South African Coal Mining Holdings Limited

(Registration number 1994/009012/06)

Consolidated Annual Financial Statements for the year ended 31 December 2010

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COMBINED CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT

The past financial year has seen the Group's performance affected by the care and maintenance position the Group found itself in for the better part of the year. The Group only resumed with its full operations in October 2010 after some financial injection from JSW Energy Natural Resources South Africa (Pty) Limited ("JSWSA"), the new strategic equity partner. The financial results improved relative to the 2009 financial year as a result of recommencement of operations and receipt of lease income.

In the process of resuming production and with the financial backing of JSWSA, significant progress was made in terms of upgrading the current plant. This will allow for improved throughput from the plant in the future.

The Company saw the departure of its Chief Executive Officer, Grant Scrutton and the appointment of Antony Rayment as his replacement. This was complimented by the appointment of David Miller as Financial Director in a quest to strengthen the management team. The Board wishes to thank Mr Scrutton for his efforts in fulfilling the roles of CEO and CFO over the period in which the Company was faced with major operational and strategic challenges.

As part of the process of introducing a strategic equity partner to the business, JSW Energy Limited, India ("JSW") made an offer to minorities which closed on 18 February 2011. Following the closure of the offer Royal Bafokeng Capital (Proprietary) Limited ("RBC") and JSWSA jointly held 93.27% of the share capital of the Company.

The history of this Company and the underlying resource have sensitised the new management team to fundamental challenges inherent with or systemic to thin seam operations with significant legacy issues. The key challenges/ issues that have been identified are:

- Resource confidence
- Mine planning
- Rehabilitation and compliance legacy issues
- Export logistics

Improving the geoscientific confidence in the coal resources will allow for a more accurate and effective mine plan. In this context a comprehensive drilling programme has been effected to raise the classification of the entire coal resource. It is expected that this programme and a concomitant updated Life of Mine Plan will be completed in September 2011. On on-going operations, additional drilling is being conducted on mining operations to construct accurate mine plans whereby effective controls can be instituted to, inter alia minimise mining losses and manage contractors.

Significant rehabilitation legacy issues are being proactively attended to in order to ensure that the Company is compliant with regulations relating thereto. The historical rehabilitation liability has been comprehensively remapped and the effect of this has been stated in the financial statements. The applicable rehabilitation programme has been committed and a contractor appointed to carry out historical rehabilitation.

The Group has an export allocation through its Phase V Shareholding and Quattro Allocation. The actual annual capacity, which is based on TFR Performance, limits this to 277,000 tons. This does not allow for the full potential of the Group to be exploited and additional capacity is being actively sought. In this context, the Group has managed to secure allocation through Maputo Port, the commercial terms of which are being finalised.

The Group is principally geared towards an export product. The outlook for export pricing remains buoyant and indications are that it will remain above $110,00 for at least the first half of this year.

The Group, as a member of the Coal Industry Task Team (CITT), awaits the finalisation of the implementation of the results of the revised Quattro rail allocations. As part of the promotion of Junior Miners through the Quattro and Phase V strategy, the Company envisages engaging with stakeholders to work through some of the logistics challenges and to find solutions to these that will result in the achievement of the goals to support Junior Miners.

We would like to thank members of the Board, management and all employees for all that they have accomplished during 2010.

T V Mokgatlha
Chairman
5 July 2011

A J L Rayment
Chief Executive Officer

CORPORATE GOVERNANCE REPORT

Governance of the group

The Board is committed to ensuring that the Company and Group adheres to the principles advocated in the King III Report on Corporate Governance which became effective on 1 March 2010 and to ensuring that these principles apply to all subsidiaries within the Group. The Board is committed to conducting its affairs with prudence, transparency, accountability, fairness and in a socially responsible manner. Following the injection of capital and start-up of operations in October 2010, after JSWSA acquired a substantial shareholding in the Group, management have been reviewing all aspects of the business which may affect the interests of the Group and its stakeholders. The Board understands the importance of balancing long-term social, environmental and economic interests whilst maximising the profits of the Group.

The Board ensures that the Group complies with JSE listing requirements, the Companies Act, as amended, International Financial Reporting Standards and all other relevant legislation.

Following the recommencement of Operations, the Group is reviewing compliance with the Requirements of King III as set in the schedule below:

Requirements in King III	Company's present position
1. Chairman of the Board	Mr Mokgatlha represents major shareholders of the Company, namely Royal Bafokeng Capital and Mainsail Trading 55 (Pty) Limited. Despite Mr Mokgatlha not meeting the requirements of independence, the Board is confident of his integrity and independent judgement to ensure that the interests of all shareholders, in particular, the minority shareholders, are protected at all times.
2. Board Composition	The board comprises six directors, of whom three are non-executive, one is an independent non-executive and two are executive directors. The Chairman and CEO are actively investigating the appointment of additional independent non-executive directors.
3. Independence of non-executive directors	The non-executive directors are not involved in the day-to-day management of the Group and are not full-time salaried employees of the Company or its subsidiaries. All of the non-executive directors are individuals of calibre and credibility, and have the necessary skills and experience to bring judgement to bear, independent of management, on issues of strategy, performance, resource, transformation, diversity and employment equity, standards of conduct and evaluation of performance.
4. Board performance	No assessment of the Board took place during the year under review due to the circumstances in which the Company found itself. A Board assessment will be carried out during the course of the ensuing year.
5. Lead independent director	No lead director has been appointed but consideration will be given to the matter once additional independent non-executive directors have been appointed.
6. Audit Committee	Although not compliant with the requirements of the Companies Act of 1973, as amended with regard to the requirement of an Audit Committee comprising at least two independent non-executive directors, the Board supports the principle of independence in order to maintain corporate division of power. The Board considered the two committee members who represent major shareholders, and believes that, although not being independent non-executive directors, they had sufficient strength of character to exercise the necessary independence and integrity to ensure that the minority shareholders' interests are protected at all times. Since the resignation of Mr W N Gardyne from the Board on 10 January 2011, all decisions of the Audit Committee have been submitted to the Board for ratification. A replacement for Mr Gardyne and an additional member to meet the requirements of the Companies Act, 71 of 2008 will be sought during 2011.

7.	Risk Committee	No Risk Committee meetings were held during the year as the directors resolved to have comprehensive monthly Board and monthly operations and finance committee meetings and manage the risks on a "full Board basis" to ensure the highest possible standards of governance were maintained. The Board has agreed to combine the risk management function with that of the Audit Committee.
8.	Remuneration and Nomination Committee	No formal meetings of the Remuneration and Committee meetings were held during the year, however, members of the committee conducted interviews with candidates for the positions of CEO and CFO.
9.	Remuneration Policy	No formal policy has been approved but the Board will implement a policy during the course of 2011.
10.	IT governance	As part of the management of information technology, Syspro have been engaged to implement a comprehensive system which will manage Group data from mining results and logistics through to financial statements.

Board of Directors

Chairman of the Board of Directors

The Chairman, Thabo Mokgatlha, a non-executive director, was appointed as Chairman of the Board during 2007. In terms of the Articles of Association (the "articles"), the Chairman is required to be elected by the Board. Mr Mokgatlha was re-elected as Chairman of the Board for the calendar year commencing 1 January 2010. The Chairman's duties are governed by a formal Board-approved mandate which is currently under review to ensure that it meets the requirements of changing regulation. The roles of Chairman and CEO are separate with duties as set out in the Board Charter.

Composition of the Board

The Company has a fully functional Board that leads and controls the Group. The Board is required to hold at least four meetings annually. During the year under review 10 meetings were held.

The Chairman and the Remuneration and Nomination Committee will be responsible for appraising the performance of the Chief Executive Officer at least once per annum.

The directors all have unfettered access to the executives, including the Company Secretary who, *inter alia*, is responsible for ensuring that proper procedures are followed regarding Board matters. It will require a decision of the Board as a whole to remove the Company Secretary, should this become necessary.

Directors' Board packs are prepared before each Board meeting so as to fully inform the directors of the issues at hand. Directors are furthermore entitled to ask questions of any personnel and have unrestricted access to all Company documentation, information, documents and property.

Details of changes to the Board are set out on page 18 of this report.

SACMH's articles call for one-third of the previously elected directors to retire by rotation at each annual general meeting. Dr V Lickfold is required to retire by rotation but will not seek re-election. Directors co-opted onto the Board since the last annual general meeting hold office until the conclusion of the next annual general meeting and are required to seek election, should they so wish, as directors. Messrs D G A Miller and A J L Rayment are affected by this requirement. The re-appointment of all directors seeking re-election is supported by the Board and approval by shareholders will be sought at the forthcoming annual general meeting.

Newly appointed directors receive a comprehensive induction pack relating to Company legislation and regulations, corporate governance, financial and reporting documents, minutes and administrative matters.

Board responsibilities

The Board's main responsibilities are set out in the Board Charter and include: strategy, acquisition and disinvestment policy, risk management, financing and corporate governance. In addition, the Board is accountable for relations with stakeholders and is responsible for creating, protecting and enhancing the Company's wealth and resources, timely and transparent reporting and for acting at all times in the best interests of the Company and its shareholders.

The Board charter has been tabled for re-consideration by the Board with a view to updating the charter in line with the changes to statute and the regulatory environment.

Board assessment

In view of the problems experienced by the Company during the year under review no assessment of directors has been conducted. Following the recommencement of operations the Company will review all governance requirements which will also include an assessment of directors.

Board Committees

Remuneration and Nomination Committee

Members: Neil Gardyne (Chairman) and Thabo Mokgathla
Mr Neil Gardyne resigned from the Board of Directors and as a member of the Committee on 10 January 2011. A replacement is being sought to fill the vacancy on the Committee.

The Terms of Reference of the Committee have been submitted to the Board for review.

The policy governing the procedures for appointments to the Board is guided by the Company's articles. All appointments to the Board, will be considered by the Board as a whole with the assistance of the Remuneration and Nomination Committee and, will be formal and transparent.

