

**This circular is important and requires your immediate attention**

The definitions and interpretations commencing on page 11 of this circular apply to this circular in its entirety, including this cover page.

**Action required**

1. This entire circular is important and should be read with particular attention to pages 4 to 5 entitled "Action required by SACMH shareholders".
2. The procedure for acceptance of the offer is set out on pages 4 and 5 as well as in paragraph 10 of this document.
3. If you are in any doubt as to the action you should take, please consult your CSDP, broker, banker, legal adviser, accountant or other professional adviser immediately.
4. If you have disposed of all of your SACMH shares, this document should be handed to the purchaser of such shares or the CSDP, broker, banker, legal adviser, accountant or other agent through whom such disposal was effected.
5. SACMH does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of any holder of Dematerialised Shares to notify such Dematerialised Shareholders of the Offer set out in this circular.



**SOUTH AFRICAN COAL MINING HOLDINGS LIMITED**

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



**JSW ENERGY NATURAL RESOURCES SOUTH AFRICA PROPRIETARY LIMITED**

(Incorporated in the Republic of South Africa)  
(Registration number 2010/002801/07)  
("JSW SA")

---

**COMBINED OFFER CIRCULAR TO THE REMAINING SHAREHOLDERS OF SACMH**

*regarding:*

- **an offer by JSW SA to all the remaining shareholders of SACMH to acquire the remaining shares being 148 107 921 ordinary shares (32.73% of the issued shares) for a cash consideration of 9 cents per share; and**
- **the delisting of all the SACMH shares from the main board of the JSE following the passing of the delisting resolution by the shareholders of SACMH and the implementation of the offer**

*and incorporating:*

- **an independent fairness opinion by the independent expert regarding the offer;**
- **the views of the independent board of directors of SACMH;**
- **a notice of general meeting of shareholders;**
- **a form of proxy (*green*) for use at the general meeting (for use by certificated shareholders and dematerialised shareholders with own-name registration only); and**
- **a form of acceptance, transfer and surrender (*pink*) to be used by certificated shareholders only.**

---

**Sponsor and corporate adviser to SACMH**



**Independent expert to the board of SACMH**

**Effortless  
Corporate  
Finance  
(Pty) Ltd**

---

Date of posting: 12 September 2016

Copies of this circular (in English only) may be obtained from the registered office of SACMH at the address as set out in the "Corporate Information and Advisers" section of this circular as well as on the company's website [www.sacmh.co.za](http://www.sacmh.co.za) from Monday, 12 September 2016.

---

## CORPORATE INFORMATION AND ADVISERS

---

### Directors

LR Mamba<sup>\*</sup> (*Chairman*)  
KG Harris (*CEO*)  
CP Tated<sup>#</sup> (*CFO*)  
K Ashraff<sup>\*^</sup>  
PP Menon<sup>#</sup>  
MHC Dhlamini<sup>+</sup>  
JM Mokgokong<sup>\*+</sup>

<sup>\*</sup> *Non-executive*

<sup>+</sup> *Independent*

<sup>#</sup> *Indian*

<sup>^</sup> *Swaziland*

### Registered office of SACMH

c/o Umlabu Mine  
Farm Voorslag  
Ermelo/Breyton R36  
2351  
(Postnet Suite 1717, Private Bag X9013, Ermelo 2350)  
Telephone: 071 350 5571  
Facsimile: -

### Company secretary of SACMH

FJ Jansen van Rensburg  
Signature Business Solutions (Pty) Limited  
Building 6  
Woodmead Willows Office Park  
19B Morris Street  
Woodmead  
(PO Box 463, Melrose Arch 2075)  
Telephone: (011) 236 0620  
Facsimile: (086) 617 1699

### Sponsor and Corporate Adviser to SACMH

Exchange Sponsors (2008) Proprietary Limited  
(Registration number 2008/019553/07)  
44A Boundary Road,  
Inanda, 2196  
(PO Box 411216, Craighall, 2024)  
Telephone: (011) 880 2113  
Facsimile: (011) 447 4824

### Co-author of Umlabu Resource and Reserves Update

Leon Raaths  
MIPTEC Proprietary Limited  
19 Jan Frederik Street  
Reyno Ridge  
Witbank

Date of incorporation of SACMH:

Place of incorporation:

### Directors

CP Tated<sup>#</sup>  
KG Harris

<sup>\*</sup> *Independent*

<sup>#</sup> *Indian*

### Independent Expert to SACMH

Effortless Corporate Finance Proprietary Limited  
(Registration number 2010/004734/07)  
23 Nicholi Avenue  
Kommetjie, 7975  
Telephone: (021) 783 0171  
Facsimile: (086) 698 0075

### Auditors of SACMH

Nkonki Inc.  
Registration number 2002/017422/21  
1 Simba Road  
cnr Nanyuki Road  
Sunninghill  
2191  
(PO Box 1503, Saxonwold, 2132),  
Telephone: (011) 517 3000  
Facsimile: (011) 807 8630

### Transfer secretaries of SACMH

Computershare Investor Services Proprietary Limited  
(Registration number 2004/003647/07)  
Ground Floor  
70 Marshall Street  
Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)  
Telephone: (011) 370 5000  
Facsimile: (011) 688 5210

### Co-author of Umlabu Resource and Reserves Update

Katherine Black  
KJB GeoServices  
60 Curvy Road  
Blairgowrie  
Johannesburg

8 November 1994

Pretoria, South Africa

The definitions and interpretations commencing on page 11 of this circular have been used in the Summary and Important Legal Notice below.

---

## **SUMMARY**

---

The Board of SACMH has decided to commence a process which, if successfully concluded, will result in the delisting of the shares of SACMH on the JSE. The process entails that the delisting resolution has to be passed by the remaining shareholders of SACMH. Thereafter, subject to the passing of the resolution for delisting, JSW SA will make the offer to all the remaining shareholders. After the offer has closed, SACMH will be delisted from the JSE.

The offer by JSW SA is set out in this circular.

Also included in this circular is:

- the updated Umlabu Resource and Reserves statement;
- a fairness opinion by the independent expert regarding the offer;
- the views of the independent board of directors of SACMH;
- a notice of general meeting of shareholders;
- a form of proxy (*green*) for use at the general meeting; and
- a form of acceptance, transfer and surrender (*pink*) for use by certificated shareholders only.

---

## **IMPORTANT LEGAL NOTICE**

---

The release, publication or distribution of this circular in certain jurisdictions may be restricted by law. Therefore persons in any such jurisdictions into which this circular is released, published or distributed should inform themselves about and observe such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of such jurisdiction. This circular does not constitute the solicitation of an offer to purchase shares or a solicitation of any vote or approval in any jurisdiction in which such solicitation would be unlawful.

The offer is governed by the law of South Africa and is subject to the applicable laws and regulations.

Any shareholder who is in doubt as to their position should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

---

## **ACTION REQUIRED BY SACMH SHAREHOLDERS**

---

The definitions and interpretations commencing on page 11 of this circular apply to this paragraph.

Please take careful note of the following provisions regarding the action required. If you are in any doubt as to what action you should take, please consult your CSDP, broker, banker, legal adviser, accountant or other professional adviser immediately.

If you have disposed of all your SACMH shares, this document should be handed to the purchaser of such shares or the CSDP, broker, banker, legal adviser, accountant or other agent through whom such disposal was effected.

The general meeting of shareholders will be held at 10:00 on Wednesday, 12 October 2016 at 44A Boundary Road, Inanda, 2196 to consider and, if deemed fit, pass the delisting resolution. In order to be passed, more than 50% of the votes of all shareholders present or represented by proxy at the general meeting, excluding JSW SA, its associates and any party acting in concert, must be cast in favour of such resolution.

If the delisting resolution is passed, the offer will be made by JSW SA on the terms and conditions set out in the circular.

### **A. ACTION REQUIRED REGARDING THE DELISTING**

#### **1. IF YOU ARE A DEMATERIALIZED SHAREHOLDER AND DO NOT HAVE “OWN-NAME” REGISTRATION**

##### **1.1 Voting at the general meeting**

If your dematerialised SACMH shares are **not** recorded in your own name in the electronic sub-register of SACMH, you should notify your duly appointed CSDP or broker, as the case may be, in the manner and subject to the cut-off time stipulated in the custody agreement governing your relationship with your CSDP or broker, of your instructions as regards voting your SACMH shares at the general meeting.

If your CSDP or broker does not obtain instructions from you, your CSDP or broker will be obliged to act in accordance with the instructions contained in the custody agreement concluded between you and your CSDP or broker.

If you have not been contacted, it would be advisable for you to contact your CSDP or broker immediately and furnish your CSDP or broker with your instructions.

You must **not** complete the attached “form of proxy”.

##### **1.2 Attendance and representation at the general meeting**

In accordance with the mandate between you and your CSDP or broker, you must advise your CSDP or broker if you wish to:

- attend, speak or vote at the general meeting; and/or
- send a proxy to represent you (including the chairman of the general meeting) at the general meeting.

Your CSDP or broker will then issue the necessary letter of representation to you to attend the general meeting. You will not be permitted to attend, speak or vote at the general meeting, nor to send a proxy to represent you at the general meeting without the necessary letter of representation being issued to you, and your CSDP or broker may then vote on your behalf or abstain from voting at the general meeting in accordance with the mandate between you and your CSDP or broker.

##### **1.3 Consequences of the shareholders’ vote on the delisting**

In order for the delisting to be approved, remaining shareholders exercising more than 50% of the voting rights are required to vote in favour of the delisting resolution. Should the delisting be approved, the offer will commence in accordance with this circular and SACMH will continue as an unlisted entity.

## 2. IF YOU HAVE NOT DEMATERIALISED YOUR SHARES OR IF YOU HAVE DEMATERIALISED SACMH SHARES WITH “OWN-NAME” REGISTRATION

### 2.1 Voting, attendance and representation at the general meeting

You may attend, speak and vote at the general meeting in person. Alternatively you may appoint a proxy to represent you at the meeting by completing the relevant attached “form of proxy” (*green*) in accordance with the instructions therein and return it to the transfer secretaries: Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 48 hours (excluding Saturday, Sunday and public holidays) before the general meeting to be held at 10:00 on Monday, 10 October 2016 at 44A Boundary Road, Inanda, 2196. The “form of proxy” may also be handed to the chairman of the general meeting or adjourned general meeting before the general meeting is due to commence or recommence.

### 2.2 Surrender of documents of title (this applies only to certificated and not to dematerialised SACMH shareholders with “own-name” registration)

Should the delisting be approved and should you accept the offer, you are required to surrender your documents of title in respect of all your shares in order to claim the offer consideration, by completing the attached “form of acceptance, surrender and transfer” (*pink*) in accordance with its instructions, and returning it, together with the relevant share certificates or documents of title, to the transfer secretaries : Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61763 Marshalltown, 2107), to be received by no later than 12:00 on the record date.

### 2.3 Record date

#### *Certificated shareholders*

If the delisting is approved and you accept the offer and surrendered your documents of title to the transfer secretaries on or before 12:00 on the record date, the offer consideration in respect thereof will be posted to you at your own risk by ordinary post on or about the effective date. If you surrender your documents of title after 12:00 on the record date, the transfer secretaries will post the offer consideration in respect thereof to you by ordinary post at your own risk within five business days of receipt thereof.

If you hold certificated SACMH shares and wish to accept the offer, you should complete the attached “form of acceptance, surrender and transfer” (*pink*) and return it, together with the relevant share certificates or other documents of title in accordance with the instructions contained herein to the transfer secretaries: Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 12:00 on the record date.

Should the delisting not be approved, the transfer secretaries shall, within five business days of either the date upon which it becomes known that the delisting has not been approved, or on receipt by the transfer secretaries of the required documents of title, whichever is the later, return the documents of title to the certificated shareholder concerned by registered post at the risk of such certificated shareholder.

#### *Dematerialised shareholders with “own-name” registration*

If the delisting is approved, dematerialised SACMH shareholders with “own-name” registration who have accepted the offer will have their accounts held at their CSDP or broker debited with their shares and credited with the offer consideration in respect thereof on the effective date. You do not need to dematerialise your shares in order to receive the offer consideration in respect thereof.

### 2.4 Consequences of the shareholders’ vote on the delisting

In order for the delisting to be approved, remaining shareholders exercising more than 50% of the voting rights are required to vote in favour of the delisting resolution. Should the delisting be approved, the offer will commence in accordance this circular and SACMH will continue as an unlisted entity.

## B. ACTION REGARDING THE OFFER

### 1. IF YOU ARE A DEMATERIALISED SHAREHOLDER

#### 1.1 Acceptance of offer

- 1.1.1 Your CSDP or broker should contact you to ascertain if you wish to accept the offer and, if so, in respect of how many shares.
- 1.1.2 If your CSDP or broker has not contacted you and you wish to accept the offer, it would be advisable for you to contact your CSDP or broker and furnish it with your instructions in regard to the acceptance of the offer. These instructions must be provided in the manner and by the cut-off date and time stipulated in your custody agreement, and must be communicated by your CSDP or broker to the transfer secretaries by no later than 12:00 on the offer closing date.
- 1.1.3 If you notify your CSDP or broker of your desire to accept the offer, you will not be able to trade your shares from that date.
- 1.1.4 If your CSDP or broker does not obtain instructions from you, it will be obliged to act in accordance with the instructions in the custody agreement concluded between you and your CSDP or broker.
- 1.1.5 Should the custody agreement concluded between you and your CSDP or broker not be clear in this regard, then you will be deemed to have **accepted** the offer.

#### 1.2 Surrender of documents of title

You must **not** complete the attached form of acceptance, transfer and surrender (*pink*).

#### 1.3 Offer consideration

Offerees who have accepted the offer will have their accounts held at their CSDP or broker credited with the offer consideration on the offer payment date. **Acceptances received by the transfer secretaries before 12:00 on each Friday between the opening date and the closing date, will be settled on the following Monday.**

### 2. IF YOU ARE A CERTIFICATED SHAREHOLDER

#### 2.1 Acceptance of offer

- 2.1.1 You may accept the offer in respect of all or part of your shares by completing the attached form of acceptance, transfer and surrender (*pink*) and returning it, together with the relevant documents of title, to the transfer secretaries.
- 2.1.2 If you have accepted the offer in respect of some or all of your shares and surrendered your documents of title to the transfer secretaries, payment of the offer consideration will be made to you on the offer payment date. **Acceptances received by the transfer secretaries before 12:00 on each Friday between the opening date and the closing date, will be settled on the following Monday.**
- 2.1.3 Certificated shareholders are required to indicate on the form of acceptance, transfer and surrender (*pink*) their acceptance of the offer. Should there be any doubt or dispute as to whether the offeree has accepted the offer or not, then you will be deemed to have **accepted** the offer.

