction;

2. The consolidated assets of the Company and its subsidiaries, fairly value in accordance with the accounting policies used in the Company's latest audited Group annual financial statements, will be in excess of the consolidated liabilities of the Company and its subsidiaries for a period of 12 months after the date of the transaction;

3. The issued share capital and reserves of the Company and its subsidiaries will be adequate for the purposes of the business of the company and its subsidiaries for a period of 12 months after the date of the transaction;

4. The working capital available to the company and its subsidiaries for a period of 12 months after the date of the transaction; and

5. The Company will provide its designated adviser or sponsor and the JSE with all documentation as required in schedule 25 of the JSE Listings Requirements, and will not undertake any such repurchase or payment until the sponsor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved this documentation.

Shareholders should note that such payments are payments other than cash dividends paid out of retained income, scrip dividends or capitalisation issues.

Litigation statement

There are no legal or arbitration proceedings, either pending or threatened, against the Company or its subsidiaries, of which the Company is aware, which may have, or have had in the last 12 months, a material effect on the financial position of the Company or its subsidiaries.

Material change

Other than facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of the Company and Group since the date of signature of the audit report and the date of this notice.

Directors' responsibility statement

The directors whose names are given on page 00 of the annual report, collectively and individually accept full responsibility for the accuracy of the information given in this notice of Annual General Meeting certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the notice contains all information required by Law and the JSE Listings Requirements.

Statement in terms of section 62(3)(e)

Shareholders holding certificated shares and shareholders holding shares in dematerialised form in "own name":

- May attend and vote at the annual general meeting; alternatively
- May appoint an individual as proxy (who need not also be a shareholder of the Company) to attend, participate in and speak and vote in your place at the annual general meeting by completing the attached form of proxy and returning it to the registered office of the transfer secretaries by no later than 10:30 on Monday 10 October 2016. Alternately, the form of proxy may be handed to the Chairman of the general meeting at any time prior to the commencement of the general meeting. Please note that your proxy may delegate his/her authority to act on your behalf to another person, subject to the restrictions set out in the attached form of proxy. Please also note that the attached form of proxy must be delivered to the transfer secretaries or handed to the Chairman of the annual general meeting, before your proxy may exercise any of your rights as a shareholder of the Company at the general meeting.

  Please note that any shareholder of the Company that is a company may authorise any person to act as its representative at the annual general meeting. Please also note that section 63(1) of the Companies Act requires that persons wishing to participate in the annual general meeting (including the aforementioned representative) may provide satisfactory identification before they may so participate.

Notice to owners of dematerialised shares

Please note that if you are the owner of dematerialised shares held through a CSDP or broker (or their nominee) and are not registered as an "own name" dematerialised shareholder then you are not a registered shareholder of the company, but your CSDP or broker (or their nominee) would be.

Accordingly, in these circumstances, subject to the mandate between yourself and your CSDP or broker, as the case may be:

- If you wish to attend the annual general meeting you must contact your CSDP or broker and obtain the relevant letter of representation from it; alternatively
- If you are unable to attend the annual general meeting but wish to be represented at the annual general meeting, you must contact your CSDP or broker, and furnish it with your voting instructions in respect of the general meeting and/or request it to appoint a proxy. You must not complete the attached form of proxy. The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, within the time period required by your CSDP or broker.

CSDP's, brokers or their nominees, as the case may be, recorded in the Company's register as holders of dematerialised shares should, when authorised in terms of their mandate or instructed to so b the owner on behalf of whom they hold dematerialised shares, vote by either appointing a duly authorised representative to attend and vote at the general meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the transfer secretaries by no later than 10:30 on Monday, 10 October 2016. Alternatively, the form of proxy may be handed to the chairman of the annual general meeting at any time prior to the commencement of the general meeting.

Voting at the general meeting

In order to more effectively record the votes and give effect to the intentions of shareholders, voting on all resolutions will be conducted by way of a poll.

FORM OF PROXY

SOUTH AFRICAN COAL MINING HLDINGS LIMITED
Registration number 1994/009012/06
Share code: SAH ISIN: ZAE0000102034
("SACMH" or "the Company")

For use ONLY by certificated shareholders and own name dematerialised shareholders at the Annual General Meeting of shareholders of SACMH to be held 44A Boundary Road, Inanda, Sandton at 10:30, Wednesday, 12 October 2016 ("the Annual General Meeting").

I/We (full name

Of address

Being the holders/s of [ ] shares in the Company, do hereby appoint (see note 1):

1.

2.