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

The Committee is required to meet at least twice each year. During the year under review no formal Committee meetings were held but members of the Committee interviewed prospective candidates for the positions of Chief Executive Officer and Chief Financial Officer and, based on the interviews and subsequent discussions, recommendations were made to the Board on the appointments to fill the aforementioned executive positions.

Audit and Risk Committee

Members: Lucas Ndala (Chairman) and Neil Gardyne
Although not compliant with the requirements of the Companies Act of 1973, as amended with regard to the requirement of an Audit Committee comprising at least two independent non-executive directors, the Board supports the principle of independence in order to maintain corporate division of power. The Board considered the two Committee members who represent major shareholders, although not being independent non-executive directors, they had sufficient strength of character to exercise the necessary independence and integrity to ensure that the minority shareholders' interests are protected at all times. Increasing the number of Audit Committee members to three, as required by the Companies Act of 2008 which became effective on 1 May 2011, is currently being considered by the Board.

Mr Neil Gardyne has resigned from the Board and the Committee and a replacement is being considered.

During the period that the Company's operations were on care and maintenance, the need for and cost of an internal audit function was considered unnecessary. Following the start-up of operations in October 2010, consideration is being given to the implementation of control systems and an internal audit control function in the near future to ensure that there is a sound system of internal control in place in order to safeguard stakeholders' interests and the Company's assets.

The Committee operates in accordance with written terms of reference, which are being reviewed, and deals clearly with its authority and duties and which have been confirmed by the Board. The external auditors have free access to this Committee and are invited to attend all of its meetings. The Audit Committee is required to meet at least twice per annum. Three meetings were held during the year under review.

The primary objectives of the Audit Committee are to safeguard the assets of the Company and to promote the overall effectiveness of corporate governance within the Group. Additional objectives include:
- Ensuring the integrity of the Company's accounting and financial reporting systems;

- Ensuring that the appropriate systems are in place for monitoring risk, financial control and compliance with the law and codes of conduct;
- Evaluating the effectiveness of the risk- and compliance-management functions of the Company;
- Maintaining appropriately transparent relationships with the external auditors, who will be appointed each year based on the recommendations of the Committee;
- Advising on the appointment of the external auditors to handle non-audit functions;
- Reviewing the scope and quality of the statutory audit and the independence and objectivity of the audit; and
- Reporting on the going concern concept.

The Audit Committee has explicit authority to investigate any matter under its terms of reference and has access to all resources and information it requires in order to act on this authority.

The Audit Committee is also responsible for monitoring all contracts entered into by the Company in which any of the directors are either beneficially or indirectly beneficially interested so as to ensure that all such contracts are fair and reasonable and in the best interests of the Company.

The Audit Committee has recommended that Deloitte should be re-appointed auditors and that Mr M Ajoodha be re-appointed as the designated auditor of the Group for the financial year commencing 1 January 2011.

Management Committees

Operations and Finance Committees with appropriate terms of reference have been formed, consisting of Executive and Non-executive Directors and management. The membership of the Committees are as follows:
Finance Committee: A J L Rayment (Chairman), R Albertus, L V Ndala, P Menon and D G A Miller; and
Operations Committee: A J L Rayment (Chairman), V P Garg, D G A Miller, T V Mokgathla, R Singh and D Slabbert.

The Operations Committee has been mandated to assist management in identifying the needs of the Company following the recommencement of operations in October 2010, the development of the resource base and concomitant mine planning and management and the optimisation of the utilisation of plant and equipment.

The Finance Committee is required to identify and access the necessary funding of working capital and capital expenditure whilst monitoring income and working costs. The Committee will also monitor the re-introduction of appropriate controls, systems and risk management following the start-up of operations.

Copies of the minutes of these management Committees are tabled at meetings of the Board of Directors.

Internal Audit/Risk Management/Information Technology

During the period that the Group was under care and maintenance, limited financial transactions took place. Internal audit and risk management functions were dispensed with at the time, however, the introduction of an internal audit function is under consideration.

As part of the management of information technology, Syspro have been engaged to implement a single system which will manage Group data from mining results and logistics through to financial statements.

Communication with stakeholders

The Company prioritises a policy of effective communication and engagement with all stakeholders in the affairs of the Company and seeks to provide a secure, healthy and participative social and working environment for its staff and associates.

Dealings in securities and insider trading policy

The Company enforces restricted periods for dealing in its shares in terms of which any dealings in securities of the Company by any of the directors and the Company Secretary of the Company and its material subsidiaries and such parties' associates must be cleared by a designated director. Trading will be prohibited from the time that the relevant reporting period has elapsed to the time that the results are released as well as at any time that the Company is trading under a cautionary announcement and at the designated directors' discretion should there by unpublished price-sensitive information in existence.

Company Secretary

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

Advice and information

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

All directors are entitled to seek independent professional advice concerning the affairs of the Company, at its expense.

Code of ethics

The Board subscribes to the highest level of professionalism and integrity in conducting its business and dealing with all its stakeholders.

In adhering to its code of ethics the Board is guided by the following broad principles:

- Business should operate and compete in accordance with the principles of free enterprise;
- Free enterprise will be constrained by the observance of relevant legislation and generally accepted principles regarding ethical behaviour in business;
- Ethical behaviour is predicated on the concept of utmost good faith and characterised by integrity, reliability and a commitment to avoid harm;
- Business activities will benefit all participants through a fair exchange of value or satisfaction of need; and
- Equivalent standards of ethical behaviour are expected from individuals and companies with whom business is conducted.

SUSTAINABILITY REPORT

The Group is committed to adopting sound business practices to ensure the long-term viability of the Group in the interest of the stakeholders it serves.

In pursuit of this sustainability objective, the Group embraces the philosophy of the King III Report, and endeavours to implement its principles in all areas.

Mine Works Programme

Following the recommencement of mining and production activities, the Company has engaged Eugene Pretorius and Associates ("EPA") to assess mining resources and to prepare a Life of Mine plan together with a Mine Works Programme. Extensive drilling is commencing on Umlabu Mine to measure the reserves to be mined to allow the Board to make an informed decision as to the mining methodology to be used. A Revised Mine Works Programme will be distributed to the Board for approval in September 2011 before submitting a copy to the Department of Mineral Resources ("DMR"). The Social, Labour and Environmental Management Plans will be then be updated accordingly.

Labour Relations

The Group subscribes to the principle of freedom of association. During 2010, the Company commenced employing staff and contractors in order to re-commence operations. Employees decided that they did not wish to engage with a union and a forum for engagement through employee representatives and management was formed.

Employment Equity

The Group fully subscribes to the principles of the Mining Charter and strives to achieve more than the minimum requirements. The Mine believes that Employment Equity is an integral part of building an effective and representative workforce and to ensure equality for all employees. The Group has committed to develop an Employment Equity Policy that ensures that HDSA employees, especially women, are developed. The Umlabu Colliery is in the process of appointing Jaline Training and Consulting Services Company to identify at least two women and to provide accelerated training and development initiatives to assist their progression, in order to comply with the provisions of the Employment Equity Act (Act No 55 of 1998). The Mine will submit a report to the DME as required by Section 21 of the Act.

Environmental Performance

The Group appointed Environmental Assurance (Pty) Limited ("ENVASS") to compile and submit an Integrated Water Use Licence Application ("IWULA") to the Department of Water and Forestry ("DWAF"). This application is currently under review by DWAF. Management have been pro-active in addressing legacy issues and have developed a rehabilitation programme to deal with such issues.

Broad-Based Black Economic Empowerment

The Group retains its status as a Black-controlled Company through the Royal Bafokeng Group's majority shareholding in Royal Bafokeng Capital (Proprietary) Limited, a BBBEE shareholder in terms of the definition thereof. The Group has also committed to supporting service providers with BBBEE status.

Skills Development/Succession Planning

Upon appointment of the training service provider, Jaline Training and Consulting Services, assessments of all employees will be conducted in order to determine needs for training and development. The Group is committed to identifying all potential employees and local community members by September 2011 for training and development.

Corporate Social Investment

The Group has identified members of the local community to provide a laundry service for the Umlabu Mine and is in the process of finalising the appointments of services providers from the local community for the tuck shop, transport service for staff and a garden service.

Preferential Procurement

All procurement since the recommencement of operations was adjudicated through a balanced score card to ensure that previously disadvantaged and local community members obtain an equal chance to provide services to the Group. Local community and previously disadvantaged communities enjoy preferential treatment during the adjudication process.

HIV/AIDS

It is the Group's policy that the ethical practices that govern all health/medical conditions in the employment context shall apply equally to HIV/AIDS in the workplace. There shall be no discrimination between employees with HIV/AIDS and those without and between HIV/AIDS and other comparable life-threatening conditions.

Major shareholders and shareholders spread

The following shareholders have a 4% (or more) interest in the issued share capital of the Company as at 31 December 2010:

	2010		2009	
Shareholder	**('000)**	**(%)**	**('000)**	**(%)**
Royal Bafokeng Capital (Pty) Ltd*	264 583	58.5	264 583	58.5
JSW Energy Natural Resources South Africa (Pty) Ltd	94 361	20.9	–	–
Deutsche Bank (Pty) Ltd	42 243	9.3	42 284	9.3
Blemit Investment (Pty) Ltd**	–	–	36 300	8.0
New Africa Mining Fund	–	–	35 732	7.9
Mainsail Trading 55 (Pty) Ltd	20 000	4.4	20 000	4.4
	421 187	**93.1**	**398 899**	**88.1**

* *Royal Bafokeng Capital had written commitments to transfer, at no value, 20 million SACMH shares each to Standard Bank and Mr G Scrutton, the former CEO. The 20 million shares have been transferred to Mr Scrutton and those shares were subsequently sold to JSW in response to the offer to shareholders made in November 2010. The commitment of 20 million shares to Standard Bank was no longer required.*

** *Blemit Investment invests funds on behalf of third parties and did not beneficially own these shares.*

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

	2010		2009	
Shareholder	**('000)**	**(%)**	**('000)**	**(%)**
Royal Bafokeng Capital (Pty) Ltd	264 583	58.5	264 583	58.5
JSW Energy Natural Resources (Pty) Ltd	94 361	20.9	–	–
Mainsail Trading 55 (Pty) Ltd	20 000	4.4	20 000	4.4
Strider Holdings (Pty) Ltd	16 752	3.8	16 752	3.8
WN Gardyne (Director)	–	–	4	–
	395 696	**87.6**	**301 339**	**66.7**

Following the closure of the offer to the shareholders on 18 January 2011 application was made to the JSE Limited ('JSE') to lift the suspension of trading of the Company's shares, pointing out that the spread of shareholders no longer complied with JSE regulations in terms of percentage held by major shareholders but that the number of minority shareholders met the regulations. The JSE nevertheless approved the application and trading of the Company's shares recommenced in March 2011.