## C. **GENERAL**

1. Shareholders are advised to consult their professional advisers about their personal tax position regarding the receipt of the offer consideration.
2. Shareholders who are not resident in, or who have registered addresses outside of, South Africa must satisfy themselves as to the full observance of the law of any relevant territory concerning the receipt of the offer consideration, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territory. Shareholders who are in any doubt as to their position should consult their professional advisers.
3. Shareholders are advised that no dematerialisation or re-materialisation of shares will take place after Tuesday, 22 November 2016.
4. If documents of title relating to any shares to be surrendered are lost or destroyed, certificated shareholders should nevertheless complete the attached form of acceptance, transfer and surrender (*pink*) and return it to the transfer secretaries to be received on or before the closing date of the offer, together with an indemnity form which is obtainable from the transfer secretaries.
5. JSW SA may dispense with the surrender of documents of title upon production of evidence satisfactory to JSW SA that the documents of title relating to the shares in question have been lost or destroyed and upon provision of a suitable indemnity on terms satisfactory to it.
6. SACMH and JSW SA do not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of a dematerialised SACMH shareholder to notify such shareholder of the general meeting or any business conducted thereat or of the offer.

---

## TABLE OF CONTENTS

---

The definitions and interpretations commencing on page 11 of this circular have been used in the following table of contents:

	<i>Page</i>
<b>Corporate information and advisers</b>	Inside front cover
<b>Summary and important legal notice</b>	1
<b>Action required by SACMH shareholders</b>	2
<b>Salient dates and times</b>	8
<b>Definitions and interpretations</b>	10
Combined offer circular to the remaining shareholders	14
1. Background and rationale	14
2. Delisting process	15
3. Purpose of this circular	15
4. Condition precedent to the delisting	15
5. Terms of the offer	16
6. Offer acceptance period	17
7. Funding confirmation	17
8. Approvals by and disclosures to stock exchanges	17
9. Tax implications for offerees	17
10. Procedure for acceptance by offerees	17
11. Surrender of documents of title	18
12. Settlement of the offer consideration	19
13. Exchange control regulations	20
14. Termination of listing on the JSE	21
15. Independent expert	21
16. Opinion of independent expert	21
17. Views of the independent board	22
18. Share capital of SACMH	22
19. Major shareholders	22
20. Historical financial information relating to SACMH	22
21. Umlabu Resource and Reserves Update	23
22. Incorporation by reference	23
23. Care and maintenance	23
24. Sale of shares to BEE company	23
25. Interests of the directors of SACMH in SACMH and JSW India	24
26. Interests of JSW SA in SACMH	24



	Page
27. Interests of the directors of JSW SA in JSW SA and SACMH	24
28. Special arrangements	24
29. Directors' interests	24
30. Directors' service contracts	24
31. Consents	25
32. Costs of the offer	25
33. Recommendations	25
34. Material changes and litigation	25
35. Directors' responsibility statement	25
36. Irrevocable undertakings	25
37. Documents available for inspection	26
<b>Annexure 1 Historical financial information of SACMH</b>	27
<b>Annexure 2 Reviewed provisional Group results for the year ended 31 December 2015</b>	30
<b>Annexure 3 Opinion letter from the independent expert</b>	40
<b>Annexure 4 Price and trading history of SACMH shares on the JSE</b>	45
<b>Notice of general meeting</b>	46
<b>Form of proxy (<i>green</i>) – to be used by certificated shareholders and dematerialised shareholders with own-name registration at general meeting</b>	Attached
<b>Form of acceptance, transfer and surrender (<i>pink</i>) – to be used by certificated shareholders only who wish to accept the offer</b>	Attached

---

## SALIENT DATES AND TIMES

---

Action	2016
Record date to determine which shareholders are entitled to receive the circular	Friday, 2 September
Posting of the circular to shareholders and notice convening general meeting released on SENS	Monday, 12 September
Notice convening general meeting published in the South African press	Monday, 12 September
As the listing of the shares is suspended, there is no last day to trade for shareholders to be eligible to vote. However, in the unlikely event of the suspension of SACMH's shares on the JSE being lifted, the last day to trade in shares in order to be recorded on the register on the voting record date (voting last day to trade) will be	Tuesday, 27 September
Voting record date in respect of being eligible to vote at the general meeting	Friday, 30 September
Form of proxy to be received by 10:00	Monday, 10 October
General meeting at 10:00	Wednesday, 12 October
Results of general meeting released on SENS	Wednesday, 12 October
Results of general meeting published in the South African press	Thursday, 13 October

***In the event that the delisting resolution is passed, the following dates in respect of the offer will be confirmed in an announcement post the general meeting:***

Expected date of opening of offer at 09:00 on	Thursday, 13 October
Expected finalisation announcement	Thursday, 13 October
As the listing of the shares is suspended, there is no last day to trade for shareholders wishing to accept the offer consideration. However, in the unlikely event of the suspension of SACMH's shares on the JSE being lifted prior to the closing date of the offer, the expected last day to trade to take up the offer will be	Tuesday, 22 November
If shares of SACMH are not still suspended by then, expected date of suspension of the listing of SACMH shares on the JSE on	Wednesday, 23 November
Expected offer record date	Friday, 25 November
Expected offer closing date at 12:00 on	Friday, 25 November
Expected last offer payment date – see note 9 below	Monday, 28 November
Expected termination of the listing of SACMH shares at the commencement of trade on the JSE on	Tuesday, 29 November

**Notes:**

1. If the delisting resolution is approved, share certificates may not be dematerialised or rematerialised after the last date to trade to take up the offer.
2. Certificated shareholders are required to complete the attached forms of acceptance, transfer and surrender (*pink*) and return them to the transfer secretaries by no later than 12:00 on the closing date of the offer.
3. Any change to the above dates and times will be agreed upon by JSW SA and SACMH and advised to SACMH shareholders by release on SENS and publication in the South African press.
4. No dematerialisation or rematerialisation of SACMH shares will take place after Tuesday, 22 November 2016.
5. All times indicated above are South African times.
6. Offerees should note that acceptance of the offer will be irrevocable.
7. The offer consideration due to dematerialised shareholders will not be posted to such shareholders but will be transferred, at their risk, to their accounts with their CSDP or broker where the consideration will be dealt with in terms of the custody agreements entered into between such dematerialised shareholders and their CSDPs or brokers.
8. Cheques in respect of the offer consideration due to certificated shareholders will be posted, by registered post, to such

shareholders, at such shareholders' risk, to their addresses reflected in the form of acceptance, transfer and surrender (*pink*), or if there is no address on the form of acceptance, transfer and surrender (*pink*), to the addresses reflected on the shareholder register. Alternatively, the offer consideration will be electronically transferred into a certificated shareholder's bank account if details of such account are available to the transfer secretaries and the certificated shareholder concerned has entered into a mandate with the transfer secretaries.

9. **Acceptances received by the transfer secretaries before 12:00 on each Friday between the opening date and the closing date, will be settled, transferred or posted (as the case may be) on the following Monday. The first settlement, transfer or posting will be on Monday, 24 October 2016 for the period ended at 12:00 on Friday, 21 October 2016. The final settlement, transfer or posting will be on Monday, 28 November 2016 for the period ending at 12:00 on the closing date, Friday, 25 November 2016.**
10. Should the delisting be approved, SACMH will continue as an unlisted entity. Shareholders who do not take up the offer will remain shareholders in an unlisted company.

---

## DEFINITIONS AND INTERPRETATIONS

---

In this circular, unless otherwise stated or clearly indicated by the context, the words in the first column have the meanings stated opposite them in the second column; words in the singular include the plural and *vice versa*; words importing one gender include the other gender and references to a person include reference to a body corporate and *vice versa*.

“BEE”	Black economic empowered;
“broker”	any person registered as a “broking member (equities)” in terms of the rules of the JSE made in accordance with the provisions of the Financial Markets Act;
“business day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“cents”	South African cents in the official currency of South Africa;
“certificated shares”	SACMH shares represented by a share certificate or other physical document of title, which have not been dematerialised or surrendered for dematerialisation in terms of the requirements of Strate;
“certificated shareholders”	SACMH shareholders who hold certificated shares;
“circular”	this bound document dated 12 September 2016, including the offer, annexures hereto and incorporating a notice of general meeting, form of proxy as well as a form of acceptance, transfer and surrender;
“closing date”	the closing date of the offer, being 12:00 on Friday, 25 November 2016;
“common monetary area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Companies Act”	the Companies Act, 2008 (Act 71 of 2008), as amended;
“condition precedent to the delisting”	the condition precedent to which the delisting is subject, as set out in paragraph 4 of the circular;
“conditions precedent to the offer”	the conditions precedent to which the offer is subject, as set out in paragraph 5.3 the circular;
“CSDP”	Central Securities Depository Participant accepted as a participant in terms of the Financial Markets Act, appointed by an individual shareholder for purposes of the dematerialisation of documents of title for purposes of incorporation into the Strate system;
“delisting”	the delisting of SACMH from the main board of the JSE in terms of section 1.13 to 1.15 of the Listings Requirements;
“delisting resolution”	the ordinary resolution to be proposed at the general meeting for approval of the delisting by shareholders in terms of section 1.15 of the Listings Requirements, the full terms of which are set out in the notice of general meeting attached to and forming part of this circular;
“dematerialisation”	the process by which shares held by certificated shareholders are converted to or held in electronic format as uncertificated securities and recorded as such in the sub-register of shareholders maintained by a CSDP, and “dematerialise” and “dematerialised” shall bear the same meaning;
“dematerialised shares”	shares which have been dematerialised in terms of the requirements of Strate through a CSDP or broker and are held in electronic form and recorded as such in the SACMH sub-registers administered and maintained by the CSDPs;
“dematerialised shareholder”	a shareholder who holds shares which have been incorporated into the Strate system and which are no longer evidenced by physical documents of title;

“directors”, “board” or “board of directors”	the directors of SACMH, further details of whom appear under the “Corporate information and advisers” section;
“documents of title”	valid share certificate(s), certified transfer deed(s), balance receipts and/or any other documents of title acceptable to JSW SA in respect of SACMH’s shares;
“Effortless Corporate Finance” or “independent expert”	Effortless Corporate Finance Proprietary Limited (registration number 2010/004734/07), a private company duly registered and incorporated under the laws of South Africa, which has been appointed by the board to advise on the fairness and reasonableness of the offer;
“EFT”	electronic funds transfer;
“entire issued share capital”	the full issued share capital of SACMH, being 452 454 204 shares in issue at the last practicable date;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended, made in terms of section 9 of the Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;
“Exchange Sponsors”	Exchange Sponsors (2008) Proprietary Limited (registration number 2008/019553/07), a private company registered and incorporated under the laws of South Africa, the sponsor of SACMH;
“fairness opinion”	the opinion by the independent expert to be issued in terms of section 1.14(d) read with Schedule 5 of the Listings Requirements in respect of the fairness of the offer, as well as in terms of section 114(2) and (3) of the Companies Act read with Regulation 90 in respect of the fairness and reasonableness of the offer;
“finalisation date”	the date on which SACMH and JSW SA announce that all conditions precedent have been fulfilled or waived, as the case may be, including without limitation that the TRP has issued its compliance certificate under section 119(4)(b) or an exemption in terms of section 119(6) of the Companies Act;
“Financial Markets Act”	the Financial Markets Act, 2012 (Act No 19 of 2012), as amended;
“form of acceptance, transfer and surrender”	the attached form of acceptance, transfer and surrender of the offer ( <i>pink</i> ) for use by certificated shareholders, to be completed by certificated shareholders or shareholders with “own-name” registration, and to accompany surrendered documents of title;
“general meeting”	the general meeting of shareholders to be held at 10:00 on Wednesday, 12 October 2016 at 44A Boundary Road, Inanda, 2196 (or any postponement or adjournment thereof), at which meeting SACMH shareholders will consider and vote on the delisting resolution;
“group” or “SACMH group”	SACMH and its subsidiaries, all incorporated in accordance with the laws of South Africa;
“Income Tax Act”	the Income Tax Act, 1962 (Act 58 of 1962), as amended;
“IFRS”	International Financial Reporting Standards;
“independent board”	the following members of the board of directors of SACMH, namely Messrs Mamba, Harris, Ashraff, Dhlamini and Mokgokong, which board is deemed to be impartial, has no conflict of interest and accordingly is “independent” as defined under Regulation 81(j) of the Companies Act;
“JSE”	the JSE Limited (registration number 2005/022939/06), a limited liability public company incorporated in accordance with the laws of South Africa which operates a securities exchange licensed in terms of the Financial Markets Act, and the shares of which are listed on the JSE;
“JSW India”	JSW Energy Limited (registration number U74999MH1994PLC077041), a public company duly registered and incorporated under the laws of India, and listed on the Bombay and National Stock Exchanges in India;