Or failing him/her, the chairman of the Annual General Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company or at any adjournment thereof.
I/We desire to vote as follows:

			For	Against	Abstain
Ordinary resolutions					
1	Re-appointment of directors				
	1.1	Re-appointment of Mr LR Mamba as a director of the Company			
	1.2	Re-appointment of Mr JM Mokgokong as a director of the Company			
	1.3	Re-appointment of Mr PP Menon as a director of the Company			
2	The appointment of an Audit and Risk Committee				
	2.1	Re-appointment of Mr K Ashraff as an audit committee member			
	2.2	Re-appointment of Mr MCH Dhlamini as an audit committee member			
	2.3	Re-appointment of Mr JM Mokgokong as an audit committee member			
	2.4	Re-appointment of Mr PP Menon as an audit committee member			
3	Re-appointment of external auditors				
4	Control of authorised but unissued share capital				
5	Issue of ordinary shares for cash				
6	Advisory endorsement of remuneration policy				
7	Authority to action all ordinary and special resolutions				
Special resolutions					
1	Authorising the directors to remunerate Non-executive directors for services rendered				
2	Approving the rendering of financial assistance to Group companies				
3	Amendment of company Memorandum of Incorporation				

Signed at on this day of 2016

Signature

Assisted by me (where applicable)

Please read the notes on the reverse side hereof

Notes:

1. Each shareholder is entitled to appoint one or more proxies (none of whom need to be a shareholder of the Company) to attend, speak and vote in place of that shareholder at the Annual General Meeting.

2. Shareholder(s) that are certificated or own-name dematerialised shareholders may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided, with or without deleting "the chairman of the meeting", but any such deletion must be initialled by the shareholder(s). The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follows. If no proxy is named on a lodged form of proxy the chairman shall be deemed to be appointed as proxy.

3. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy, in the case of any proxy other than the chairman, to vote or abstain from voting as deemed fit and in the case of the chairman to vote in favour of the resolution.

4. A shareholder or is/her proxy is not obliged to use all the votes exercisable by the shareholder, but the total of the votes cast or abstained may not exceed the total of the votes exercisable in respect of the shares held by the shareholder.

5. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so. Where there are joint holders of shares, the vote of the first joint holder who tenders a vote, as determined by the order in which the names stand in the register of members, will be accepted.

6. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received otherwise than in accordance with these notes, provided that, in respect of acceptances, the chairman is satisfied as to the manner in which the shareholder concerned wishes to vote.

7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company or the transfer secretaries or waived by the chairman of the general meeting.

8. Any alteration or correction made to this form of proxy must be initialled by the signatories.

9. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.

10. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares need sign this form of proxy.

11. Completed forms of proxy must be sent to:

Mailed:
Computershare Investor Services
Proprietary Limited
PO Box 61051
Marshalltown
2107

Hand delivered:
Computershare Investor Services
Proprietary Limited
Ground Floor
70 Marshall Street
Johannesburg, 2001

To be received by no later than 10:30 on Monday 10 October 2016.

NOTES

NOTES

ADMINISTRATION

SOUTH AFRICAN COAL MINING HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
Registration number 1994/009012/06
JSE code: SAH
ISIN: ZAE000102034

Directors QMSM Mokoetle *(Previous chairman)* (Resigned 15 February 2016) LR Mamba *(Current chairman)* (Appointed 21 September 2015) PP Menon (Appointed 16 November 2011) (Appointed 30 September 2014) K Ashraff (Appointed 3 February 2015) C Dhlamini (Appointed 19 May 2015) J Mokgokong (Appointed 19 May 2015) K Harris (Appointed 3 February 2015) CP Tated (Appointed 30 September 2014) **Registered office** 1st Floor, 198 Oxford Road Illovo, Sandton, 2196 PO Box 55190 Northlands, 2116 Telephone +27 (0)10 001 9460 **Company Secretary** FJ Jansen van Rensburg Building 6, Woodmead Willows Office Park 19B Morris Street, Woodmead **Banker** The Standard Bank of South Africa Limited	**Sponsor** Exchange Sponsors (2008) Proprietary Limited Registration number 2008/019553/07 44A Boundary Road, Inanda, 2196 PO Box 411216 Craighall, 2024 **Transfer secretaries** Computershare Investor Services Proprietary Limited Registration number 2004/003647/07 Ground Floor 70 Marshall Street Johannesburg, 2001 PO Box 61051 Marshalltown, 2107 **Auditors** Nkonki Inc. 1 Simba Road Corner Nanyuki Road Sunninghill, 2157 PO Box 1503 Saxonwold, 2132

SHAREHOLDERS' DIARY

Annual General Meeting	12 October 2016
Financial year-end	31 December
Annual financial statements issued	June
Interim results announcement	September
Provisional results announcement	March

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