Shareholder spread as at 31 December 2010

	Number of shares	Percentage	Number of shareholders	Percentage of total
0 – 1 000	154 409	0.03	519	57.10
1 001 – 10 000	1 082 287	0.24	306	33.66
10 001 – 100 000	2 108 965	0.47	67	7.37
100 001 – 500 000	2 492 363	0.55	9	0.99
500 001 – 1 000 000	555 179	0.12	1	0.11
1 000 001 +	446 061 001	98.59	7	0.77
	452 454 204	**100.00**	**909**	**100.00**

Shareholder spread as at 31 December 2009

	Number of shares	Percentage	Number of shareholders	Percentage of total
0 – 1000	186 082	0.04	600	50.50
1 001 – 10 000	1 618 031	0.36	424	35.69
10 001 – 100 000	3 468 424	0.79	107	9.00
100 001 – 500 000	5 912 110	1.30	25	2.10
500 001 – 1 000 000	5 158 964	1.22	7	0.58
1 000 001 +	436 110 593	96.38	25	2.10
	452 454 204	**100.00**	**1 188**	**100.00**

Interests of directors

The direct, indirect and deemed interests of the directors of the Company in the issued share capital of the Company at 31 December 2010 were as follows.

	31 December 2010		31 December 2009	
Ordinary shares	Beneficial R'000	Non-beneficial R'000	Beneficial R'000	Non-beneficial R'000
W N Gardyne	Nil	Nil	4	Nil
K J Gribnitz	16 752	Nil	16 752	264 583
Total	**16 752**	**Nil**	**16 756**	**264 583**

No material changes in holding were affected between year-end and the date of this report.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the annual financial statements of South African Coal Mining Holdings Limited and its subsidiaries (the "Group") in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the Group's and the Company's ability to continue as a going concern. The Group's going concern status has been underwritten by the support of JSW Energy Limited (a Company listed on the Mumbai stock exchange) and operating through its subsidiary JSW Natural Resources South Africa (Proprietary) Limited supporting South African Coal Mining Holdings Limited ("SACMH"). JSW have confirmed their firm intention to continue their financial support to the Company, in writing.

The auditors are responsible for reporting on whether the Group and Company financial statements are fairly presented in accordance with the International Financial Reporting Standards ("IFRS") and in the manner required by the Company's Act of South Africa. Their report appears on page 13.

The Group and the Company financial statements as identified in the first paragraph as set out on pages 16 to 25 and the report of the Audit Committee set out on pages 14 and 15 were approved by the Board of Directors and are signed on its behalf by:

Thabo Mokgatlha
Non Executive Chairman

Antony Rayment
Chief Executive Officer

5 July 2011

CERTIFICATE OF THE COMPANY SECRETARY

I, the undersigned, in my capacity as Company Secretary, do confirm that in terms of the Companies Act, the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are, to the best of my knowledge, true, correct, and up to date.

Patricia Smit
Company Secretary
Illovo, Sandton
5 July 2011

INDEPENDENT AUDITOR'S REPORT

To the Members of South African Coal Mining Holdings Limited

We have audited the Group annual financial statements and Company annual financial statements of South African Coal Mining Holdings Limited, which comprise the consolidated and Company statements of financial position as at 31 December 2010, and the consolidated and Company statements of comprehensive income, the consolidated and Company statements of changes in equity and consolidated and Company statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 16 to 55.

Directors' Responsibility for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Company's Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, their financial position of the Company and of the Group as at 31 December 2010, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Emphasis of Matter – Group and Company Going Concern

Without qualifying our opinion, we draw attention to the directors' report to the Group and Company annual financial statements which highlights the fact that the Group's and the Company's going concern status is dependent upon JSW Energy Limited (a company listed on the Mumbai stock exchange) and operating through its subsidiary, JSW Natural Resources South Africa (Proprietary) Limited ("JSWSA"), supporting SACMH. JSWSA have confirmed, in writing, their firm intention to continue their financial support to SACMH.

Deloitte and Touche
Registered Auditors

Per M Ajoodha
Partner

5 July 2011

National executive: G G Gelink *(Chief Executive)*, A E Swiegers *(Chief Operating Officer)*, G M Pinnoili *(Audit)*, D L Kennedy *(Risk Advisory)*, L Bam *(Corporate Finance)*, J K Mazzocco *(Human Resources)*, C R Beukman *(Finance)*, T J Brown *(Clients)*, N T Mtoba *(Chairman of the Board)*, M J Comber *(Deputy Chairman of the Board)*

REPORT OF THE AUDIT COMMITTEE

This report is provided by the Audit Committee appointed in respect of the 2010 financial year of the Group in compliance with Section 270A of the Companies Act, 1973, as amended ("the Act").

Information on the membership and composition of the Audit Committee, its terms of reference and its procedures are described more fully in the Corporate Governance report on pages 6 and 7 of the Annual Report.

Execution of the functions of the Audit Committee

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

During the year under review:
In respect of the external audit, the Audit Committee, *inter alia*:

- Ensured that the appointment of the external auditor complied with the Act and all applicable legal and regulatory requirements for the appointment of the auditor. The Audit Committee confirms that the external auditor and designated auditor are accredited by the JSE;
- Approved the external audit plan and the budgeted audit fees payable to the external auditor;
- Reviewed the audit and evaluated the effectiveness of the auditor and their independence;
- Obtained an annual written statement from the auditor that their independence was not impaired;
- Determined the nature and extent of all non-audit services provided by the external auditor;
- Pre-approved all permissible non-audit services provided by the external auditor; and
- Nominated Deloitte and Touche as the external auditor and Mr M Ajoodha as the designated auditor to the shareholders for appointment for the financial year ending 31 December 2011. It will be Mr Ajoodha's fourth year as designated auditor of the Company.

In respect of the financial statements, the Audit Committee, *inter alia*:

- Confirmed the going concern as the basis of preparation of the interim and annual financial statements which is dependent on JSW Energy Limited (a company listed on the Mumbai stock exchange) and operating through its subsidiary, JSW Natural Energy Resources South Africa (Proprietary) Limited ("JSWSA") supporting SACMH. JSWSA have confirmed their firm intention to continue their financial support of SACMH during 2011, in writing.
- Examined and reviewed the interim and annual financial statements, as well as all financial information, disclosed to the public prior to submission and approval by the Board;
- Ensured that the annual financial statements fairly present the financial position of the Company and of the Group as at the end of the financial year and the results of operations and cash flows for the financial year and prospects of the Company and of the Group;
- Considered accounting treatments, significant unusual transactions and accounting judgements;
- Considered the appropriateness of the accounting policies adopted and changes thereto;
- Reviewed the external auditor's audit report;
- Considered any problems identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements;
- Considered management's recommendation to the Board not to pay a dividend to shareholders; and
- Met separately with management and the external auditor.

In respect of internal control, internal audit, risk management and legal and regulatory requirements the Audit Committee, *inter alia*:

- Considered management's recommendations in respect of internal audit and risk management whilst the Company was in the process of starting up operations and undertook to have comprehensive Board meetings at regular intervals and to manage risks, internal control and legal and regulatory matters on a "full Board basis" to ensure that the highest possible standards of governance were maintained;
- Considered management's recommendation not to implement an internal audit function whilst in the process of starting up operations because there were limited resources available;

- Reviewed management's and the external legal advisor's reports on legal matters which could have a material impact on SACMH;
- Considered the external auditor's reports on the Group's systems of internal control, including financial controls, maintaining effective internal controls and compliance with legal and regulatory requirements; and
- Based on the above, and the recommencement of operations in October 2010, the Board and management were currently implementing appropriate systems of internal control and considering the appointment of an internal audit function and introduction of a risk management process.

The JSE requires all listed companies to have a properly qualified Financial Director on the Board of Directors. During the care and maintenance period, the JSE provided dispensation for the CEO (who is a chartered accountant with 10 years experience as a listed company financial director) to act in this capacity. Mr David Miller, whose CV appears on Page 60 of this report, was appointed Chief Financial Officer with effect from 1 October 2010. The Audit Committee has satisfied itself with the capabilities and experience of Mr Miller.

L M Ndala
Chairman
5 July 2011

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and audited financial statements for the year ended 31 December 2010. These financial statements have been prepared using appropriate account policies, conforming to International Financial Reporting Standards and the Companies Act of South Africa, supported by reasonable and prudent judgements where required.

Nature of business

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

Prospects

SACMH operations will allow for the full utilisation of its rail allocation which amounts to an annual capacity of 277 000 tons to Richards Bay Coal Terminal ("RBCT") during the next financial year. Additional export capacity is currently being investigated, which would allow the Group to achieve a more sustainable operation.

The API-4 index price of RBC1 coal has risen steadily since 2010. Indications are that it will remain above $110 per ton for the greater part of 2011.

Results of operations

Turnover for the year is represented by rental income received from the sidings owned by the Group as well as the leasing of rail allocation. The Company made use of its rail entitlement with effect from 1 October 2010 to establish a stockpile of product at the RBCT. Subsequent to the year-end this product was sold profitably at an average price of $116,29 per ton.