“JSW Mauritius (Minerals)”	JSW Energy Minerals Mauritius Limited (registration number 094669), a private company duly registered and incorporated under the laws of Mauritius, a wholly-owned subsidiary of JSW India;
“JSW Mauritius (Resources)”	JSW Energy Natural Resources Mauritius Limited (registration number 094670), a private company duly registered and incorporated under the laws of Mauritius, a wholly-owned subsidiary of JSW Mauritius (Minerals);
“JSW SA”	JSW Energy Natural Resources South Africa Proprietary Limited (registration number 2010/002801/07), a private company duly registered and incorporated under the laws of South Africa, a wholly-owned subsidiary of JSW Mauritius (Resources);
“last practicable date”	the last practicable date prior to the finalisation of this circular, which date was 5 September 2016;
“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time;
“offer”	the offer by JSW SA to remaining shareholders in accordance with section 1.14(c) of the Listings Requirements and in terms of section 117(1)(c)(v) of the Companies Act, to acquire all the remaining shares in SACMH at a consideration of 9 (nine) cents per share, the full details of which are set out in this circular;
“offer consideration”	9 (nine) cents for every one remaining share held by the remaining shareholders payable by JSW SA in cash;
“offerees”	remaining shareholders recorded in the SACMH register as such as at the close of business on the record date, who are entitled to receive the offer and the offer consideration;
“offer record date”	the record date of the offer, being Friday, 25 November 2016;
“offer shares”	the remaining shares held by offerees;
“opening date”	the opening date of the offer, being 09:00 on Thursday, 13 October 2016;
“payment date”	the date/s on which the offer consideration is paid in terms of the offer;
“Rand” or “R”	South African Rand;
“register”	the share register of the company, including all sub-registers;
“Regulation/s”	the Companies Regulations 2011, promulgated under the Companies Act;
“remaining shares”	148 107 921 SACMH ordinary shares not directly or indirectly held by JSW SA and its associates;
“remaining shareholders”	the registered holders of the remaining shares from time to time, in other words shares not directly or indirectly held by JSW SA and its associates;
“SACMH” or “the Company”	South African Coal Mining Holdings Limited (registration number 1994/009012/06), a public company incorporated in accordance with the laws of South Africa and the shares of which are listed on the main board of the JSE;
“SACMH register”	the register of certificated SACMH members maintained by the transfer secretaries and incorporating the SACMH sub-register;
“SACMH shareholders” or “shareholders”	the registered holders of SACMH shares as appearing on the SACMH register;
“SACMH shares” or “shares”	ordinary shares of no par value each in the issued capital of SACMH;
“SACMH sub-registers”	the registers of SACMH shareholders maintained by the CSDPs and forming part of the SACMH register;
“securities transfer tax”	securities transfer tax, leviable in terms of the Securities Transfer Tax Act, 2007 (Act 25 of 2007);

“SENS”	the Stock Exchange News Service of the JSE;
“shareholders”	holders of ordinary shares in SACMH recorded as such in the register at the record date;
“South Africa”	the Republic of South Africa;
“South African Exchange Control”	the Exchange Control Department of the South African Reserve Bank;
“Strate”	Strate Proprietary Limited (registration number 1998/022242/07), a private company incorporated in accordance with the laws of South Africa and a registered central securities depository responsible for the electronic custody and settlement system for transactions that take place on the JSE and off-market trades;
“subsidiary”	a subsidiary as defined in the Companies Act;
“Takeover Regulations”	the Takeover Regulations issued in terms of section 120 of the Companies Act;
“transfer secretaries”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated in accordance with the laws of South Africa;
“TRP”	the Takeover Regulation Panel established in terms of section 196 of the Companies Act;
“voting record date”	the date on, and the time at, which a shareholder of SACMH must be recorded in the register in order to vote at the general meeting, being Friday, 30 September 2016, or such other date or time as the JSE may direct;
“voting last day to trade”	the last day to trade on the exchange operated by the JSE to be able to vote at the general meeting, being the Tuesday immediately preceding the week during which the voting record date occurs, which date is expected to be Tuesday, 27 September 2016, or such other date or time as the JSE may direct; and
“VWAP”	volume weighted average price.



---

## COMBINED OFFER CIRCULAR TO THE REMAINING SHAREHOLDERS

---

The definitions and interpretations commencing on page 11 of this document apply to this circular.

### 1. BACKGROUND AND RATIONALE

- 1.1 Shareholders are referred to the firm intention announcement made on 19 October 2015 as well as various subsequent announcements on SENS updating shareholders about the delays.
- 1.2 The finalisation of the circular has been delayed by the following:
- in October 2015 the JSE requested its Readers Panel to review the Umlabu Resource and Reserves update; comments were received, the document was updated and only approved by the JSE on 29 February 2016;
  - SACMH's audited results for 2014 as well as the interim results to June 2015 had not been released at the time; the 2014 results were released on 14 December 2015 and the June 2015 interim results were released on 15 March 2016;
  - during December 2015 SACMH changed its auditors;
  - in April 2016 the JSE insisted that the results to 31 December 2015 be released before the circular is approved; the reviewed provisional results were only released on SENS on 1 August 2016.
- 1.3 The independent board of directors of SACMH wishes to apply to have the listing of SACMH on the JSE terminated for the following reasons:
- the mine operated by SACMH has been in care and maintenance for an extended period of time; this is currently still the position;
  - the coal produced by the mine does not meet the requirements of the Richards Bay Coal Terminal for export, and therefore has to be blended with coal procured from other mines;
  - the cost of mining coal at such a relatively small operation is more than the dollar export prices achieved by coal – consequently the operation is not viable; the Umlabu Resource and Reserve statement clearly states on pages 14 and 15 that due to low API4 selling price and high underground mining costs, Umlabu Colliery would be unable to mine economically;
  - it is administratively intensive and costly to maintain the listing of SACMH on the JSE;
  - the volume of trade over the last few years whilst JSW was the majority shareholder, has been relatively insignificant; and
  - the trading in SACMH's shares had been suspended by the JSE on 4 May 2015 and trading is currently still suspended.
- 1.4 The delisting has to be accompanied by an offer to all shareholders.
- 1.5 JSW SA, which currently directly and indirectly holds 67,27% of the issued shares of SACMH, a related party of SACMH by virtue of its shareholding, intends making the offer.



## 2. **DELISTING PROCESS**

2.1 In terms of section 1.13 to 1.15 of the Listings Requirements, the process to remove SACMH from the main board at its request will entail the following:

- 2.1.1 SACMH must draft and send a circular to its shareholders in which the reasons for delisting must be clearly stated;
- 2.1.2 a cash offer must be made to all shareholders of SACMH; in this case JSW SA will be making the offer; as it is also an offer to acquire a beneficial interest in the remaining voting securities of SACMH not already held by JSW SA, section 117(1)(c)(v) of the Companies Act also applies to the offer;
- 2.1.3 the offer price must be certified as fair by an independent expert, whose opinion must be included in the circular; the independent expert must also state whether the offer is fair and reasonable in terms of Regulation 90 and fair in terms of section 1.14 of the Listings Requirements;
- 2.1.4 shareholders (excluding the controlling shareholder, associates and parties acting in concert) must, in terms of section 1.15 of the Listings Requirements, pass a resolution by more than 50% of votes to approve de-listing proposal;
- 2.1.5 JSW SA and its associates referred to in 5.2 below will not be entitled to vote at the general meeting as it is the controlling shareholder of SACMH;
- 2.1.6 JSW SA's representatives on the board of SACMH, Messrs CP Tated and PP Menon, are not part of the independent board and have not participated in the decisions in respect of the proposed delisting of SACMH in any way.

2.2 The steps to delist will be the following:

- if, at the general meeting of shareholders, the majority of the eligible votes pass the delisting resolution, the delisting will proceed;
- the offer to all remaining shareholders to buy out their shares at the offer price, which is subject to the passing of the delisting resolution, will then open;
- once the offer has closed, SACMH will apply to the JSE to terminate its listing from a certain date as per the timetable on page 8, expected to be 29 November 2016, and the TRP will issue its compliance certificate under section 119(4)(b) of the Companies Act.

2.3 Should any of the remaining shareholders not accept the offer, they will remain shareholders of SACMH as an unlisted public company.

2.4 The delisting will be subject to the condition precedent in paragraph 4 below.

## 3. **PURPOSE OF THIS CIRCULAR**

The purpose of this circular is to:

- explain the board's reasons for proposing delisting;
- explain the delisting process;
- give notice of a general meeting to consider and vote on the delisting resolution;
- set out the offer and the manner in which it could be accepted;
- set out the opinion of the independent expert in respect of the fairness of the offer;
- set out the views of the independent board in respect of the fairness of the offer; and
- explain the consequences of delisting and non-acceptance of the offer.

## 4. **CONDITION PRECEDENT TO THE DELISTING**

The delisting will be subject to the remaining shareholders passing the delisting resolution by more than 50% of the votes of all shareholders present or represented by proxy at the general meeting, excluding the controlling shareholder, its associates and any party acting in concert.

## 5. TERMS OF THE OFFER

### 5.1 Application of Companies Act

The offer is a fundamental transaction by virtue of section 117(1)(c)(v) of the Companies Act. It does, however, not require shareholder approval in terms of section 115 of the Companies Act.

As the offer is not a transaction as contemplated in sections 112, 113 or 114 of the Companies Act, section 164 of the Companies Act dealing with appraisal rights of dissenting shareholders, does not apply.

### 5.2 The offeror

The offer is extended by JSW SA.

No company in the JSW Group, save for JSW SA and its wholly owned subsidiaries Mainsail Trading 55 Proprietary Limited and Royal Bafokeng Capital Proprietary Limited, directly or indirectly owns any other shares in SACMH. Their respective shareholdings are as follows:

	<b>Number of shares</b>	<b>% of issued shares</b>
JSW SA	39 763 008	8.79
Royal Bafokeng	244 583 275	54.06
Mainsail	20 000 000	4.42
<b>Total</b>	<b>304 346 283</b>	<b>67.27</b>

### 5.3 Condition precedent to the offer

The offer will be subject to the remaining shareholders passing the delisting resolution by more than 50% of the votes of all shareholders present or represented by proxy at the general meeting, excluding the controlling shareholder, its associates and any party acting in concert.

### 5.4 The offer

Subject to the conditions precedent to the offer being fulfilled, JSW SA hereby makes an offer to acquire all the remaining shares, from all of the remaining shareholders of SACMH, for a purchase consideration equal to 9 (nine) cents per share, in terms of section 1.14 (c) of the Listings Requirements and in terms of section 117(1)(c)(v) of the Companies Act.

### 5.5 Applicable law

The offer is made in compliance with the Listings Requirements and the Companies Act, and is governed by and subject to the provisions of the laws of South Africa and will be subject to the exclusive jurisdiction of a South African court.

Each offeree will be deemed, by his acceptance, to have consented and submitted to the jurisdiction of the courts of South Africa in relation to all matters arising out of or in connection with the offer and acceptance thereof.

### 5.6 Offer not made where illegal

5.6.1 The legality of the offer to persons resident in jurisdictions outside of South Africa may be affected by laws of the relevant jurisdiction.

5.6.2 Such persons should acquaint themselves with any applicable legal requirements which they are obligated to observe.

5.6.3 It is the responsibility of any such person wishing to accept the offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith.

5.6.4 In particular, the offer is not being made, directly or indirectly, in or into any jurisdiction where it is illegal for the offer to be made or accepted ("affected jurisdictions") or by the use of mail, or by means or instrumentality of inter-state or foreign commerce of, or any facility of a national securities exchange of any of the affected jurisdictions.

- 5.6.5 Persons wishing to accept the offer should not use the mail of any of the affected jurisdictions or any such means, instrumentality or facility for any purpose, directly or indirectly, relating to the offer.
- 5.6.6 Envelopes containing forms of acceptance, transfer and surrender or other documents relating to the offer should not be post-marked in any of the affected jurisdictions or otherwise dispatched from any of the affected jurisdictions and all acceptors must provide addresses outside the affected jurisdictions for receipt of the offer consideration to which they are entitled under the offer.
- 5.6.7 If received in any affected jurisdiction, this document should be treated as being received for information only.

## 6. **OFFER ACCEPTANCE PERIOD**

The offer will open on Thursday, 13 October 2016 at 09:00 and close at 12:00 on Friday, 25 November 2016, being a period of more than 30 days as required by the Listings Requirements and more than 30 business days as required by Regulation 102 of the Companies Act.

Accordingly the offer will be open for acceptance by the remaining shareholders at any time during the offer period. Payment will take place weekly in respect of all acceptances received. For more information refer to paragraph 10 below.

## 7. **FUNDING CONFIRMATION**

Should all the remaining shareholders accept the offer in respect of all the remaining shares, the maximum offer consideration will be R13 329 712.89. JSW SA has confirmed to SACMH that sufficient cash resources are available for the payment of the offer consideration.

As required by the Companies Act and the Regulations, Rand Merchant Bank has provided a guarantee to the TRP to satisfy more than the full offer consideration payable in terms of the offer, namely R14 810 792.10, which is in a form acceptable to the TRP and complies with Regulation 111(4) and 111(5) of the Takeover Regulations.

## 8. **APPROVALS BY AND DISCLOSURES TO STOCK EXCHANGES**

JSW India has, to the extent required, complied with the applicable regulations under the Foreign Currency Management Act in force in India, and made the required disclosures to Indian Stock Exchanges (namely the National Stock Exchange and Bombay Stock Exchange) under the listing agreements entered into between JSW India and the said Indian Stock Exchanges.

The JSE and TRP have approved this circular.

## 9. **TAX IMPLICATIONS FOR OFFEREES**

The tax treatment of offerees is dependent on their individual circumstances and the tax jurisdiction applicable to such offerees. It is recommended that, if offerees are uncertain about the tax treatment of the receipt of the offer consideration, they seek appropriate advice in this regard.

## 10. **PROCEDURE FOR ACCEPTANCE BY OFFEREES**

### 10.1 **Certificated shareholders**

- 10.1.1 Certificated shareholders who wish to accept the offer are required to complete the attached form of acceptance, transfer and surrender and return it to the transfer secretaries, together with their documents of title in respect of their remaining shares, at their own risk, to be received by no later than 12:00 on the closing date of the offer in order for certificated shareholders to receive the offer consideration.
- 10.1.2 The form may be delivered by hand or sent by mail to the transfer secretaries at the addresses on the inside cover of this circular. Late acceptances may be accepted or rejected at JSW SA's discretion.

- 10.1.3 Acceptances of the offer that are sent by mail are sent at the risk of the shareholders concerned. Accordingly certificated shareholders should take note of the postal delivery times so as to ensure that acceptances of the offer are received timeously. It is therefore recommended that such acceptances be sent by registered post mail or delivered by hand to the transfer secretaries.
- 10.1.4 All acceptances of the offer received by the transfer secretaries, CSDPs or brokers and treated as valid by them, shall be irrevocable.
- 10.1.5 Certificated shareholders are required to indicate on the form of acceptance, transfer and surrender (*pink*) their acceptance of the offer. Should there be any doubt or dispute as to whether the offeree has accepted the offer or not, then you will be deemed to have accepted the offer.
- 10.1.6 JSW SA reserves the right, in its sole and absolute discretion, to:
- in respect of certificated shares, treat forms of acceptance, transfer and surrender not accompanied by valid documents of title as valid or invalid;
  - treat forms of acceptance, transfer and surrender not properly completed as valid or invalid; or
  - require proof of the authority of the person signing the form of acceptance, transfer and surrender where such proof has not been lodged with, or recorded by, the transfer secretaries;
  - condone, in its sole discretion, the non-compliance by any offeree with any of the terms of the offer.