The 51 951 tons of coal produced and acquired during the re-commencement of operations have been valued at cost, including overheads.

Costs incurred while the Group was under care and maintenance have been included in operating costs together with costs incurred as part of the start-up operations. Property, plant and equipment at Ilanga which was vandalised and destroyed during the period that operations were suspended, have been scrapped.

Holding Company

The Company's largest shareholders are Royal Bafokeng Capital (Proprietary) Limited ("RBC") and JSWSA, holding 58.5% and 30.37% of the issued share capital, respectively. The shareholders of RBC are Royal Bafokeng Holdings Limited and JSWSA, holding 50.2% and 49.8%, respectively. As result of its direct and indirect holdings in SACMH, JSWSA has an effective interest of 59.5% in SACMH.

Financial reporting

The directors are required by the Companies Act of South Africa to produce annual financial statements which fairly present the state of affairs of the Company and the Group as at the end of the financial year and the profit and loss for that financial year, in conformity with International Financial Reporting Standards "IFRS" and the Companies Act of South Africa.

The financial statements, as set out in this report, have been prepared by management in accordance with IFRS and the Companies Act of South Africa, and are based on appropriate accounting policies, which are supported by reasonable and prudent judgements and estimates.

The provisional results published have been changed to reflect changes in the rehabilitation provision and the deferred tax liability arising from the restatement of results, this has increased the net asset value in cents from 38.22 cents to 38.27 cents and reduced the basic loss per share from 2.25 cents to 2.21 cents.

Following the investment in the group by JSW and the financial support received, mining operations were resumed at Umlabu Colliery with effect from 1 October 2010. Operations remain at an early stage with additional plant being commissioned during the last quarter of the financial year.

Borrowings and cash

Mainsail agreed to advance a working capital loan to fund the care and maintenance of the Mine. The loan attracts interest at variable rates linked to prime and will convert into ordinary shares at the 30-day weighted average share price, 90 days after the share suspension is lifted. As the suspension of the listing on the JSE was lifted on 25 March 211, a calculation in respect of this contingency could not be made at the time of publication of the provisional results. The calculation has now been done and is disclosed in the statement of comprehensive income.

During May 2010 JSW acquired 49% of the Group's controlling company RBC and made an unconditional mandatory offer to all shareholders, save for RBC and Mainsail Trading 55 (Proprietary) Limited shareholdings, for a purchase consideration of 30 cents per share as set out in a circular to shareholders dated 26 November 2010. The record date for the offer was 24 December 2010 but the offer was extended to 18 February 2011. Shareholders holding 137 401 108 shares accepted the offer. Consequently JSW now directly and indirectly, through its shareholding in Royal Bafokeng Capital, owns 269 163 578 SACMH shares, effectively constituting 59.5% of the issued share capital of the company.

In addition, JSW have committed to provide the working capital to restart the mine and return the group to operation as a going concern. Capital expenditure of R13,1 million was incurred during the year for the re-establishment of mining operations at the Umlabu colliery. Over and above the R18,9 million committed to the upgrade of the wash plant, a further R13,9 million has been authorised and funding of the expenditure will be made available by JSW.

Mining rights have been amortised based on production volumes. The necessary rehabilitation costs have been provided against and include full mine closure and rehabilitation of previous operations.

JSW advanced $19 million to the Group to fund the start-up of operations of which the Rand equivalent is R131,8 million. This loan is repayable after seven years and bears interest at 2.75% above the monthly US$ LIBOR rate. The loan has also been subordinated by JSW in favour of Standard Bank of South Africa Limited. The loan from The Standard Bank of South Africa Limited has been restructured with R70 million having been repaid. The balance of the loan is interest free and is repayable in annual instalments over the next five years.

Based on the JSW commitments, the directors are of the opinion that the financial statements fairly present the financial position of the Company and of the Group as at 31 December 2010 and the results of their operations and cash flows for the year then ended.

Going concern

The Group and Company's going concern has been underwritten by the support of JSW Energy Limited (a company listed on the Mumbai Stock exchange) which operates through its subsidiary JSWSA, supporting SACMH. JSW have confirmed, in writing, their firm intention to continue their financial support to SACMH.

The directors are satisfied that the Group has adequate resources and/or shareholder commitments to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going-concern basis in preparing the financial statements.

Taxation

The last tax assessment of the Company relates to the year ended June 2007. All tax submissions, up to and including December 2008 have been submitted, but assessments for 2008 have not yet been issued by the South African Revenue Services ("SARS"). The tax returns for December 2009 and 2010 will be submitted during 2011.

Rehabilitation provisions

The 2009 and 2008 results have been restated as a result of the Group having valued the estimated cost of historical rehabilitation of mining operations based on the estimated value of final closure of operations only, whilst rehabilitation of existing operations was expected to be completed as part of the continuous process. The estimated cost of rehabilitation of historical mining operations shortfalls in existence prior to the acquisition of the Umlabu Colliery as well as un-rehabilitated operations in 2008 were previously not valued by the Group. These shortfalls have now been surveyed to establish the extent of the shortfall and previously reported figures have been restated to include the shortfall which was previously understated. There was no impact in the statements of comprehensive income for the 2009 financial year as little or no mining operations took place.

The estimated value of outstanding rehabilitation on acquisition of the Umlabu Colliery was also not accounted for on acquisition of the asset in 2007. The value of the mining rights was restated to reflect the estimated value of historical rehabilitation as well as the liability which existed on acquisition.

The effect on the financial statements of the restatement of the value of mining rights are set out in note 29 to the notes to the financial statements. The estimated final cost of rehabilitation has now been provided for in full.

Acquisitions and disposals

There were no acquisitions or disposals of businesses during the year. The Company entered into a subscription agreement for Richards Bay Coal Terminals ("RBCT") Phase V export allocation during the course of 2009 for R50,5 million which will entitle the company to export 500 000 tons of product per annum through the terminal. Entitlement becomes available as and when any additional capacity is declared by the terminal. Full entitlement will be reached once an annual capacity of 91 million tons is declared. This amount will be paid for as the entitlement becomes available or by 31 December 2012. The awarding of the allocation is subject to several conditions precedent including maintaining our BBBEE shareholding. The RBCT Phase V allocation entitlement was increased to 70 000 tons per year with effect from October 2010. The bulk of the additions to Property, Plant and Equipment during the year were improvements to the Blinkpan siding and acquisition and commission of the new Parnaby and Optimisation Plants at Umlabu Colliery.

Subsequent events

The existing wash plant was upgraded at a cost of R18,9 million which will increase capacity to 200 tons of Run of Mine "ROM" per hour. The plant was fully commissioned in May 2011. Funding was provided by JSW.

Mining operations have been started on the Vlakfontein reserve and operations have also been resumed on the Mooifontein underground reserve.

The group's suspension on the JSE Limited was lifted on 25 March 2011.

Share capital

There have been no changes to the Company's authorised and issued share capital during the year under review. The share capital of the Company, both authorised and issued, is set out in note 12 to the annual financial statements. No share repurchases took place during the year under review.

Distributions

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

Special resolutions

A special resolution was passed at the annual general meeting of shareholders held on 18 August 2010 with regard to a general authority to enable the Company to acquire its own shares as set out in the previous annual report.

Directorate

The following changes were made to the Board during the year under review:

Messrs P J Kotze and K J Gribnitz resigned from the board on 26 February and 25 March 2010, respectively, to pursue personal interests.

Mr V P Garg, a representative of JSW Energy Limited, India which had purchased a 49% shareholding in Royal Bafokeng Capital (Pty) Limited, a major shareholder of the Company was appointed to the Board on 10 June 2010.

Mr G M Scrutton resigned as CEO of the Company on 31 August 2010 and as a non-executive director on 1 February 2011.

Mr D G A Miller was appointed CFO of the Company with effect from 1 October 2010.

Mr A J L Rayment was appointed CEO of the Company with effect from 1 December 2010.

Mr W N Gardyne, non-executive director of the Company and who represented New Africa Mining Fund which has accepted the JSW offer to shareholders to acquire their shares, resigned as a director on 10 January 2011.

In terms of the Company's articles of association, the director who is up for re-election that retires by rotation at the forthcoming annual general meeting is Dr V Lickfold. Messrs D G A Miller and A J L Rayment were appointed as directors during the year and their appointments will be ratified at the next Annual General Meeting.

The names of the directors who were in office during the period 1 January 2010 and 31 December 2010 and the number of meetings attended by each of the directors are:

Director		Main Board	Audit
Non-executive Chairman			
T V Mokgatlha		9/10	–
Independent non-executive director			
V Lickfold		9/10	–
Non-executive directors			
V P Garg		2/4	–
W N Gardyne		9/10	3/3
K J Gribnitz	(resigned 28 March 2010)	4/4	–
L M Ndala		10/10	3/3
Executive directors			
A J L Rayment	(Chief Executive Officer)	1/1	–
D G A Miller	(Chief Financial Officer)	1/1	–
P Kotze	(resigned 31 March 2010)	2/2	–
G L Scrutton	(resigned as Chief Executive Officer on 31 August 2010 but remained on as non-executive director until 1 February 2011)	10/10	3/3*

* *By invitation*

No Risk Committee meetings were held during the year as the directors resolved to have comprehensive monthly Board meetings and manage the risks on a "full Board basis" to ensure the highest possible standards of governance were maintained. No formal meetings of the Remuneration and Committee meetings were held during the year, however, members of the Committee conducted interviews with candidates for the positions of CEO and CFO. Directors' remuneration is set out in note 22 to the annual financial statements. There are no share incentive schemes in place for either directors or staff.

Directors' shareholding

Mr K J Gribnitz held 132 603 006 (2009: 132 603 006) shares in SACMH at the time of his resignation on 28 March 2010.

RBC had a written commitment to transfer 20 000 000 shares to Mr G Scrutton which were transferred to him on 10 May 2011. Mr Scrutton undertook to accept the offer made to shareholders by JSW in November 2010 and the 20 000 000 shares were transferred to JSW on 10 May 2011.

External auditors

Deloitte and Touche ("Deloitte") continued in office as external auditors of the Company. At the Annual General Meeting, shareholder approval will be sought for the re-appointment of Deloitte as SACMH's external auditors for the 2011 financial year and confirmation of Mr M Ajoodha as the designated auditor.

Company Secretary

Mrs Pat Smit (FCIS, B.Luris) was appointed Company Secretary of SACMH with effect from 1 September 2010. The appointment of Sylvan CSI (Pty) Limited was terminated on 31 August 2010.

Business address: 2nd Floor, Oxford Road, Illovo, Sandton, 2196
Postal address: PO Box 55190, Northlands, 2116

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2010

		Group			Company	
	Notes	**31 Dec 2010 R'000**	31 Dec 2009 Restated R'000	31 Dec 2008 Restated R'000	**31 Dec 2010 R'000**	31 Dec 2009 R'000
ASSETS						
Non-current assets		**537 204**	**546 248**	**529 976**	**51 376**	**51 376**
Property plant and equipment	5	111 003	118 703	151 460	876	876
Intangible assets	6	421 666	427 545	378 516	45 965	50 500
Investments and investment in subsidiaries	7&8	4 535	–	–	4 535	–
Current assets		**67 717**	**15 915**	**52 134**	**21 320**	**16 930**
Inventories	10	44 286	–	15 320	–	–
Trade and other receivables	11	17 957	6 850	22 106	–	–
Tax receivable	16	–	2 083	–	–	–
Group loans	9	–	–	–	21 320	16 930
Cash and cash equivalents		5 474	6 982	14 708	–	–
Total assets		**604 921**	**562 163**	**582 110**	**72 696**	**68 306**
EQUITY AND LIABILITIES						
Capital and reserves		**173 166**	**179 558**	**192 906**	**(62 956)**	**7 356**
Issued capital and premium	12	233 885	233 885	227 784	233 885	233 885
Accumulated loss		(75 965)	(65 934)	(34 878)	(312 087)	(238 136)
Shareholder's loan	13	15 246	11 607	–	15 246	11 607
Non-current liabilities		**372 420**	**240 386**	**268 795**	**122 153**	**53 613**
Interest bearing liabilities	14.1	176 562	50 289	107 271	113 540	45 000
Non-interesting bearing liabilities	14.2	46 600	–	–	–	–
Non-current provisions	15	45 772	50 596	50 596	–	–
Deferred taxation	16	103 486	139 501	110 928	8 613	8 613
Current liabilities		**59 335**	**142 219**	**120 409**	**13 499**	**7 337**
Trade and other payables	17	27 066	11 511	46 500	1 984	1 837
Short-term borrowings		7 012	–	32 334	–	–
Group loans	9	–	–	–	5 428	–
Current portion of non-current liabilities	18	20 137	130 708	24 856	6 087	5 500
Current portion of provisions	15	5 120	–	–	–	–
Current tax payable		–	–	16 719	–	–
Total equity and liabilities		**604 921**	**562 163**	**582 110**	**72 696**	**68 306**
Number of shares in issue ('000)		452 454	452 454	438 454		
Net asset value per share (cents)		38,27	39,69	44,00		
Tangible net asset value per share (cents)		(31,78)	(31,97)	(18,68)		

STATEMENTS OF COMPREHENSIVE INCOME
for the year ended 31 December 2010

		Group		Company	
	Notes	**31 Dec 2010 R'000**	31 Dec 2009 R'000	**31 Dec 2010 R'000**	31 Dec 2009 R'000
Revenue	19	18 810	38 520	–	
Cost of sales		(7 444)	(62 248)	–	
Gross profit/(loss)		11 366	(23 728)	–	–
Other (losses) and gains	20	(1 247)	114 520	161	
Foreign exchange gain		3 781	–	1 213	–
Net impairment of assets	21	385	(11 781)	(70 595)	(180)
Loss on sale/scrapping of assets		(11 150)	(21 170)	–	–
Depreciation		(10 877)	(10 717)	–	–
Amortisation of mining right		(1 340)	(1 471)	–	–
Rehabilitation provision		(296)	–	–	–
Operating expenses		(24 985)	(22 771)	(1 717)	(1 958)
Operating (loss)/income before finance costs and taxation	22	(34 363)	22 882	(70 938)	(2 138)
Finance costs	28.2	(11 683)	(25 019)	(3 013)	–
Loss before taxation		(46 046)	(2 137)	(73 951)	(2 138)
Taxation	16	36 015	(28 919)	–	–
Total comprehensive loss attributable to ordinary shareholders		**(10 031)**	**(31 056)**	**(73 951)**	**(2 138)**
Weighted average number of shares in issue ('000)		452 454	438 454		
Basic loss per share (cents)		(2,21)	(7.08)		
Diluted average number of shares		487 303	438 454		
Diluted loss per share		(2,06)	(7,08)		

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 December 2010

Group	Share capital R'000	Share premium R'000	Share-holder's loan R'000	Revalua-tion reserve R'000	Accumu-lated loss R'000	Total R'000
Restated balance at 1 January 2008	**41 181**	**83 292**	**–**	**–**	**67 915***	**192 388**
Issue of ordinary shares under general authority	688	26 812	–	–	–	27 500
Issue of ordinary shares under rights issue	1 977	77 101	–	–	–	79 078
Share issue costs	–	(3 267)	–	–	–	(3 267)
Restated net loss for the year	–	–	–	–	(102 793)	(102 793)
– As previously reported	–	–	–	–	(98 710)	(98 710)
– Amortisation of mineral rights	–	–	–	–	(141)	(141)
– Rehabilitation provision	–	–	–	–	(3 942)	(3 942)
Restated balance at 31 December 2008	**43 846**	**183 938**	**–**	**–**	**34 878**	**192 906**
Issue of ordinary shares	1 400	4 758	–	–	–	6 158
Share issue costs	–	(57)	–	–	–	(57)
Increase in equity loans	–	–	11 607	–	–	11 607
Total comprehensive loss attributable to ordinary shareholders	–	–	–	–	(31 056)	(31 056)
Restated balance at 31 December 2009	**45 246**	**188 639**	**11 607**	**–**	**(65 934)**	**179 558**
Increase in equity loans	–	–	3 639	–	–	3 639
Total comprehensive loss attributable to ordinary shareholders	–	–	–	–	(10 031)	(10 031)
Balance at 31 December 2010	**45 246**	**188 639**	**15 246**	**–**	**(75 965)**	**173 166**

* *Retained earnings at 1 January 2008 previously reported as R69 582, have been restated to account for the change to rehabilitation provisions.*

Company	Share capital R'000	Share premium R'000	Share-holder's loan R'000	Revalua-tion reserve R'000	Accumu-lated loss R'000	Total R'000
Balance at 1 January 2009	**43 846**	**183 938**	**–**	**–**	**(235 998)**	**(8 214)**
Issue of ordinary shares	1 400	4 758	–	–	–	6 158
Share issue costs	–	(57)	–	–	–	(57)
Increase in equity loans	–	–	11 607	–	–	11 607
Total comprehensive loss attributable to ordinary shareholders	–	–	–	–	(2 138)	(2 138)
Balance at 1 January 2010	**45 246**	**188 639**	**11 607**	**–**	**(238 136)**	**7 356**
Increase in equity loans	–	–	3 639	–	–	3 639
Total comprehensive loss attributable to ordinary shareholders	–	–	–	–	(73 951)	(73 951)
Balance at 31 December 2010	**45 246**	**188 639**	**15 246**	**–**	**(312 087)**	**(62 956)**

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2010

		Group		Company	
	Notes	**31 Dec 2010 R'000**	31 Dec 2009 R'000	**31 Dec 2010 R'000**	31 Dec 2009 R'000
Cash flows from operations	28.1	**(50 165)**	3 801	**(66 430)**	(492)
Net finance charges paid	28.2	**(11 683)**	(25 019)	**(3 013)**	–
Taxation refunded/(paid)	16	**2 083**	(9 497)	**–**	–
Net cash flow from operating activities		**(59 765)**	**(30 715)**	**(69 443)**	**(492)**
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(13 942)	(10 083)	–	(106)
Increase in investment	7	(4 535)		(4 535)	
Net cash used in investing activities		**(18 476)**	**(10 083)**	**(4 535)**	**(106)**
Cash from financing activities					
Share issue expenses		–	(57)	–	(57)
Net liabilities raised	28.4	76 734	16 133	73 978	11 607
Short-term borrowing repaid		–	16 994	–	(10 952)
Net cash from financing activities		**76 734**	**33 070**	**73 978**	**598**
Net decrease in cash and cash equivalents		(1 508)	(7 728)	–	–
Cash and cash equivalents at the beginning of the year		6 982	14 710	–	–
Cash and cash equivalents at the end of the year		**5 474**	**6 982**	**–**	**–**

**Net liabilities raised includes short-term borrowings.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2010

PRESENTATION OF FINANCIAL STATEMENTS

These financial statements are presented in South African Rand thousands being the currency in which the majority of the Company's transactions are denominated.

The following applicable standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2011 or later periods, but the Company has not early adopted them:

1. GENERAL INFORMATION

South African Coal Mining holdings Limited ("the Company") is a limited company incorporated in the Republic of South Africa. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. The principal activities of the Company and its subsidiaries ("the Group") are described in the report of the directors.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS)

Effective 1 January 2011

- IAS 24: Related Party Disclosures
- IFRIC 14 – AS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IAS 1: Presentation of Financial Statements
- IAS 34: Interim Financial Reporting
- IFRIC 13: Customer Loyalty Programmes
- IFRS 1: First-time Adoption of International Financial Reporting Standards
- IFRS 7: Financial Instruments: Disclosures

Effective 1 July 2011

- IFRS 7: Financial Instruments: Disclosures
  – Amendments enhancing disclosures about transfers of financial assets

Effective 1 January 2012

- IAS 12: Income Taxes
  – Limited scope amendment (recovery of underlying assets)

Effective 1 January 2013

- IFRS 9: Financial Instruments: Classification and Measurement
- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint Arrangements
- IFRS 12: Disclosure of interests in other Entities
- IFRS 13: Fair Value Measurement
- IAS 27: Consolidated and Separate Financial Statements
- IAS 28: Investments in Associates

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with the Companies Act and International Financial Reporting Standards.