## 10.2 Dematerialised shareholders

- 10.2.1 Your CSDP or broker should contact you to ascertain if you wish to accept the offer and, if so, in respect of how many shares.
- 10.2.2 If your CSDP or broker has not contacted you and you wish to accept the offer, it would be advisable for you to contact your CSDP or broker and furnish it with your instructions in regard to the acceptance of the offer. These instructions must be provided in the manner and by the cut-off date and time stipulated in your custody agreement, and must be communicated by you and/or your CSDP or broker to the transfer secretaries by no later than 12:00 on the offer closing date.
- 10.2.3 If you notify your CSDP or broker of your desire to accept the offer, you will not be able to trade your shares from that date.
- 10.2.4 If your CSDP or broker does not obtain instructions from you, it will be obliged to act in accordance with the instructions in the custody agreement concluded between you and your CSDP or broker.
- 10.2.5 Should the custody agreement concluded between you and your CSDP or broker not be clear in this regard, then you will be deemed to have **accepted** the offer.
- 10.2.6 Dematerialised shareholders must **not** complete the attached form of acceptance, transfer and surrender.

## 11. SURRENDER OF DOCUMENTS OF TITLE

This paragraph applies to certificated shareholders only.

- 11.1 Certificated offerees must surrender their documents of title in respect of all their certificated offer shares in order to claim the offer consideration.
- 11.2 Certificated offerees who wish to surrender their documents of title must complete the attached form of acceptance, transfer and surrender and return it together with the documents of title in respect of all the relevant certificated offer shares to the transfer secretaries.
- 11.3 No receipts will be issued for documents of title surrendered, unless specifically requested in writing.

- 11.4 Documents of title surrendered by certificated shareholders will be held on behalf of and for the benefit of the surrendering offerees by the transfer secretaries until the payment date. On the payment date, the documents will become the property of the offeror.
- 11.5 Certificated offerees who surrender their documents of title before the record date of the offer will not be able to dematerialise their documents of title or trade their SACMH shares after such surrender.
- 11.6 JSW SA may dispense with the surrender of such documents of title upon production of evidence satisfactory to JSW SA that the documents of title to the SACMH shares have been lost or destroyed and upon provision of a suitable indemnity satisfactory to JSW SA at the cost of the certificated offeree. Indemnity forms are obtainable from the transfer secretaries on request and will be regarded as the only suitable form for submission in such case.
- 11.7 If a certificated offeree does not surrender his document of title in respect of his holding of offer shares, then the offer consideration will be deemed to have been received and held in terms of paragraph 11.4 above, pending surrender by that offeree of his documents of title in respect of his holding of offer shares.
- 11.8 In the event of certificated shareholders accepting the offer in respect of only part of their offer shares, the transfer secretaries will post to such certificated shareholders, by registered post, at their own risk, replacement share certificates reflecting the number of SACMH shares held by those certificated shareholders after the implementation of the offer.

## **12. SETTLEMENT OF THE OFFER CONSIDERATION**

- 12.1 The offer consideration due to dematerialised shareholders will not be posted to such shareholders but will be transferred, at their risk, by EFT to their accounts with their CSDP or broker where the consideration will be dealt with in terms of the custody agreements entered into between such dematerialised shareholders and their CSDPs or brokers.
- 12.2 Cheques in respect of the offer consideration due to certificated shareholders will be posted, by registered post, to such shareholders, at such shareholders' risk, to their addresses reflected in the form of acceptance, transfer and surrender, or if there is no address on the form of acceptance, transfer and surrender, to the addresses reflected on the shareholder register. Alternatively, the offer consideration will be transferred by EFT into a certificated shareholder's bank account if details of such account are available to the transfer secretaries and the certificated shareholder concerned has entered into a mandate with the transfer secretaries; or if such bank details have been completed in the relevant section of the form of acceptance, transfer and surrender.
- 12.3 Acceptances received by the transfer secretaries before 12:00 on each Friday between the opening date and the closing date, will be settled, transferred or posted on the following Monday unless the Monday is a public holiday, in which case settlement will take place on the first business day thereafter. The first settlement, transfer or posting will be on Monday, 24 October 2016 for the period ended at 12:00 on Friday, 21 October 2016. The final settlement, transfer or posting will be on Monday, 28 November 2016 for the period ending at 12:00 on the closing date, Friday, 25 November 2016.
- 12.4 Where on, or subsequent to the closing date, a person who was not a registered holder of offer shares on the record date of the offer, tenders to the transfer secretaries documents of title together with a duly stamped form of acceptance, transfer and surrender, purporting to have been executed by or on behalf of the registered holder of such shares and, provided that the offer consideration shall not already have been posted or delivered to the registered holder or his CSDP or broker, then such transfer may be accepted by JSW SA as if it were a valid transfer to such person of the offer shares concerned, provided that JSW SA has been, if so required, provided with an indemnity on terms acceptable to it in respect of such offer consideration.

- 12.5 If the offer consideration is not sent to shareholders entitled thereto because the relevant documents of title and forms of acceptance, transfer and surrender have not been surrendered, or if the offer consideration is returned undelivered to the transfer secretaries, the offer consideration will be held by SACMH or the transfer secretaries, on behalf of and for the benefit of such certificated shareholders, until claimed and no interest will accrue thereon. This paragraph does not apply to dematerialised shares held by shareholders.
- 12.6 The settlement of the offer consideration to which any offeree becomes entitled in terms of the offer will be effected in full in accordance with the terms of the offer without regard to any lien, right of set-off, counter-claim or any other analogous right to which JSW SA may be entitled.
- 12.7 The settlement of the offer consideration for both dematerialised shareholders and certificated shareholders will be made subject to the Exchange Control Regulations.

### 13. EXCHANGE CONTROL REGULATIONS

*The settlement of the offer consideration for both the certificated shareholders and dematerialised shareholders will be made subject to the Exchange Control Regulations. The following is a summary of the applicable Exchange Control Regulations. The remaining shareholders that are to receive the offer consideration who are not resident in South Africa, or who have registered addresses outside (as the case may be), must satisfy themselves as to the full observance of the laws of the relevant jurisdiction concerning the receipt of the offer consideration. This includes obtaining any required governmental or other consents, observing any other required formalities and paying any transfer or other taxes due in that jurisdiction. If any remaining shareholder is in any doubt, he should consult his professional advisers without delay.*

#### 13.1 Residents of the common monetary area

In the case of:

- 13.1.1 certificated shareholders whose registered addresses in the register are within the common monetary area and whose documents of title are not restrictively endorsed in terms of the Exchange Control Regulations, the offer consideration will be posted to such certificated shareholders, in accordance with paragraph 12; or
- 13.1.2 dematerialised shareholders whose registered addresses in the register are within the common monetary area and whose accounts with their CSDP or broker have not been restrictively designated in terms of the Exchange Control Regulations, the offer consideration will be credited directly to the accounts nominated for the relevant dematerialised shareholders by their duly appointed CSDP or broker in terms of the provisions of the custody agreement with their CSDP or broker.

#### 13.2 Emigrants from the common monetary area

In the case of shareholders who are emigrants from the common monetary area and whose shares form part of their blocked assets, the offer consideration will:

- 13.2.1 in the case of certificated shareholders whose documents of title are restrictively endorsed in terms of the Exchange Control Regulations, be forwarded to the authorised dealer in foreign exchange in South Africa controlling the offeree's blocked assets in terms of the Exchange Control Regulations, against delivery of the relevant documents of title. The attached form of acceptance, transfer and surrender makes provision for the details of the authorised dealer concerned to be given; or
- 13.2.2 in the case of dematerialised shareholders whose registered addresses in the register are within the common monetary area and whose accounts with their CSDP or broker have not been restrictively designated in terms of the Exchange Control Regulations, be paid to their CSDP or broker which shall arrange for same to be credited directly to the blocked Rand bank account of the shareholder concerned with their authorised dealer in foreign exchange in South Africa.

### 13.3 All other non-residents of the common monetary area

The offer consideration accruing to non-resident remaining shareholders whose registered addresses are outside the common monetary area and who are not emigrants from the common monetary area will, in the case of:

- 13.3.1 certificated shareholders whose documents of title have been restrictively endorsed in terms of the Exchange Control Regulations, be deposited with their authorised dealer in foreign exchange in South Africa nominated by such certificated shareholder; or
- 13.3.2 dematerialised shareholders, be paid to their duly appointed CSDP or broker and credited to such remaining shareholders in terms of the provisions of the custody agreement with their CSDP or broker.

### 13.4 Information not provided

If the information regarding authorised dealers is not given or the instructions are not given, the offer consideration will be held in trust by SACMH or the transfer secretaries on behalf of SACMH for the remaining shareholders concerned, pending receipt of the necessary information or instructions. Should no information or instructions be received for three years after the closing date, the offer consideration will be donated to a charitable organisation of the company's choice.

## 14. TERMINATION OF LISTING ON THE JSE

The trading of the shares of SACMH on the JSE has been suspended since 4 May 2015 as a result of the fact that the Company failed to timeously issue its annual financial statements for the year ended on 31 December 2014. Although these statements have subsequently been issued, SACMH has not applied for the suspension to be lifted, *inter alia*, due to various other instances of non-compliance with the Listings Requirements from time to time.

The JSE has granted approval for the termination of the listing of SACMH's shares on the JSE in terms of section 1.13 of the Listings Requirements, subject to:

- the delisting resolution being passed; and
- the offer being made, subject to its approval by the TRP by way of a compliance certificate to be issued in terms of the Companies Act.

The date of the suspension and termination of the listing will be confirmed in due course. According to the current timetable the date of termination of the listing is expected to be 29 November 2016.

Remaining shareholders are advised that should the delisting resolution be approved and should they not accept the offer, they will remain shareholders in the unlisted entity.

## 15. INDEPENDENT EXPERT

The independent board of SACMH has appointed Effortless Corporate Finance as its independent expert to provide the independent board with its opinion as to whether the terms of the offer are:

- fair in terms of section 1.14(d) read with Schedule 5 of the Listings Requirements; as well as
- fair and reasonable in terms of section 114(2) and (3) of the Companies Act read with Company Regulation 90.

Effortless Corporate Finance meets the requirements of the JSE as well as those set out in section 114(2) of the Companies Act.

## 16. OPINION OF INDEPENDENT EXPERT

Effortless Corporate Finance delivered to the independent board of directors an opinion to the effect that, as of the date of the opinion, and based upon and subject to the factors and assumptions detailed in its letter, the terms and conditions of the offer are:

- fair in terms of section 1.14(d) read with Schedule 5 of the Listings Requirements; as well as
- fair and reasonable in terms of section 114(2) and (3) of the Companies Act read with Company Regulation 90.

The opinion is annexed hereto as Annexure 3 and has not been withdrawn prior to the publication of this circular.

The independent expert arrived at the following value in the opinion:

*“The outcome of the valuation of the SACMH shares resulted in a valuation range between 0 (zero) cents and 1 (one) cent per SACMH share. The most likely value that represents the core value of an SACMH share is 0 (zero) cent per share. The offer consideration of 9 cents per share is above the upper end of our range. The current offer of 9 cents per SACMH share falls above this range and is therefore fair to shareholders of SACMH.”*

#### 17. VIEWS OF THE INDEPENDENT BOARD

The independent board of directors of SACMH has considered the terms and conditions of the offer as well as the opinion of the independent expert.

The independent board places reliance on the valuation of the shares that are the subject of the offer, performed by the independent expert, after performing the requisite amount of work that satisfies the independent board that it is justified in placing reliance upon that valuation.

The consideration of 9 (nine) cents per share offered exceeds the indicated fair valuation range of between 0 (zero) cent and 1 (one) cent per share. If the delisting resolution is approved and shareholder does not accept the offer, the shareholder will retain a share in SACMH as an unlisted company, which will make the share more difficult to trade and may have an impact on its future value which is unquantifiable at this stage.

The independent board, taking into account the above considerations, concurs with the independent expert's valuation range of between 0 (zero) cent and 1 (one) cent per SACMH share and is unanimously of the opinion that the offer is fair in terms of the Listings Requirements and fair and reasonable in terms of the Companies Act.

#### 18. SHARE CAPITAL OF SACMH

The authorised share capital of SACMH comprises 700 000 000 ordinary shares of no par value.

The issued share capital of SACMH comprises 452 454 204 ordinary shares of no par value.

#### 19. MAJOR SHAREHOLDERS

The following shareholders hold 5% or more of the issued shares of SACMH:

<b>Name</b>	<b>Number of shares</b>	<b>Percentage held</b>
JSW SA	39 763 008	8,79
Royal Bafokeng Capital Proprietary Limited	244 583 275	54,06
Comogen Proprietary Limited	117 638 100	26

JSW SA and its two subsidiaries referred to in 5.2 above, together hold 67.27% of the issued shares. Royal Bafokeng Capital is a wholly-owned subsidiary of SACMH. Comogen is owned by Mr LR Mamba.

#### 20. HISTORICAL FINANCIAL INFORMATION RELATING TO SACMH

The audited financial statements in respect of the years ended 31 December 2012, 2013 and 2014 are available on the company's website [www.sacmh.co.za](http://www.sacmh.co.za)

The reviewed interim group results for the six months ended 31 July 2014 and 31 July 2015 are available on the company's website [www.sacmh.co.za](http://www.sacmh.co.za)

The unaudited reviewed provisional results for the year ended 31 December 2015 are available on the company's website [www.sacmh.co.za](http://www.sacmh.co.za). The audited results for the year ended 31 December 2015 are expected to be released by mid-September 2016.



## 21. UMLABU RESOURCE AND RESERVES UPDATE

The updated Umlabu Resource and Reserves Statement as at 31 December 2015 was approved by the JSE on 29 February 2016 and is available on the company's website [www.sacmh.co.za](http://www.sacmh.co.za)

The statement is also available for inspection at the registered office of the company at no charge from the date of issue of this circular until the closing date of the offer. The information contained in the updated Umlabu Resource and Reserves Statement as at 31 December 2015 under the following headings, is incorporated by reference in this circular:

- Introduction
- Update 2014 Financial Year
- Property
- Resource and Reserves
- Comments
- Key technical staff
- Competent person's statement

## 22. INCORPORATION BY REFERENCE

The following documents are incorporated by reference in terms of section 11.61 of the Listings Requirements and can be accessed on the company's website by using the following links:

<b>Name of document</b>	<b>Link</b>
Audited financial statements in respect of the year ended 31 December 2012	<a href="http://www.sacmh.co.za/images/stories/SA%20Coal%20AR.pdf">http://www.sacmh.co.za/images/stories/SA%20Coal%20AR.pdf</a>
Audited financial statements in respect of the year ended 31 December 2013	<a href="http://www.sacmh.co.za/images/stories/2014/2013_Annual_Report.pdf">http://www.sacmh.co.za/images/stories/2014/2013_Annual_Report.pdf</a>
Interim results in respect of the six months ended 30 June 2014	<a href="http://www.sacmh.co.za/images/stories/2014/2014_results_30june.pdf">http://www.sacmh.co.za/images/stories/2014/2014_results_30june.pdf</a>
Audited financial statements in respect of the year ended 31 December 2014	<a href="http://www.sacmh.co.za/images/stories/2015/2014-Annual-Report.pdf">http://www.sacmh.co.za/images/stories/2015/2014-Annual-Report.pdf</a>
Interim results in respect of the six months ended 30 June 2015	<a href="http://www.sacmh.co.za/images/stories/2016/2015-Interim-Report.pdf">http://www.sacmh.co.za/images/stories/2016/2015-Interim-Report.pdf</a>
Unaudited reviewed provisional results in respect of the year ended 31 December 2015	<a href="http://www.sacmh.co.za/images/stories/2016/sens_20160801_s374576.pdf">http://www.sacmh.co.za/images/stories/2016/sens_20160801_s374576.pdf</a>
Umlabu Resource and Reserve Update as at 31 December 2015	<a href="http://www.sacmh.co.za/images/stories/2016/Umlabu-resource-and-reserve-update-31-December-2015-25-Feb-2016.pdf">http://www.sacmh.co.za/images/stories/2016/Umlabu-resource-and-reserve-update-31-December-2015-25-Feb-2016.pdf</a>

The documents are also available for inspection at the company's registered office, as well as at the offices of Exchange Sponsors, at no charge, during business hours up to the date of the meeting.

## 23. CARE AND MAINTENANCE

During 2009, the mining operations of SACMH were put under care and maintenance as a result of a significant decrease in the export price of coal and difficult operating conditions. The status has not changed.

## 24. SALE OF SHARES TO BEE COMPANY

During July 2015, Comogen Proprietary Limited, a BEE company, acquired 26% of the issued shares of SACMH from JSW SA.

## 25. **INTERESTS OF THE DIRECTORS OF SACMH IN SACMH AND JSW INDIA**

### 25.1 **Shareholdings**

On the last practicable date the current directors of SACMH, and persons who were directors of SACMH within the preceding 12 months, had no direct, indirect, beneficial and non-beneficial interests in SACMH shares.

On the last practicable date neither SACMH nor the directors of SACMH had any direct, indirect, beneficial or non-beneficial interests in the shares of JSW India or any of its subsidiaries.

### 25.2 **Option holdings**

On the last practicable date the directors of SACMH held no options in respect of any shares of SACMH, JSW India or any of its subsidiaries.

### 25.3 **Share dealings**

No current directors of SACMH have traded in SACMH shares during the six-month period prior to the last practicable date.

No current directors of SACMH have traded in the shares of JSW India or any of its subsidiaries during the six-month period prior to the last practicable date.

## 26. **INTERESTS OF JSW SA IN SACMH**

At the last practicable date, JSW SA directly and indirectly held 67,27% of the total issued ordinary shares of SACMH.

Pursuant to the implementation of the offer, JSW SA will become the beneficial owner of the remaining shares sold pursuant to acceptances of the offer.

## 27. **INTERESTS OF THE DIRECTORS OF JSW SA IN JSW SA AND SACMH**

At the last practicable date no director of JSW SA or JSW India held shares in JSW SA or SACMH.

There were no trades by the directors of JSW SA or JSW India in shares of JSW SA or SACMH during the period beginning six months prior to the offer period and ending on the last practicable date.

JSW SA has no concert parties in respect of the offer.

## 28. **SPECIAL ARRANGEMENTS**

There are no agreements, arrangements or understandings between JSW India, JSW SA or any person acting in concert with it, or any of the directors of SACMH or persons who were directors of SACMH within the period commencing 12 months prior to the date on which the details of the delisting or offer was published in the press, or any person who is or was a SACMH shareholder within the abovementioned period.

There are no arrangements with, undertakings by, or agreements between JSW India, JSW SA and SACMH and any persons acting in concert with any of them in relation to the delisting or the offer or the remaining shares.

## 29. **DIRECTORS' INTERESTS**

Other than the payment of salaries in accordance with their service contracts, their shareholdings and share dealings as disclosed herein, no directors of SACMH will benefit, directly or indirectly, in any manner as a consequence of the implementation of the delisting or the offer.

## 30. **DIRECTORS' SERVICE CONTRACTS**

The current directors of SACMH have not been asked to resign as members of the SACMH board following the successful implementation of the delisting or the offer.

### 31. **CONSENTS**

The sponsor, independent expert to the independent board, transfer secretaries, the preparers of the Umlabu Resource and Reserves Update and auditors have consented in writing to act in the capacities stated in this document and to their names being stated in this document, and in the case of the independent expert to the independent board, reference to their report in the form and context in which it appears, and have not withdrawn their consents prior to the publication of this circular.

### 32. **COSTS OF THE OFFER**

JSW SA shall bear all costs incurred in relation to the offer, the independent expert opinion, publishing and distributing this document and any directly related costs, such as the fees levied by the JSE and the TRP and the securities transfer tax payable in respect of the transfer of the offer shares. These costs, exclusive of Value Added Tax, are estimated to be as follows:

	<b>Amount in Rand</b>
Printing and mailing	70 000
TRP fees	50 000
JSE documentation fees	33 157
JSE CPR reader fees	10 000
Sponsor	420 000
Independent expert	70 000
Competent persons for revision of Reserve & Resource statement	25 000
Sundries	20 000
<b>Estimated total</b>	<b>698 157</b>

### 33. **RECOMMENDATIONS**

The independent board recommends that the remaining shareholders vote in favour of the resolutions to be proposed at the general meeting and accept the offer.

### 34. **MATERIAL CHANGES AND LITIGATION**

Save as disclosed in this circular, there are no material changes to the expected financial or trading position of SACMH since the publication of its reviewed provisional group results for the year ended 31 December 2015.

As at the last practicable date, there were no legal or arbitration proceedings against SACMH or any of its subsidiaries, including any such proceedings which are pending or threatened, of which the directors of SACMH are aware and which may have, or have had during the 12-month period preceding the date of issue of this document, a material effect on the financial position of SACMH or any of its subsidiaries.

### 35. **DIRECTORS' RESPONSIBILITY STATEMENT**

All members of the independent board and the directors of JSW SA:

- have considered all statements of fact and opinion in this circular;
- accept, individually and collectively, full responsibility for the accuracy of the information given;
- certify that, to the best of their knowledge and belief, there are no omissions of material facts or considerations which would make any statement of fact or opinion contained in this document false or misleading;
- have made all reasonable enquiries in this regard; and
- confirm that the circular contains all information required by the Listings Requirements and the Companies Act.

### 36. **IRREVOCABLE UNDERTAKINGS**

No person has, prior to the last practicable date, irrevocably committed himself to vote in favour of the delisting or to accept the offer.

### 37. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection during normal business hours at the registered office of SACMH as well as the offices of Exchange Sponsors from the date of issue of this document until the closing date of the offer:

- the Umlabu Resource and Reserves Update dated 31 December 2015 on the mining assets in SACMH;
- the agreement of sale between JSW SA and Comogen Proprietary Limited in respect of the sale of 26% of the issued shares of SACMH referred to in 24 above;
- a signed copy of the circular;
- the independent expert's opinion letter regarding the terms and conditions of the offer;
- the irrevocable written confirmation by Rand Merchant Bank Limited in favour of the offerees that the necessary resources are available to JSW SA for the purposes of satisfying the offer consideration in full;
- SACMH and its subsidiaries' memorandum of incorporation;
- service contracts of directors of SACMH;
- the audited annual financial statements of SACMH for the three years ended 31 December 2012, 31 December 2013 and 31 December 2014;
- the reviewed interim results for the six months ended 30 June 2014 and 30 June 2015;
- the reviewed provisional results for the year ended 31 December 2015;
- the signed letters of consent of the sponsor, independent expert, transfer secretaries and auditors consenting to the publication of their names in the form and context in which they appear and, in the case of the independent expert to the independent board, reference to their report in the form and context in which it appears in this circular; and
- approval letter by the TRP.

Signed on behalf of all the directors in terms of power of attorney by:

#### **SOUTH AFRICAN COAL MINING HOLDINGS LIMITED**

##### **Keith Harris**

*Chief Executive Officer*

Johannesburg

7 September 2016

For and behalf of

#### **JSW ENERGY NATURAL RESOURCES SOUTH AFRICA PROPRIETARY LIMITED**

##### **CP Tated**

*Director*

Mumbai

7 September 2016

---

**HISTORICAL FINANCIAL INFORMATION OF SACMH**


---

**AUDITED RESULTS OF SACMH AND ITS SUBSIDIARIES (“THE GROUP”) FOR THE YEARS ENDED 31 DECEMBER 2012, 2013 AND 2014**


---

	Audited as at 31 December 2014	Audited as at 31 December 2013	Audited as at 31 December 2012
<b>Assets</b>			
<b>Non-current assets</b>	<b>320 638</b>	<b>367 094</b>	<b>490 864</b>
Property, plant and equipment	74 682	82 176	90 596
Intangibles	180 908	234 218	349 768
Investments and investments in subsidiaries	50 500	50 500	50 500
Deferred tax	14 548	–	–
<b>Current assets</b>	<b>8 190</b>	<b>11 451</b>	<b>39 841</b>
Inventories	–	–	499
Trade and other receivables	4 845	7 499	33 712
Cash and cash equivalents	3 345	3 952	5 630
<b>Total assets</b>	<b>328 828</b>	<b>378 545</b>	<b>530 705</b>
<b>Equity and liabilities</b>			
Capital and reserves	(462 358)	(149 219)	10 585
Issued capital and premium	233 885	233 885	233 885
<b>Retained loss</b>	<b>(228 473)</b>	<b>(383 104)</b>	<b>(233 300)</b>
<b>Non-current liabilities</b>	<b>553 940</b>	<b>525 326</b>	<b>472 278</b>
Interest-bearing liabilities	–	–	–
Shareholders’ loans	498 693	418 395	312 782
Non-interest-bearing liabilities	–	–	23 200
Non-current provisions	46 576	44 286	41 353
Deferred taxation	8 613	62 645	94 943
Other liability	52	–	–
<b>Current liabilities</b>	<b>3 361</b>	<b>2 438</b>	<b>47 842</b>
Bank overdraft	–	–	245
Current portion of interest-bearing liabilities	–	–	1 051
Current portion non-interest-bearing liabilities	–	–	11 600
Current portion of provisions	–	–	2 933
Trade and other payables	3 309	2 438	32 013
Current liabilities held for sale	–	–	–
Other liability	52	–	–
<b>Total equity and liabilities</b>	<b>328 828</b>	<b>378 545</b>	<b>530 705</b>

	<b>Audited Year 31 December 2014</b>	<b>Audited Year 31 December 2013</b>	<b>Audited Year 31 December 2012</b>
Revenue	42 595	23 180	224 168
Cost of Sales	(37 714)	(13 386)	(203 501)
<b>Gross profit</b>	<b>4 881</b>	<b>9 794</b>	<b>20 667</b>
Foreign exchange loss	(75 575)	(61 244)	(12 026)
Rehabilitation provision	–	–	6 255
Impairment reversed/(impairment) of asset	(53 510)	(115 350)	–
Gain on disposal of assets held for resale	–	–	3 260
Gain on sale/scraping of assets	–	800	–
Depreciation	(6 752)	(8 421)	(22 127)
Amortisation of mining right	–	–	(14 087)
Finance Income	28	2	6
Operating expenses	(7 396)	(6 447)	(21 709)
Other income	400	–	–
<b>Operating loss before finance costs and taxation</b>	<b>(137 924)</b>	<b>(180 866)</b>	<b>(39 761)</b>
Finance costs	(9 907)	(11 236)	(11 233)
<b>Loss before taxation</b>	<b>(147 831)</b>	<b>(192 102)</b>	<b>(50 994)</b>
Taxation	68 577	32 298	2 195
<b>Loss for the year</b>	<b>(79 254)</b>	<b>(159 804)</b>	<b>(48 799)</b>
Total comprehensive loss attributable to ordinary shareholders	(79 254)	(159 804)	(48 799)
<b>Loss attributable to ordinary equity holders</b>	<b>(79 254)</b>	<b>(159 804)</b>	<b>(48 799)</b>
Weighted average shares in issue (000)	452 454	452 454	452 454
Basic earnings per share (cents)	(17.51)	(35.32)	(10.79)
Headline earnings per share (cents)	(9.00)	(17.14)	(11.51)
	<b>Audited Year 31 December 2014</b>	<b>Audited Year 31 December 2013</b>	<b>Audited Year 31 December 2012</b>
Cash flow from operations	4 549	431	17 735
Finance charges paid	(184)	(2 148)	(11 227)
Interest received/(paid)	28	2	–
<b>Net cash flow from/(utilised in) operating activities</b>	<b>4 393</b>	<b>(1 715)</b>	<b>6 508</b>
Cash flows from/(utilised in) investing activities	–	800	(1 023)
Purchase of plant and equipment	–	–	–
<b>Net cash from/(used in) financing activities</b>	<b>(5 000)</b>	<b>(518)</b>	<b>16 523</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(607)</b>	<b>(1 433)</b>	<b>21 908</b>
Cash and cash equivalents at the beginning of the year	3 952	5 385	(16 523)
<b>Cash at the end of the year</b>	<b>3 345</b>	<b>3 952</b>	<b>5 385</b>

	<b>Share capital</b>	<b>Share Premium</b>	<b>Accumulated loss</b>	<b>Total</b>
<b>Balance at 1 January 2012</b>	<b>45 246</b>	<b>188 639</b>	<b>(174 501)</b>	<b>59 384</b>
Total comprehensive loss for the year	–	–	(48 799)	(48 799)
<b>Balance at 31 December 2012</b>	<b>45 246</b>	<b>188 639</b>	<b>(233 300)</b>	<b>10 585</b>
Total comprehensive loss for the period	–	–	(159 804)	(159 804)
<b>Balance at 31 December 2013</b>	<b>45 246</b>	<b>188 639</b>	<b>(383 104)</b>	<b>(149 219)</b>
Total comprehensive loss attributable to ordinary shareholders	–	–	(79 254)	(79 254)
<b>Balance at 31 December 2014</b>	<b>45 246</b>	<b>188 639</b>	<b>(462 358)</b>	<b>(228 473)</b>

## REVIEWED PROVISIONAL GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The reviewed condensed annual results for the year ended 31 December 2015 are presented below.