3.1 Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out on page 25.

3.2. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

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

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition by acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: *Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

3.3 Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see 3.13 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

3.4 Property, plant and equipment

Land is stated at cost and is not depreciated. Buildings and all other items of property, plant and equipment are reflected at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged on a systematic basis over the estimated useful lives of the assets after taking into account the estimated residual value of the assets. Useful life is either the period of time over which the asset is expected to be used or the number of production or similar units expected to be obtained from the use of the asset. Items of property, plant and equipment are capitalised in components where components have a different useful life to the main item of property, plant and equipment to which the component can be logically assigned.

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

• Land	Indefinite
• Buildings	20 years
• Fixed plant and equipment	2 – 20 years
• Mobile plant and equipment	5 years
• Computer equipment	3 years
• Office equipment	4 years
• Furniture and fittings	5 years

Maintenance and repairs which neither materially add to the value of assets nor appreciably prolong their useful lives are taken to profit or loss. Direct attributable expenses relating to mining and other major capital projects, site preparation and exploration are capitalised until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent that these are recognised as a provision.

Financing costs directly associated with the construction or acquisition of qualifying assets are capitalised at interest rates relating to loans specifically raised for that purpose, or at the average borrowing rate where the general pool of group borrowings was utilised. Capitalisation of borrowing costs ceases when the asset is substantially complete.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.5 Leasing

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see 3.16 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on the straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction in rental expense on the straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.6 Intangible assets

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on the straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets comprise mineral rights, which are accounted for at original cost to the Group on acquisition, and the entitlement to access to Phase V of the Richards Bay Coal Terminal facility.

3.7 Research, development and exploration costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.8 Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

3.9 Inventories

Inventories are stated at the lower of cost, determined on the moving average basis, and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories on the basis of normal capacity. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.10 Foreign currencies

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

3.11 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:
- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.12 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxation

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Secondary tax on companies

Taxation costs incurred on dividends are included in the taxation line in the income statement in the year in which the related dividends are declared.

3.13 Provisions

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Decommissioning and environmental rehabilitation

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

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

3.14 Segment reporting

The primary business segments are coal and equipment leasing. The basis of segment reporting is representative of the internal structure used for management reporting.

3.15 Cash and cash equivalents

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

3.16 Financial instruments

Financial assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:
- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:
- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Fair value is determined in the manner described in note 4.3.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

AFS financial assets

Listed shares and listed redeemable notes held by the Group that are traded in an active market are classified as AFS and are stated at fair value. The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured).

Fair value is determined in the manner described in note 4.3. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Foreign Exchange Transactions

Foreign currency transactions are translated using the exchange rates prevailing at the date of the transaction or valuation where items are measured. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation of year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised under other income.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:
- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Reclassification of financial assets

The Group has reclassified certain non-derivative financial assets out of held for trading (part of the FVTPL category) to AFS financial assets. Reclassification is only permitted in rare circumstances and where the asset is no longer held for the purpose of selling in the short-term. In all cases, reclassifications of financial assets are limited to debt instruments. Reclassifications are accounted for at the fair value of the financial asset at the date of reclassification.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Compound instruments

The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- The amount of the obligation under the contract, as determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and
- The amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out at 3.9.4 above.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the *statement of comprehensive income*.

Fair value is determined in the manner described in note 4.3.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying accounting policies

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

Property, plant and equipment

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

Deferred taxation

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

Impairment

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

Investments

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

Inventories

Impairment allowances are raised against inventory when it is considered that the amount realisable from such inventory's sale is considered to be less than its carrying amount. The impairment allowance is made with reference to an inventory age analysis.

Trade receivables

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

Rehabilitation Provision

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

4.2 Key sources of estimation uncertainty

Key sources of uncertainty relate to the economic mineability of the mineral rights (as set out in the Competent Persons Report) and the effect that this has on the carrying value of asset on the balance sheet. The carrying value of the mineral rights at 31 December 2010 was R375 701 000.

4.3 Determination of fair value

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4.3.1 Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market values of other assets are based on the quoted market prices for similar items.

4.3.2 Intangible assets

The fair value of intangible assets is based on the original cost of the right of use of the mineral right and expected access to Richards Bay Coal Terminal.

4.3.3 Inventory

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the efforts required to complete and sell the inventory.

4.3.4 Investments

Fair value of listed investments is calculated by reference to stock exchange quoted selling process at the close of business on the balance sheet date. The unlisted investment in Richards Bay Coal Terminal (Pty) Limited is valued at cost.

4.3.5 Forward exchange contracts

The fair value of forward exchange contracts is based on their listed market prices.

4.3.6 Borrowings

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements. The carrying value of the bank overdrafts is the fair value.

4.3.7 Environmental Rehabilitation Obligations

The long-term obligation resulting from environmental disturbances associated with the Group mining operations estimates are determined by independent environmental specialists in accordance with environmental regulations and valued over the expected period of the programme.

5. PROPERTY, PLANT AND EQUIPMENT

Group Owned assets	2010 Cost R'000	Accumulated depreciation R'000	Accumulated impairment R'000	Carrying value R'000	2009 Cost R'000	Accumulated depreciation R'000	Accumulated impairment R'000	Carrying value R'000
Land and buildings	84 146	(6 992)	(6 048)	71 106	83 917	(3 115)	(6 048)	74 754
Plant and equipment	96 303	(21 007)	(42 346)	32 950	83 822	(12 873)	(40 867)	30 082
Motor vehicles	943	(85)	(6)	852	11 610	(4 447)	(3 079)	4 084
	181 392	**(28 084)**	**48 400**	**104 908**	**179 349**	**(20 435)**	**(49 994)**	**108 920**
Capitalised leases								
Plant and equipment	17 275	(7 061)	(4 119)	6 095	17 275	(4 584)	(2 908)	9 783
	198 667	**(35 145)**	**(52 519)**	**111 003**	**196 624**	**(25 019)**	**(52 902)**	**118 703**

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

	Carrying value at start of year R'000	Additions R'000	Disposals/ scrapping/ impairments R'000	Reclassification R'000	Depreciation R'000	Carrying value R'000
Group 2010						
Owned assets						
Land and buildings	74 754	228	–	1	(3 877)	71 106
Plant and equipment	30 082	12 800	(11 674)	6 193	(4 451)	32 950
Motor vehicles	4 084	914	(45)	(4 030)	(71)	852
	108 920	13 942	(11 719)	2 164	(8 399)	104 908
Capitilised leases						
Plant and equipment	9 783		954	(2164)	(2 478)	6 095
	118 703	**13 942**	**(10 765)**	**–**	**(10 877)**	**111 003**
Group 2009						
Owned assets						
Land and buildings	73 173	4 272	–	–	(2 691)	74 754
Plant and equipment	42 324	5 172	(15 378)	–	(2 036)	30 082
Motor vehicle	10 618	639	(4 538)	–	(2 635)	4 084
	126 115	**10 083**	**(19 916)**	**–**	**(7 362)**	**108 920**
Capitalised leases						
Plant and equipment	25 344	–	(12 207)	–	(3 354)	9 783
	151 459	**10 083**	**(32 123)**	**–**	**(10 716)**	**118 703**

Notarial bonds have been registered over all moveable property in favour of the Standard Bank of Southern Africa Limited.

A register of land and buildings is available for inspection by the members at the registered offices of the company. Leased plant and equipment is pledged as security for the associated borrowings (refer note 14.)

Company

Property, plant and equipment comprises of Portion 10, a Portion of Portion 5 of the Farm Umlabu (IS) Mpumulanga on which the Umlabu siding is built at a cost of R876 000 (2009: R876 000).

Mortgage bonds have been registered over all fixed property in favour of the Standard Bank of South Africa Limited.

6. INTANGIBLE ASSETS – Restated

	2010 Cost R'000	2010 Accumulated amortisation R'000	2010 Carrying value R'000	2009 Cost R'000	2009 Accumulated amortisation R'000	2009 Carrying value R'000	2008 Cost R'000	2008 Accumulated amortisation R'000	2008 Carrying value R'000
Group									
Mineral rights	392 257	(16 556)	375 701	391 954	(14 909)	377 045	392 259	(13 743)	378 516
Export allocation	45 965	–	45 965	50 500	–	50 500	–	–	–
	438 222	**(16 556)**	**421 666**	**442 454**	**(14 909)**	**427 545**	**392 259**	**(13 743)**	**378 516**

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

	Carrying value beginning of year R'000	Additions R'000	Reclassification to investments R'000	Amortisation R'000	Carrying value end of year R'000
Group 2010					
Mineral rights	377 045	–		(1 340)	375 701
Export allocation	50 500	–	(4 535)	–	45 965
	427 545	**–**	**(4 535)**	**(1 340)**	**421 666**
Group 2009					
Mineral rights – restated	378 516	–		(1 471)	377 045
Export allocation	–	50 500		–	50 500
	378 516	**50 500**		**(1 471)**	**427 545**
Group 2008					
Mineral rights – restated	386 067	2 808		(10 359)	378 516

	Carrying value beginning of year R'000	Additions R'000	Reclassification to investments R'000	Amortisation R'000	Carrying value end of year R'000
Company 2010					
Export allocation	50 500	–	(4 535)	–	45 965
	50 500	**–**	**(4 535)**	**–**	**45 965**
Company 2009					
Export allocation	–	50 500		–	50 500
	–	**50 500**		**–**	**50 500**

Export allocation

Part of the export allocation was reclassified as investments during the year ended 31 December 2010. The Group reclassifies the portion of the intangible asset in the Richards Bay Coal Terminal to investments as and when the shares become available.