### PROVISIONAL CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2015

	Notes	31 December 2015 Reviewed R'000	Restated 31 December 2014 Audited R'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	293 812	321 386
Intangible assets		62 404	75 430
Deferred Tax		180 908	180 908
Investments		–	14 548
<b>Current assets</b>		50 500	50 500
Trade and other receivables		570	8 190
Cash and cash equivalents		294	4 845
		276	3 345
<b>Total assets</b>		<b>294 382</b>	<b>329 576</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Issued capital and premium		(428 918)	(229 791)
Accumulated loss		233 885	233 885
Revaluation reserve		(398 268)	(199 141)
<b>Non-current liabilities</b>		<b>715 215</b>	<b>553 940</b>
Shareholder's loan		659 962	498 693
Non-current provisions		46 576	46 576
Deferred taxation	9	8 677	8 613
Other liability		–	58
<b>Current liabilities</b>		<b>8 085</b>	<b>5 427</b>
Trade and other payables		2 507	3 309
Current provisions		2 672	–
Other liability		2 906	2 118
<b>Total equity and liabilities</b>		<b>294 382</b>	<b>329 576</b>



**PROVISIONAL CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015**

		<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>Notes</b>	<b>Reviewed</b>	<b>Restated</b>
		<b>R'000</b>	<b>Audited</b>
			<b>R'000</b>
Revenue		18 841	42 595
Cost of sales		(13 086)	(37 714)
<b>Gross profit</b>		<b>5 755</b>	<b>4 881</b>
Foreign exchange losses		(141 745)	(75 575)
Net impairment charge	13	(2 002)	(53 510)
Depreciation	14	(11 025)	(6 004)
Finance income		54	28
Other income		–	400
Operating expenses		(18 210)	(9 462)
<b>Operating loss before finance costs and taxation</b>		<b>(167 173)</b>	<b>(139 242)</b>
Finance costs		(16 069)	(9 907)
<b>Loss before taxation</b>		<b>(183 242)</b>	<b>(149 149)</b>
Taxation		(15 885)	68 577
<b>Loss for the year</b>		<b>(199 127)</b>	<b>(80 572)</b>
<b>Total comprehensive loss for the year</b>		<b>(199 127)</b>	<b>(80 572)</b>
<b>Total comprehensive loss attributable to ordinary shareholders</b>		<b>(199 127)</b>	<b>(80 572)</b>
Loss attributable to Minority shareholders		(65 712)	(26 589)
Loss attributable to Majority shareholders		(133 415)	(53 983)
Weighted average number of shares ('000)		452 454	452 454
Diluted average number of shares ('000)		452 454	452 454
Basic loss per share (cents)	2	(44.01)	(17.81)
Diluted loss per share (cents)	2	(44.01)	(17.81)
Headline loss per share (cents)	2	(44.01)	(9.29)

**PROVISIONAL CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	<b>Share Capital R'000</b>	<b>Share Premium R'000</b>	<b>Revaluation reserve R'000</b>	<b>Accumu- lated loss R'000</b>	<b>Total R'000</b>
<b>Balance at 31 December 2013</b>					
<b>–Audited</b>	<b>45 246</b>	<b>188 639</b>	<b>(264 535)</b>	<b>(118 569)</b>	<b>(149 219)</b>
Total comprehensive loss for the year	–	–	–	(80 572)	(80 572)
<b>Balance at 31 December 2014</b>					
<b>– Audited (Restated)</b>	<b>45 246</b>	<b>188 639</b>	<b>(264 535)</b>	<b>(199 141)</b>	<b>(229 791)</b>
Total comprehensive loss for the year	–	–	–	(199 127)	(199 127)
<b>Balance at 31 December 2015 – Reviewed</b>	<b>45 246</b>	<b>188 639</b>	<b>(264 535)</b>	<b>(398 268)</b>	<b>(428 918)</b>

**PROVISIONAL CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015**

	<b>31 December 2015 Reviewed R'000</b>	<b>31 December 2014 Audited R'000</b>
<b>Cash flows generated from operations</b>	<b>(5 815)</b>	<b>4 549</b>
Finance charges paid	–	(184)
Interest received	54	28
Tax paid	–	–
<b>Net cash for operating activities</b>	<b>(5 761)</b>	<b>4 393</b>
<b>Cash flows from investing activities</b>	<b>–</b>	<b>–</b>
<b>Cash flows from financing activities</b>		
Repayment of shareholders loans	–	(5 000)
Increase in shareholders loans	4 800	–
RBCT Loan movement	(2 108)	–
<b>Net cash from financing activities</b>	<b>2 692</b>	<b>(5 000)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3 069)</b>	<b>(607)</b>
Cash and cash equivalents at beginning of year	3 345	3 952
<b>Cash and cash equivalents at end of year</b>	<b>276</b>	<b>3 345</b>

**Notes to the Provisional results as at 31 December 2015**

**Note 1**

**Provisional statement of compliance and basis of preparation**

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

These provisional reports were prepared under the supervision of Chandra Prakash Tated, CA (India), CFO. The financial statements have been prepared on the going concern basis taking into account the fact that the Group is dependent on JSW Energy Limited, a company listed on the Indian Stock Exchanges and operating through its subsidiary JSW Energy Natural Resources South Africa (Proprietary) Limited, ("JSW") which will continue to support SACMH. JSW have indicated their firm intention to continue financial support in writing subject to the following:

- JSW obtains board approval for the additional funding at the time,
- JSW fulfils all regulatory requirements as prescribed by India legislation, and
- JSW remains the majority shareholder, and retain the management and operational control of SACMH.

JSW have demonstrated their on-going support during the current financial year.

## Note 2

### Earnings and Headline Earnings per Share

	<b>31 December 2015 Reviewed R'000</b>	<b>Restated 31 December 2014 Audited R'000</b>
<b>Basic earnings loss</b>	(199 127)	(80 572)
<b>Diluted earnings loss</b>	(199 127)	(80 572)
<b>Headline earnings reconciliation:</b>		
<i>Basic earnings loss</i>	(199 127)	(80 572)
<i>Adjusted for:</i>		
<i>Impairment of mining right</i>	–	53 510
<b>Headline loss</b>	(199 127)	(42 045)
Ordinary shares ('000)		
– In Issue	452 454	452 454
– Weighted Average	452 454	452 454
– Diluted Weighted Average	452 454	452 454
Basic loss per share (cents)	(44.01)	(17.81)
Diluted loss per share (cents)	(44.01)	(17.81)
Determinations of headline loss:		
Loss attributable to ordinary shareholders	(199 127)	(80 994)
<b>Headline Loss</b>	(199 127)	(42 467)
Headline loss per share (cents)	(44.01)	(9.29)

#### Review Conclusion

The condensed consolidated group results have been reviewed by Nkonki, who have performed the review in accordance with ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity". A modified report with an emphasis of matter on going concern has been issued. A copy of the full modified review report is available at the registered office of the company. An extract of the emphasis of matter in the report is as follows:

“Without qualifying our conclusion, we draw attention to note 11 of the commentary which indicates that the company incurred a loss of R199.1 million. These conditions, along with other matters as set forth in note 11 of the condensed consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern”.

In addition, the Group's going concern status is dependent on the continued financial support of JSW Energy Limited (a company listed on the Indian stock exchange and operating through its subsidiary, JSW Energy Natural Resources South Africa Proprietary Limited (JSWSA). JSWSA has confirmed, in writing, their firm intention to continue their financial support to South African Coal Mining Holdings Limited (SACMH).

This support is subject to JSW India Limited remaining the majority shareholder of the Group; the Company obtaining board approval to provide the further funding; and the Company obtaining regulatory approval specific to the laws of India. These conditions, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.”

#### Commentary

##### 1. 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 are 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. This has resulted in a movement in the following items reflected in the statement of comprehensive income:

- Turnover decreased by R23.754 million
- Cost of sales decreased by R24.628 million
- Gross profit increased by R0.874 million
- Operating expenses increased by R8.748 million

## 2. 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.

## 3. 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.

## 4. 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.

## 5. 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.

## 6. FINANCING ACTIVITIES

The movement on the shareholders loan relates to foreign exchange movement as a result of the weakening Rand, an addition of R4.8 million to the loan from JSW and interest on the capital amount.

## 7. ASSET MANAGEMENT

The significant decrease in trade receivables is due to the write off of long outstanding accounts as bad debt. This was done in order to present the figure on a conservative basis.

Cash and cash equivalents reduced significantly due to additional expenses incurred for delisting purposes during the current financial year.

Trade and other payables reduced due to less operating expenses in South African Coal Mining Operations (Pty) Ltd with less suppliers outstanding at year end.

## 8. DIRECTORS' REMUNERATION

The following non-executive, independent directors were paid directors' fees (total cost to company) during the financial year as follows:

Mr QMSM Mokoetle	R 176 090
Mr A Ashraff	R 145 840
Mr HMC Dhlamini (Chairman: Audit Committee)	R 127 510
Mr JM Mokgokong	R 112 165
Mr LR Mamba (Chairman: Board)	R 36 690
<hr/> Total:	<hr/> R 598 295

## 9. INCOME AND DEFERRED TAX

	2015 R'000	2014 R'000
Deferred tax was raised on the following items:		
a. Rehabilitation Provision	–	13 044
b. Gain on loss acquired from subsidiaries	(8 613)	(8 613)
c. Bad debts provision	–	1 504
d. Prepayments	(64)	
	(8 677)	5 935

Due to uncertainty over realisation of deferred tax assets balance resulting from the rehabilitation cost and bad debts provision, the deferred tax asset previously raised was reversed in the current year.

## 10. 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: R53.5 million) has been raised against the value of Mining Rights during the financial year.

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 13.10% (2014: 19.41%)

## 11. GOING CONCERN

The Group incurred a loss of R199.1 million (2014: R80.6 million) during the 12 months ended 31 December 2015.

The Group's final financial statements have been prepared on a going concern basis as there is no intention to close the company. The Group's going concern is based on the conditional 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 supporting SACMH.

JSW Energy has confirmed its support in writing of their intention to continue financial support of SACMH.

Subject to the following:

- JSW obtains board approval for the additional funding at the time,
- JSW fulfils all regulatory requirements as prescribed by India legislation, and
- JSW remains the majority shareholder, and retain the management and operational control of SACMH.

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.

## 12. 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 R 2 066 000 with a corresponding increase in RBCT Expense.

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 R 1 916
- Owned Assets by R 26 945
- Site Establishment by R 2 042
- Plant and Equipment by R 717 252

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

	<b>Audited 31 December 2014 R'000</b>	<b>Restated 31 December 2014 R'000</b>	<b>Difference 31 December 2014 R'000</b>
<b>Statement of Financial Position</b>			
<b>Assets</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	74 682	75 430	748
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Other Liability	(52)	(2 118)	(2 066)
<b>Statement of Profit or Loss</b>			
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)

### 13. IMPAIRMENT AND REVERSAL OF IMPAIRMENT

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:

<b>Item</b>	<b>2015 R'000</b>	<b>2014 R'000</b>
Impairment:		
– Furniture and Fittings	(52)	–
– Land and Buildings	(1 464)	–
– Plant and Equipment	(185)	–
– Leased Equipment	(301)	–
– Mineral Rights	–	(53 510)
<b>Net Impairment Charge</b>	<b>(2 002)</b>	<b>(53 510)</b>

#### 14. PROPERTY, PLANT AND EQUIPMENT

Item	Opening Balance as at 01/01/2016 R'000	Depreciation R'000	Impairments R'000	Closing Balance as at 31/12/2016 R'000
Furniture & Fittings	1 028	(242)	(52)	734
Land and buildings	58 356	(3 945)	(1 464)	52 947
Plant and equipment	5 251	(2 764)	(185)	2 302
SACMEC leased	474	(174)	(301)	(1)
Motor vehicles	214	(100)	–	114
Big tools	52	(43)	–	9
Plant and equipment upgrades	1 629	(376)	–	1 253
Earth moving equipment	367	(73)	–	294
Parnaby plant cost	1 700	(340)	–	1 360
Spiral plant cost	1 618	(603)	–	1 015
Exploration drilling	1 863	(1 863)	–	–
Site establishment	2 878	(502)	–	2 376
	75 430	(11 025)	(2 002)	62 404

#### 15. EVENTS AFTER THE REPORTING PERIOD

On 1 March 2016, the company entered into a service agreement with Signature Business Solutions (Pty) Limited to provide professional services of drawing up of financial statements and monthly basic bookkeeping.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

#### 16. CAPITAL EXPENDITURE COMMITMENTS

The Group has no capital expenditure commitments.

#### 17. CONTINGENCIES AND COMMITMENTS

There have been no changes from those disclosed in the Group's Integrated Report for the year ended 31 December 2014.

#### 18. 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 Department of Water Affairs with regard to finalisation of the WULA.

#### 19. PROPOSED DE-LISTING OF SACMH

Shareholders are referred to the firm intention announcement made on 19 October 2015 and various other subsequent announcements on SENS regarding an offer made by JSW SA to all remaining SACMH shareholders and the subsequent de-listing of SACMH.

The release of these results will enable the offeror and the company to complete the circular and re-submit it to the JSE and the Take-over Regulation Panel for approval.



## 20. RELATED PARTIES

During the period under review, Group entities entered into the following transactions with related parties that are not members of the group:

	<b>2015</b>	<b>2014</b>
	<b>R'000</b>	<b>R'000</b>
<b>Interest paid</b>		
– Mainsail Trading 55 (Pty) Limited	2 009	1 849
– JSW Energy Natural Resources South Africa (Pty) Limited	12 716	7 875
<b>Loan repayment</b>		
– JSW Energy Natural Resources South Africa (Pty) Limited	–	(5 000)
<b>Loan addition</b>		
– JSW Energy Natural Resources South Africa (Pty) Limited	4 800	–
<b>Loans from Related Parties</b>		
– Mainsail Trading 55 (Pty) Limited	23 731	21 722
– JSW Energy Natural Resources South Africa (Pty) Limited	636 232	476 971

There were no other related party transactions or balances during the year.

## 21. CHANGES TO DIRECTORATE

Mr QMSM Mokoetle resigned as chairman and a director of the Company on 15 February 2016. Mr L R Mamba, non-executive director of the company, was appointed as Chairman to replace Mr Mokoetle.

---

## OPINION LETTER FROM THE INDEPENDENT EXPERT

---

31 August 2016

The Independent Board  
South African Coal Mining Holdings Limited  
1st Floor, Oxford Muse  
198 Oxford Road  
Illovo  
Sandton  
2196

Dear Sirs/Madams

**Report to the Independent Board of South African Coal Mining Holdings Limited (“SACMH”) concerning the receipt by SACMH of a firm intention to make an offer to acquire all the issued ordinary shares in SACMH except for the shares already held by the offeror for 9 cents per share; and the delisting of the SACMH shares from the main board operated by the JSE in the event of the implementation of the offer**

### INTRODUCTION

We have been appointed by the Independent Board to advise the minority shareholders of SACMH whether, in our opinion, the offer and the delisting are fair and reasonable to the minority shareholders of SACMH.

On 19 October 2015 full details of the transaction were announced on SENS and SACMH received a firm intention to make an offer to acquire all the issued ordinary shares in SACMH except for the shares already held by JSW Energy Natural Resources South Africa Proprietary Limited (the “offeror”) for 9 cents per share. The offer will be implemented by way of an offer by the offeror (the “offer”) between SACMH and its shareholders and the delisting of the SACMH shares from the main board operated by the JSE in the event of the implementation of the offer.

The independent board of SACMH has appointed Effortless Corporate Finance as its independent expert to provide the independent board with its opinion as to whether the terms of the offer are fair in terms of section 1.14(d) read with Schedule 5 of the Listings Requirements; as well as fair and reasonable in terms of section 114(2) and (3) of the Companies Act read with Company Regulation 90.

### SOURCE DOCUMENTATION AND INFORMATION CONSIDERED

We have considered all the following prescribed information that is relevant to the value of the ordinary shares in SACMH in formulating our opinion:

- information on SACMH, including the history, the nature of business, services, key customers, industry and competitors;
- the audited financial statements of SACMH for the 2011, 2012, 2013 and 2014 financial years;
- the reviewed provisional results for the year ended 31 December 2015;
- discussions with management of SACMH, including discussions regarding the rationale for and the perceived benefits to be obtained from the offer and prospects for SACMH;
- Umlabu Resource and Reserve statement as at 31 December 2015 by MIPTEC (Pty) Limited and KJB GeoServices; and
- publications concerning the coal mining industry.

Where practical, we have corroborated the reasonability of the information provided to us for the purpose of our opinion including publically available information, whether in writing or obtained in discussions with the management and the Independent Board.

## **DEFINITION OF FAIRNESS AND REASONABLENESS**

In terms of Schedule 5 of the JSE Listings Requirements fairness is primarily based on quantitative issues. For illustrative purposes, in the case of a firm intention to make an offer to acquire all the shares, the offer may be said to be fair if the cash payable for each share is equal to or greater than the value of the shares purchased.

Reasonableness is primarily based on qualitative issues. For illustrative purposes, in the case of a delisting from the JSE these relate to the advantages and disadvantages of listing and for example, the ease of marketing the shares on the stock exchange.

## **WORK DONE AND PROCEDURES**

In arriving at our opinion, we have, *inter alia*:

- reviewed the audited annual financial statements;
- reviewed other financial information that has not been audited, including the reviewed provisional results for the year ended 31 December 2015;
- reviewed the recent SENS announcements regarding the suspension of SACMH from the JSE, disposal of the 26% shareholding of the controlling shareholder, the intended delisting of SACMH from the JSE, the receipt by SACMH of a firm intention to make an offer to acquire all the issued ordinary shares in SACMH except for the shares already held by the offeror for 9 cents per share, the changes to the directors and the auditors and the reviewed provisional group results for the year ended 31 December 2015;
- considered information made available by and from discussions held with the management of SACMH;
- considered the evaluation provided in the Umlabu Resource and Reserve statement by MIPTEC (Pty) Limited and KJB GeoServices of mineral rights and obtained evidence of the following:
  - the valuation approach and methodology complies with the SAMVAL code;
  - the professional competence of the Competent Person, in particular, membership of an appropriate professional body and experience and reputation in the field;
  - the independence of the competent person, including confirmation from them that there were no actual or apparent conflicts of interest that might impair, or be perceived to impair, his objectivity;
  - that the scope of the Competent Person's work was adequate for the purposes of determining the value of the mining rights; and
  - the appropriateness of the competent person's work regarding the value;
  - and we confirm that we satisfied with the evaluation by MIPTEC (Pty) Limited and KJB GeoServices of mineral rights;
- considered the rationale for the offer and delisting;
- used the discounted cash flow as the primary valuation method, and net assets value method as a secondary valuation method. We reviewed the share price trading history on the JSE as a reality check and a further supporting valuation methods;
- reviewed the general economic, market and related conditions in which SACMH operates; and
- conducted appropriate sensitivity analyses given a reasonable range of key assumptions on the valuations mentioned above.

We believe that the above procedures commercially justify the conclusion outlined below.

## **VALUATION**

We have performed a valuation of SACMH using the valuation methods above to determine whether the purchase price of 9 cents per share is equal to or greater than the fair value as calculated by us, and is fair to the SACMH shareholders.

**Internal Key Value Drivers:**

<b>Key Driver</b>	<b>Quantify/Discuss</b>	<b>Sensitivities</b>
Trading losses	The company has incurred losses at least since the 2011 year and the forecasts are that it will continue to make losses until the end of 2016.	Trading losses are substantial and very significant exponential growth is needed to restore any value to the shares
Negative equity	The deficit of liabilities over assets resulted in negative equity of R428 918 000 as at 31 December 2015 according to the Reviewed Condensed Consolidated statement of Financial Position.	A significant increase in profits or increase in the value is necessary for any positive equity to crystallise
Useful Life of the business	In terms of the valuation, looking at the extended life of the business affects the value significantly	An extension of 5 x years changes the valuation by 23%
Fair Rate of Return	The expected fair rate of return has a large impact on the valuation of the business	A 2% change in the FRR affects the valuation by 7%
Revenue Growth	Percentage revenue growth year on year also has a significant effect on the valuation of the business.	A 2% increase in revenue growth changes the value by 6.2%

**External Key Value Drivers**

<b>External Key Value Drivers</b>	<b>Quantify/Discuss</b>	
Mining and regulatory rights	There is no indication when the mine will have its regulatory rights restored. This will impact on the company's ability to secure the resource and continue operations. Mining operations have been suspended since 2012.	The resolution of this issue as soon as possible is a key to the creation of any value

**Other value drivers**

<b>Other value drivers</b>	<b>Quantify/Discuss</b>	
Market Trends	The coal mining industry has been in decline in recent years and coal prices under pressure. This is exacerbated by the poor quality of SACHM coal, which is undesirable in the export market.	
Rate of Exchange	The weakening Rand is one favourable factor in the minerals resources sector and the poor ROE is likely to remain a positive for mineral exports.	
Management Depth & Continuity	The management depth of the company and the continuity was sound until 2013 when the position of CFO/CEO changed a few times. There was also the resignation of a non-executive director.	
Financial History	The company has been making increasing losses since 2011 and prospects for a turn-around under the current situation appear remote.	
Profitability	The company is insolvent with liabilities significantly exceeding assets. Without "rescue" in the form of a takeover, the company could not continue.	
Share Price	The 3 year share price shows a high of 89 cents (4/01/14) and a low of 5 cents (19/1/13), although the average price ranged from 15 to 20 cents and was relatively stable at 17 cents when suspended in May 2015	
Cost Containment	The company has made a major effort to contain costs, reducing levels of operating expenses from R51m in 2012 to R9m in 2014 and R18m in 2015.	

Sensitivity analyses were performed considering key assumptions in arriving at the valuation range set out below. The valuation involved a stress test and sensitivity analysis on the key value drivers.

The outcome of the valuation of the SACMH shares resulted in a valuation range between 0 (zero) cents and 1 (one) cent per SACMH share. The most likely value that represents the core value of an SACMH share is 0 (zero) cent per share. The offer consideration of 9 cents per share is above the upper end of our range.

### **APPROPRIATENESS AND REASONABLENESS OF UNDERLYING INFORMATION AND ASSUMPTIONS**

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by:

- Placing reliance on representations made by directors and senior employees during the course of forming these opinions;
- Considering the historical trends of such information and assumptions;
- Comparing and corroborating such information and assumptions with external sources of information, if such information is available; and
- Determining the extent to which representations from directors, senior employees and the Competent Person could be relied upon.

We have relied upon the accuracy of information provided to us or otherwise reviewed by us, for the purpose of this valuation, whether in writing or obtained in discussion with the executive directors, non-executive directors and management of SACMH. We have relied on the audit reports and reviewed the information for reasonableness and consistency. We express no opinion on this information.

### **INDEPENDENCE, COMPETANCE AND LIMITING CONDITIONS**

We confirm that ECF has no independence issues relating to directorships, employment, owning shares, management and ECF has not earned any other fees in SACMH. ECF will also be reasonably perceived to be independent.

We confirm that ECF and the directors responsible for this assignment have the necessary competencies relating to internal control systems, quality control, experience and qualifications.

We confirm that we have no financial interest and no relationship in SACMH, the offer or related parties. Furthermore, we confirm that our professional fees are not contingent upon the success of the offer and amounts to R70 000. Our fee was paid.

We confirm that the scope of our procedures and work performed were not subject to any limiting conditions or restrictions of scope.

Our opinion is based upon the market, regulatory and trading conditions as they currently exist and can only be evaluated as at the date of this letter. It should be understood that subsequent developments may affect our opinion, which we are under no obligation to update, revise or re-affirm.

The effect of the offer on individual shareholders of SACMH may vary depending on their particular circumstances. We suggest that shareholders should consult an independent advisor if they are in any doubt as to the effect of the offer, considering their personal circumstances.

### **OPINION, SECTION 114(3) REPORT FINDINGS AND CRITICAL MATTERS**

We explain our valuation of the ordinary shares above and refer to our source documentation, information considered, work done and procedures relating to our valuation of the ordinary shares in SACMH.

SACMH shares are all ordinary shares. The ordinary shares are affected by this offer.

The material effects of the offer are that the shareholders have an opportunity to sell their shares for 9 cents per share. The shares will be delisted, the shares will be less easily marketable, but otherwise the company will be unaffected. We have evaluated the offer and have found no adverse effects.

In our opinion

- The offer, the price paid for the shares is fair because the purchase price of nine cents is higher than our valuation range.

- The purchase price and material terms are reasonable as there are no other qualitative adverse effects.

Even though our opinion is that the transaction is both fair and reasonable we emphasise the following critical matters upon which we relied in arriving at our opinion:

- The company has incurred losses at least since the 2011 year and the forecasts are that it will continue to make losses until the end of 2016.
- The deficit of liabilities over assets resulted in negative equity of R428 918 000 as at 31 December 2015 according to the reviewed condensed consolidated statement of Financial Position.
- The auditors have a going concern qualification in their review opinion of the Reviewed Condensed Consolidated Provisional Group results to 31 December 2015.
- The JSE Limited suspended trading in SACMH shares on 4 May 2015.
- Mining operations have been suspended since 2012.

## **CONSENT**

We hereby consent to the inclusion of this letter and references thereto, in the form and context in which they appear in the circular to SACMH shareholders.

Yours faithfully

### **Paul Austin**

Director

Effortless Corporate Finance (Pty) Ltd

23 Nicholi Avenue

Kommetjie 7975

---

**PRICE AND TRADING HISTORY OF SACMH SHARES ON THE JSE**


---

The lowest, highest, closing market prices, volumes and values traded of SACMH shares on the JSE during the following periods were as follows:

**Monthly price data**

Date	Low	High	Close	Volume	Value
2015/04/30	–	17.00	17.00	6 317	1 073.89
2015/03/31	–	13.00	13.00	67 910	8 828.30
2015/02/28	–	18.00	18.00	215 296	38 753.28
2015/01/31	–	18.00	17.00	16 004	2 720.68
2014/12/31	–	18.00	18.00	1	0.18
2014/11/30	–	22.00	22.00	64 293	14 144.46
2014/10/31	–	23.00	21.00	136 414	28 646.94
2014/09/30	–	24.00	7.00	311 845	21 829.15
2014/08/31	–	18.00	10.00	164 961	16 496.10
2014/07/31	–	25.00	18.00	139 347	25 082.46
2014/06/30	–	17.00	17.00	69 321	11 784.57
2014/05/31	–	17.00	17.00	101 758	17 298.86

**Daily price data**

Date	Low	High	Close	Volume	Value
2015/05/04	SUSPENDED				
2015/04/30	17.00	17.00	17.00	712	121.04
2015/04/29	–	–	15.00	–	–
2015/04/28	–	–	15.00	–	–
2015/04/24	–	–	15.00	–	–
2015/04/23	15.00	15.00	15.00	4 871	730.65
2015/04/22	15.00	15.00	15.00	729	109.35
2015/04/21	–	–	13.00	–	–
2015/04/20	–	–	13.00	–	–
2015/04/17	–	–	13.00	–	–
2015/04/16	–	–	13.00	–	–
2015/04/15	13.00	13.00	13.00	5	0.65
2015/04/14	–	–	13.00	–	–
2015/04/13	–	–	13.00	–	–
2015/04/10	–	–	13.00	–	–
2015/04/09	–	–	13.00	–	–
2015/04/08	–	–	13.00	–	–
2015/04/07	–	–	13.00	–	–
2015/04/02	–	–	13.00	–	–
2015/04/01	–	–	13.00	–	–
2015/03/31	–	–	13.00	–	–
2015/03/30	–	–	13.00	–	–
2015/03/27	–	–	13.00	–	–
2015/03/26	–	–	13.00	–	–
2015/03/25	–	–	13.00	–	–
2015/03/24	–	–	13.00	–	–
2015/03/23	–	–	13.00	–	–
2015/03/20	–	–	13.00	–	–
2015/03/19	–	–	13.00	–	–
2015/03/18	13.00	13.00	13.00	500	65.00

**Note:**

SACMH's shares were suspended on 4 May 2015, the closing price on the date of suspension was 17 cents per share and the 30 day VWAP prior to suspension was 15 cents per share.