Mineral rights – Group

There has been a restatement of the mineral rights for the year ended 31 December 2009. Refer to note 29 for the summary of restatements to the previous year.

7. INVESTMENTS

	2010 Cost R'000	2010 Reclassification from intangible assets R'000	2010 Carrying value R'000	2009 Cost R'000	2009 Accumulated depreciation R'000	2009 Carrying value R'000
Group						
Investment in Phase V	–	4 535	4 535	–	–	–
	–	**4 535**	**4 535**	**–**	**–**	**–**

This investment is part of the export allocation transferred from intangible assets as disclosed in note 6 during the current year ending 31 December 2010.

This investment is represented by 717 ordinary shares acquired in terms of the agreement with Richards Bay Coal Terminal Company Limited, which entitles the Group to export 70 000 tons of product per annum through Richards Bay Coal Terminal.

8. INVESTMENTS IN SUBSIDIARIES AND INVESTMENTS

	2010 R'000	2009 R'000
Company:		
Investment in subsidiaries	19 800	19 800
Less: Impairments	(19 800)	(19 800)
Investment in Phase V	4 535	–
	4 535	**–**

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

Entity	2010	2009	Principal activity	Carrying value (R'000s)	Profit/(loss) after tax 2010	Profit/(loss) after tax 2009
Yomhlaba Coal (Pty) Ltd	100%	100%	Dormant	–	**(1 156)**	(11 023)
Jigmining Operations No 1 (Pty) Ltd	100%	100%	Dormant	–	**(5)**	(1)
Jigmining Operations No 3 (Pty) Ltd	100%	100%	Dormant	–	**–**	(1)
South African Coal Mining Operations (Pty) Ltd	100%	100%	Mine operating company	–	**(25 223)**	(6 719)
SACM (Breyten) (Pty) Ltd	100%	100%	Mine holding company	–	**(3 278)**	(36 288)
South African Coal Mining Equipment Company (Pty) Ltd	100%	100%	Equipment leasing company	–	**57**	(19 873)
Voorslag Coal Handling (Pty) Ltd	100%	100%	Siding operating company	–	**(233)**	(744)
Ilanga Coal Mines (Pty) Ltd	100%	100%	Dormant coal mine		**(7 904)**	7 674
Umlabu Colliery (Pty) Ltd	100%	100%	Holder of mining right	–	**(995)**	(10 767)
					(38 737)	**(77 742)**

No special resolutions were passed by the subsidiaries during the year under review.

9. GROUP LOANS

Amounts owing by group companies:	2010 R'000	2009 R'000
Company:		
South African Coal Mining Operations (Proprietary) Limited	–	10 772
SACM (Breyten) (Proprietary) Limited	162 891	92 296
Mainsail Trading (Proprietary) Limited	15 162	
Yomhlaba Coal (Proprietary) Limited	33 365	33 365
South African Coal Mining Equipment Company (Proprietary) Limited	6 158	6 158
Less: Impairments	(196 256)	(125 661)
	21 320	**16 930**
Amounts owing to group companies		
Company:		
South African Coal Mining Operations (Proprietary) Limited	(5 397)	**–**
South African Coal Mining Equipment Company (Proprietary) Limited	(31)	**–**
Total	**(5 428)**	

The group loans carry no interest and are payable upon demand and have been subordinated in favour of the Standard Bank of South Africa Limited.

10. INVENTORIES

	2010 R'000	2009 R'000
Group:		
Finished goods	36 034	–
Work in progress	8 252	–
	44 286	**–**

Finished goods represent clean, washed coal stockpiles. Work in progress represents run of mine (ROM), unwashed coal stocks.

11. TRADE AND OTHER RECEIVABLES

	2010 R'000	2009 R'000
Group:		
Trade and other receivables	11 660	9 655
Less: Impairments	(7 545)	(7 259)
Guarantee deposits	2 377	2 129
Deposits	584	517
VAT receivable	5 381	1 808
Payments in advance	5 500	–
	17 957	**6 850**

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

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

Refer to note 25.2 for further disclosures on trade receivables and impairments

12. SHARE CAPITAL AND PREMIUM (Group and Company)

	2010 R'000	2009 R'000
Authorised		
700 000 000 ordinary shares of R0,10 each	70 000	70 000
Issued		
452 454 204 ordinary shares of R0,10 each	45 246	45 246
Share premium	188 639	188 639
	233 885	**233 885**

The unissued shares are under the control of the Board until the next Annual General Meeting. Fully paid ordinary shares, which have a par value of R0,10 carry one vote per share and carry a right to dividends.

13. SHAREHOLDER'S LOAN

	2010 R'000	2009 R'000
	15 246	11 607

Mainsail agreed to advance working capital to fund the care and maintenance of the mine up to a maximum of R17,5 million. The loan attracts interest at variable rates and will convert into ordinary shares at the 30-day weighted average share price, 90 days after the share becomes unsuspended and has therefore been classified as equity.

14.1 INTEREST BEARING LIABILITIES

	2010 R'000	2009 R'000
Group:		
Liabilities secured under capitalised finance lease		
Leases at prime linked interest rates, currently at 15,5% per annum, payable monthly at R255 353 per month until 30 April 2013.	5 974	7 939
Long-term loan – Standard Bank (secured)	–	122 557
The terms below are applicable to the prior year (2009) as the loan was restructured during 2010.		
The effective interest rates for the two facilities are 2.50% and 4.75% above the three-month Jibar used as base rate. Capital repayments commence in August 2009 with a final repayment in August 2013. Standard Bank holds a wide range of securities, guarantees and cessions with the SACMH Ltd Group in relation to these facilities other than the finance leases above. The full amount is included under current portion, as the loan is in default, but is being renegotiated.		
Long-Term Loan – JSW Natural Energy Resources South Africa (Pty) Ltd		
The Company has two loans, namely a loan from JSW to SACM (Breyten) (Pty) Ltd for the amount of R59 697 754, which carried interest at the three-month LIBOR rate and at a fixed spread of 2.5%. The capital sum as well as the acured interest is repayable on 23 July 2017.	59 698	–

	2010 R'000	2009 R'000
The second loan is the loan from JSW to SACMH for the amount of R68 921 078, which carried interest at the one-month LIBOR rate and at a fixed spread of 2.5%. Interest is repayable on the last business day of each calendar month and the capital is repayable on 17 December 2017.	68 921	–
Short-term loan – Standard Bank	7 012	–
Short-term loan from Standard Bank of South Africa secured by a cession of a letter of credit issued by Cangill International SA, and bears interest at 11% p.a., the full amount was repaid in January 2011.		
Richards Bay Coal Terminal	50 706	50 500
Loan to fund the Phase V entitlement due as and when the entitlement becomes available over a five-year period and bears interest at prime overdraft rates, R6 086 955 of which is due within a year.		
	192 311	180 996
Short-term borrowing	(7 012)	–
Current portion of long-term liabilities (Note 18)	(8 737)	(130 708)
	176 562	**50 289**

Reconciliation between the total minimum lease payments and their present value:	Up to 1 year R'000	2 to 5 years R'000	Total R'000
2010			
Minimum lease payments	2 870	4 146	7 016
Finance costs	(659)	(383)	(1042)
Present value	**2 211**	**3 763**	**5 974**
2009			
Minimum lease payments	3 064	7 150	10 214
Finance costs	(1 093)	(1 182)	(2 275)
Present value	**1 971**	**5 968**	**7 939**

	2010 R'000	2009 R'000
Company:		
The applicable loans for SACMH is only the loan from JSW to the amount of R68 921 078 as well as the RBCT loan.		
JSW loan (refer to terms above)	68 921	–
RBCT loan (refer to terms above)	50 706	50 500
	119 627	50 500
Less: Current portion (Note 18)	(6 087)	(5 500)
	113 540	**45 000**

14.2 NON-INTEREST BEARING LIABILITIES

	2010 R'000	2009 R'000
Group:		
Long-term loan – Standard Bank (secured)	58 000	–
No interest is currently charged for this loan held at Standard Bank. Capital repayments commence in December 2011 with a final, repayment in December 2015. Standard Bank holds a wide range of securities, guarantees, and cessions with the SACMH Ltd Group in relation to these facilities other than the finance leases above.		
	58 000	–
Current portion of long-term liabilities (Note 18)	(11 400)	–
	46 600	**–**

For both interest and non-interest bearing liabilities, please refer to note 25.1 for repayment schedule.

15. NON-CURRENT PROVISIONS

	2010 R'000	Restated 2009 R'000	Restated 2008 R'000
Group:			
Balance at 1 January	50 596	50 596	46 132
Change in provision for the year	296	–	4 464
Current portion of provisions	(5 120)	–	–
	45 772	**50 596**	**50 596**

Rehabilitation estimates were obtained from an independent expert, Environmental Assurance (Pty) Ltd. The provision arose due to a legal obligation to reinstate land used for mining purposes to its original condition, using DMR-approved methodology and their published rates adjusted for CPI where these rates are more than a year old. While the mine was on care and maintenance, the rehabilitation provision increase in Umlabu offset the decrease at Ilanga. No deferred tax asset is provided for on the Ilanga rehabilitation provision which is now provided on a "mine closure" basis.

The 2009 figures have been restated as the historical rehabilitation is now valued, refer to note 29 (Summary of restatements to the previous year) for more details.

No rehabilitation was planned to be conducted on the restated value during the 2010 year, therefore, there was no amount allocated to current portion for the prior year.