---

## NOTICE OF GENERAL MEETING

---

RECORD DATE FOR VOTING PURPOSES: FRIDAY, 30 September 2016

### NOTICE OF GENERAL MEETING

Notice is hereby given of the general meeting of the Company to be held in the boardroom, 44A Boundary Road, Inanda, 2196 on Wednesday, 12 October 2016 at 10:00 to transact the following business:

*To consider and, if deemed fit, pass with or without modification, the following resolutions:*

#### Ordinary resolution number 1

#### Authority to apply for the delisting of the company in terms of Section 1.13 to 1.15 of the Listings Requirements

“Resolved that the directors be and are hereby authorised to apply for the removal of all the SACMH shares from the main board of the JSE Limited (‘JSE’), in accordance with sections 1.13 to 1.15 of the JSE Listings Requirements, which will result in the listing of all the SACMH shares on the main board of the JSE being terminated with effect from a date determined by the JSE”.

A 50% majority is needed to pass the above ordinary resolution in terms of the Listings Requirements. JSW SA as controlling shareholder, and its associates and any parties acting in concert, will be excluded from voting on ordinary resolution number 1.

#### Ordinary resolution number 2

#### General authority

“Resolved that any director in his/her individual capacity or the company secretary of the company be and is hereby authorised to take all such steps, sign all such documents and procure the doing of all such things as may be necessary to implement the foregoing resolution.”

A 50% majority is needed to pass the above resolution.

#### Directors’ responsibility statement

The directors collectively and individually accept full responsibility for the accuracy of the information given in all resolutions and 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 all resolutions contain all information required by the Listings Requirements.

#### Attendance and voting

- If you hold dematerialised shares with “own name” registration or are the registered holder of certificated shares, you may attend the general meeting in person.

Alternatively, you may appoint a proxy to represent you at the general meeting by completing the enclosed form of proxy in accordance with the instructions it contains and returning it to the transfer secretaries to be received no later than 10:00 on Monday, 10 October 2016.

- If you hold dematerialised shares **not** with “own name” registration:



If you wish to vote at the general meeting you should contact your CSDP or a broker and furnish them with your voting instructions. You must **not** complete the attached form of proxy. If you wish to attend the general meeting you must obtain the necessary letter of representation from your CSDP or broker.

By order of the Board

Illovo

12 September 2016

**Registered address**

South African Coal Mining Holdings Limited

c/o Umlabu Mine

Farm Voorslag

Ermelo/Breyten R36

2351

**Transfer secretaries**

Computershare Investor Services (Pty) Limited

70 Marshall Street

Johannesburg 2001

(P O Box 61051, Marshalltown 2107)





## FORM OF PROXY – GENERAL MEETING OF SHAREHOLDERS

Only for use by certificated shareholders or dematerialised shareholders of SACMH who have selected “own-name” registration.

For use by SACMH shareholders at a general meeting of shareholders convened in terms of a Notice of General Meeting to be held at 1st Floor, Oxford Muse, 198 Oxford road, Illovo, 44A Boundary Road, Inanda, at 10:00 on Wednesday, 12 October 2016.

*If you have dematerialised your shares with a Central Securities Depository Participant (“CSDP”) or broker and have not selected “own-name” registration, you must arrange with your CSDP or broker to provide you with the necessary letter of representation to attend the general meeting or you must instruct them as to how you wish to vote in this regard. This must be done in terms of the agreement entered into between you and the CSDP or broker.*

I/We (Names in full – please print)

of (address – please print):

Telephone number ( )

Cell phone number

Email address

being the holder of

ordinary shares in SACMH hereby appoint:

1. of or failing him/her,

2. of or failing him/her,

3. the chairman of the general meeting of shareholders,

as my/our proxy to attend and vote for me/us at the general meeting of shareholders, to be held at 44A Boundary Road, Inanda, and at any adjournment thereof, for purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat in accordance with the following instructions (see notes):

	Number of Shares		
	In favour of	Against	Abstain
<b>Ordinary resolution number 1</b> (Delisting of SACMH)			
<b>Ordinary resolution number 2</b> (General authority)			

Signed at on 2016

Signature

Capacity of signatory (where applicable)

**(Note: Authority of signatory to be attached – see note)**

Assisted (where applicable) by

Full name

Capacity

Signature

**Please read the notes on the reverse side hereof.**

## Notes

1. A shareholder may insert the name(s) of one or more proxies (none of whom need be a company shareholder) in the space provided, with or without deleting the words “the Chairperson of the general meeting of the shareholders”. The person whose name stands first on the form of proxy and has not been deleted and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the Chairperson.
2. A shareholder’s instructions to the proxy must be indicated by the insertion of an “X” or the relevant number of votes exercisable by that shareholder in the appropriate box provided. Failure to comply with the above, will be deemed to authorise the proxy to vote as he/she deems fit. Where the proxy is the Chairperson, such failure shall be deemed to authorise the Chairperson to vote in favour of the resolutions in respect of all the shareholders’ votes exercisable thereat.
3. The completion and lodging of this form of proxy shall in no way preclude the shareholder from attending, speaking and voting in person at the general meeting to the exclusion of any proxy appointed in terms hereof.
4. Should this form of proxy not be completed and/or received in accordance with these notes, the Chairperson may accept or reject it, provided that, in respect of its acceptance, the Chairperson is satisfied as to the manner in which the shareholder wishes to vote.
5. Documentary evidence establishing the authority of the person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company’s transfer secretaries or waived by the Chairperson of the meeting.
6. Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form unless it has previously been registered with the company.
7. Where shares are held jointly, all joint holders are required to sign.
8. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity have been produced or have been registered by the transfer secretaries of the company.
9. Any alteration or correction made to this form of proxy must be signed in full and not initialled by the signatories.
10. This form of proxy must be lodged with, or posted to the transfer secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) so as to be received by no later than 10:00 on Monday, 10 October 2016.
11. The completion and lodging of this form of proxy by the shareholders holding certificated shares, nominee companies of CSDP’s or brokers and the shareholders who have dematerialised their ordinary shares and who have elected own-name registration, 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 thereof. The shareholders who have dematerialised their ordinary shares, other than with own name registration, and who wish to attend the general meeting must instruct their CSDP or broker to issue them with the necessary letter of representation to attend.



---

**FORM OF ACCEPTANCE, TRANSFER AND SURRENDER  
FOR USE BY SACMH SHAREHOLDERS WHO HOLD THEIR SACMH SHARES IN  
CERTIFICATED FORM ONLY IN RELATION TO AN OFFER BY JSW SA.**

---

**This form should be read in conjunction with the circular sent to shareholders on 12 September 2016.**

**Instructions:**

1. A separate form of acceptance, transfer and surrender is required for each SACMH shareholder.
2. **Part A** must be completed by **all** shareholders who return this form and relates to the surrender of documents of title.
3. **Part B** must be completed by those shareholders who accept the offer.
4. **Part C** must be completed by those shareholders who elect to receive the offer consideration electronically transferred into their bank accounts.
5. **Part D** must be completed by shareholders who are emigrants from or non-residents of the Republics of South Africa and Namibia and the Kingdoms of Lesotho and Swaziland ("common monetary area") (see Note 2).

**To: The transfer secretaries**

By hand  
Computershare Investor Services Proprietary  
Limited  
Ground floor, 70 Marshall Street  
Johannesburg, 2001

By post  
Computershare Investor Services Proprietary  
Limited  
P O Box 61763  
Marshalltown, 2107

Dear Sirs

**PART A – Surrender of documents of title.**

**All shareholders who return this form must please complete Part A.**

I/we hereby surrender the enclosed share certificate/s, certified transfer deed/s and/or other documents of title, details of which have been completed below, in respect of my/our holding of shares in SACMH.

Surname or Name of corporate body \_\_\_\_\_

First names (in full) \_\_\_\_\_

Title (Mr, Mrs, Miss, Ms, etc) \_\_\_\_\_

Address to which the offer consideration should be sent (if different from registered address) \_\_\_\_\_

Postal code \_\_\_\_\_

Country \_\_\_\_\_

Telephone number (     ) \_\_\_\_\_

in terms of the provisions set out in paragraph 9 of part B of the circular to which this form is attached. I/We surrender and enclose the undermentioned document(s) of title to SACMH shares:

**Share certificates and/or other documents of title surrendered**

Name of registered holder (separate form for each holder)	Certificate number(s) (in numerical order)	Number of shares covered by each certificate
<b>Total</b>		

**Please also read notes on the reverse hereof.**

Signature of SACMH shareholder	Stamp and address of agent lodging this form (if any)
Assisted by me (if applicable)	
(State full name and capacity)	
Date <span style="float: right;">2016</span>	
Telephone number (Home) (    )	
Telephone number (Work) (    )	
Cell phone number	

*Signatories may be called upon for evidence of their authority or capacity to sign this form.*

**PART B – Acceptance of the offer.**

**Shareholders who accept the offer must please complete part B.**

I/We hereby accept the offer in respect of \_\_\_\_\_ SACMH shares held by me/us.  
(Failure to state of number of shares shall be deemed to indicate acceptance of the offer in respect of all shares indicated by the documents of title surrendered by that shareholder or his/her representative.)

**PART C – To be completed by those shareholders who wish to have the offer consideration transferred into their bank accounts.**

Name of bank account holder \_\_\_\_\_

Account number \_\_\_\_\_

Name of bank \_\_\_\_\_

Branch \_\_\_\_\_

Branch code \_\_\_\_\_

Type of bank account (cheque, savings, transmission, etc.) \_\_\_\_\_

**Notes:**

- The offer consideration will only be electronically transferred if Part C is properly completed and this form is returned to the transfer secretaries together with the documents of title on or before the closing date.
- Once the offer has been accepted before 12:00 on a Friday during the offer period, payment of the offer consideration will be made on the following Monday as set out in paragraph 12 of the circular.
- In terms of FICA requirements Computershare Investor Services Proprietary Limited will not record any bank mandate without certified true copies of the shareholder's identity document and bank statement.

**PART D**

**1. To be completed only by certificated shareholders who are emigrants from South Africa.**

The offer consideration will be forwarded to the authorised dealer nominated below for its control and credited to the emigrant's blocked account. Accordingly, a non-resident who is an emigrant from South Africa must provide the following information:

Name and address of authorised dealer in South Africa or substitute instruction \_\_\_\_\_

Account number \_\_\_\_\_

**2. To be completed only by all other non-resident certificated shareholders who wish to provide a substitute address.**

The offer consideration will be posted to the registered address of the non-resident concerned, unless written instructions to the contrary are received and an address provided below:

Substitute address \_\_\_\_\_

- If no nomination is made in terms of 1 above, the offer consideration will be held in trust by SACMH.

**Notes:**

1. Emigrants from the common monetary area must complete Part D.
2. All other non-residents of the common monetary area must complete Part D if they wish the offer consideration to be sent to an authorised dealer in South Africa.
3. If Part D is not properly completed, the offer consideration (in the case of emigrants or non-residents), will be held in trust by the transfer secretaries pending receipt of the necessary nomination or instruction.
4. The offer consideration will not be sent to shareholders unless and until documents of title in respect of the relevant SACMH shares have been surrendered to the transfer secretaries.
5. If a shareholder produces evidence to the satisfaction of JSW Energy Natural Resources South Africa (Proprietary) Limited ("JSW SA") that documents of title in respect of his SACMH shares have been lost or destroyed, JSW SA may waive the surrender of such documents of title against delivery of an indemnity in a form and on terms and conditions approved by it, or may in its discretion waive such indemnity.
6. If this form is not signed by the shareholder, the shareholder will be deemed to have irrevocably appointed the company secretary of SACMH to implement that shareholder's obligations under the offer on his/her behalf.
7. Persons who have acquired shares in SACMH after Friday, 12 September 2016, the date of posting of the document to which this form of acceptance, transfer and surrender is attached, can obtain copies of the document from Computershare Investor Services Proprietary Limited whose address is 70 Marshall Street, Johannesburg, 2001 (P. O. Box 61051, Marshalltown 2107).
8. No receipts will be issued for documents lodged, unless specifically requested. In compliance with the requirements of the JSE Limited, lodging agents are requested to prepare special transaction receipts. Signatories may be called upon for evidence of their authority or capacity to sign this form.
9. Any alteration to this form must be signed in full and not initialled.
10. If this form is signed under a power of attorney, then such power of attorney, or a notarially certified copy thereof, must be sent with this form for noting (unless it has already been noted by SACMH or the transfer secretaries).
11. Where the shareholder is a company or a close corporation, unless it has been registered with SACMH or the transfer secretaries, a certified copy of the directors' or members' resolution authorising the signing of this form must be submitted if so requested by JSW SA.
12. Note 11 above does not apply in the event of this form bearing the stamp of a broking member of the JSE Limited.
13. Where there are joint holders of any shares, only that holder whose name stands first in the register in respect of such shares need sign this form.