16. INCOME TAXES

	2010 R'000	Restated 2009 R'000	Restated 2008 R'000
Group:			
Deferred taxation			
Revaluation of mineral rights	104 712	105 572	105 626
Group restructure gain	–	32 066	–
Rehabilitation provision	(9 839)	(10 242)	(5 739)
Property, plant and equipment	–	3 492	5 112
Gain on loans acquired in subsidiaries	8 613	8 613	8 613
Instalment sale agreements	–	–	314
	103 486	**139 501**	**110 928**
Balance at 1 January	139 501	110 928	119 771
Statement of comprehensive income (charge)/credit	(36 015)	28 573	(8 843)
	103 486	**139 501**	**110 928**
Deferred taxation assets for assessed losses not provided for due to the uncertainty surrounding their ultimate realisation	(8 292)	(14 807)	–
Taxation overpaid	**–**	**2 083**	–
Taxation liability	**–**	**–**	–
Taxation recoverable 1 January	2 083	(16 719)	(3 850)
Adjustment arising on acquisition of subsidiary	–	–	(12 869)
Current year credit/(charge)	–	(346)	–
Taxation amount compromised	–	9 651	–
Taxation paid/(refunded)	(2 083)	9 497	–
Taxation overpaid/(due) 31 December	–	2 083	(16 719)
Statement of comprehensive income (charge)/credit			
SA normal tax – current year	–	–	–
SA normal tax – prior year	–	(346)	–
Deferred taxation – current year	36 015	(28 573)	(4 690)
Deferred taxation – rate change	–	–	(4 153)
	36 015	**(28 919)**	**(8 843)**
Tax rate reconciliation	**%**	**%**	
Tax at the standard tax rate	(28.00)	(28.00)	(28.00)
Deferred tax rate change	–	–	(3.92)
Deferred tax asset not raised (assessed losses)	1.58	1 536.61	50.65
Deferred tax on restructure reversal	70.25	–	–
Permanent differences (Impairments)	(37.55)	(155.36)	(26.65)
Tax rate per financial statements	**78.20**	**1 353.55**	**7.92**
Company:	**R'000**	R'000	R'000
Deferred taxation			
Gain on restructure	**8 613**	8 613	8 613
The Company does not trade and has no taxable income.			

Gain on restructure
The deferred tax liability previously reflected at R32 million on the Group restructure has been reversed as it was established that no liability exists.

17. TRADE AND OTHER PAYABLES

	2010 R'000	2009 R'000
Group:		
Trade and other payables	20 798	6 757
Expense accruals	6 268	4 754
	27 066	**11 511**
Company:		
Trade and other payables	274	1 837
Expense accruals	1 710	–
	1 984	**1 837**

The average credit period on purchases is three months. No interest is charged on the trade payables are recorded at fair value for the first 60 days from the date of the invoice. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. The trade and other payables are recorded at fair value.

18. CURRENT PORTION OF NON-CURRENT LIABILITIES

	2010 R'000	2009 R'000
Group:		
Interest bearing liabilities		
Liabilities under capitalised finance leases	2 650	2 650
Standard Bank of South Africa	–	122 558
Richards Bay Coal Terminal	6 087	5 500
Non-interest bearing liabilities		
Standard Bank of South Africa	11 400	–
	20 137	**130 708**
Company:		
Richards Bay Coal Terminal	**6 087**	**5 500**

19. REVENUE

	2010 R'000	2009 R'000
Group:		
Major classes of revenue comprise:		
Coal sales	–	29 376
Leasing income	18 810	9 144
	18 810	**38 520**

20. OTHER (LOSSES) AND GAINS

	2010 R'000	2009 R'000
Group:		
Debt restructuring	**(1 247)**	**114 520**
Company:		
Debt restructuring	**161**	**–**

The gain was the result of a formal s311 compromise with creditors which was sanctioned on 1 October 2009. The current year amount reflects the finalisation of estimates from the previous year.

21. IMPAIRMENTS

	2010 R'000	2009 R'000
Group:		
Impairment of property, plant and equipment	(569)	(10 953)
Impairment of trade and other receivables	–	(828)
Reversal of impairments on plant and equipment	954	–
	385	**(11 781)**
Company:		
Impairment of group loans	**(70 595)**	**(180)**

22. OPERATING (LOSS)/INCOME BEFORE FINANCE COSTS AND TAXATION

	R'000	R'000
Group:		
Operating (loss)/profit for the year has been arrived at after:		
Auditors remuneration – Audit fees	723	1 118
Employee costs	8 424	7 857
Directors' emoluments – services as directors	826	100
Directors' emoluments – managerial services	1 537	3 987
Directors' fees – services as directors		
W N Gardyne*	115	25
K J Gribnitz	18	–
V P Garg	45	–
V Lickfold*	100	25
G M Scrutton	28	–
T V Mokgatlha	410	25
L M Ndala*	110	25
* These amounts were paid directly to their employers	**826**	**100**
Directors' fees – managerial services		
P J Kotze	404	2 074
D G A Miller	250	–
M Steyn	–	453
A J L Rayment	133	–
G M Scrutton	750	1 460
Total directors' fees	**1 537**	**3 987**
Prescribed officer's remuneration		
D Slabbert	**1 010**	**–**

23. LOSS PER SHARE – Group

	2010 R'000	2009 R'000
Basic earnings loss	(10 031)	(31 056)
Adjusted for:		
Impairment of property, plant and equipment	(385)	10 953
Gain on group restructure	–	(114 520)
Loss on sale of non current assets	11 150	21 170
Tax effect	(3 122)	32 066
Headline loss	**(2 388)**	**(81 387)**
Weighted average shares in issue for the year ('000)	452 454	438 454
Diluted average shares in issue	487 303	438 454
Headline loss per share (cents)	**(0,53)**	**(18,56)**
Headline diluted loss per share	(0,49)	(18,56)

24. FINANCIAL INSTRUMENTS

24.1 Categories of financial instruments

	Available-for-sale financial assets R'000	Loans and receivables R'000	Total R'000	Fair value R'000
Group				
Financial assets				
2010				
Investments	4 535	–	4 535	4 535
Trade and other receivables	–	11 660	11 660	4 115
Cash and cash equivalents	–	5 474	5 474	5 474
	4 535	**17 134**	**21 669**	**14 124**
2009				
Trade and other receivables	–	9 655	9 655	2 396
Cash and cash equivalents	–	6 982	6 982	6 982
	–	**16 637**	**16 637**	**9 378**
Company				
Financial assets				
2010				
Investments	4 535	–	4 535	4 535
Group loans	–	217 576	217 576	21 320
	4 535	**217 576**	**222 111**	**25 855**
2009				
Group loans		142 591	142 591	16 930

	Amortised cost R'000	Total R'000	Fair value R'000
Group			
Financial liabilities			
2010			
Interest bearing			
Non-current borrowings	176 562	176 562	176 562
Current borrowings	8 737	8 737	8 737
Short-term borrowings	7 012	7 012	7 012
Trade and other payables	27 066	27 066	27 066
Shareholders' loans	15 246	15 246	15 246
Non-interest bearing			
Non-current liabilities	46 600	46 600	46 600
Current liabilities	11 400	11 400	11 400
	292 623	**292 623**	**292 623**
2009			
Interest bearing			
Non-current borrowings	50 289	50 289	50 289
Current borrowings	130 708	130 708	130 708
Trade and other payables	11 511	11 511	11 511
Shareholders' loans	11 607	11 607	11 607
	204 115	**204 115**	**204 115**
Company			
2010			
Interest bearing			
Non-current	113 541	–	113 541
Current	6 087	6 087	6 087
Trade and other payables	1 984	1 984	1 984
Shareholders' loan	15 246	15 246	15 246
Non-interest bearing			
Group loan	5 428	5 428	5 428
	142 285	**142 285**	**142 285**
2009			
Interest bearing			
Non-current	45 000	45 000	45 000
Current	5 500	5 500	5 500
Trade and other payables	1 837	1 837	1 837
	52 537	**52 537**	**52 537**

25. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's performance.

25.1 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet a financial commitment in any location or currency. The risk is minimised through the holdings of cash balances and sufficient available borrowing facilities. In addition detailed cash flow forecasts are regularly prepared and reviewed by the Board. The following table details the Group's contractual maturity for its non-derivative financial liabilities. The table has been compiled based on the undiscounted cash flows of financial liabilities and include both the principal and interest payments.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

	< 1 year R'000	1– 2 years R'000	2 – 5 years R'000	Thereafter R'000	Total R'000
Group					
2010					
Finance leases	2 870	2 650	1 496	–	7 016
Standard Bank loan	11 400	11 800	34 800	–	58 000
RBCT Phase V loan	6 087	44 619	–	–	50 706
Trade and other payables	27 066	–	–	–	27 066
JSW Energy Natural Resources SA	–	–	–	128 619	128 619
Short-term borrowings	7 012	–	–	–	7 012
	54 435	**59 069**	**36 296**	**128 619**	**278 419**
2009					
Finance leases	3 064	6 128	1 022	–	10 214
Standard Bank loan	122 557	–	–	–	122 557
RBCT Phase V loan	5 500	30 315	36 685	–	72 500
Trade and other payables	11 511	–	–	–	11 511
	142 632	**36 443**	**37 707**	**–**	**216 782**
Company					
2010					
RBCT Phase V loan	6 087	44 619		–	50 706
JSW Natural Energy Resources SA	–			68 921	68 921
	6 087	**44 619**	**–**	**68 921**	**119 627**
2009					
RBCT Phase V loan	5 500	30 315	36 685		72 500

25.2 Credit risk

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

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

Trade receivables disclosed include amounts (see below for aged analysis) that are past due at the end of the reporting period but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts (which include interest accrued after the receivable is more than 60 days outstanding) are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

The maximum credit exposure for trade and other receivables are:

	Gross amount 2010 R'000	Impairment 2010 R'000	Gross amount 2009 R'000	Impairment 2009 R'000
Ageing of trade and other receivables				
Not past due	1 824		1 872	–
Past due 0 – 30 days	2 224		524	–
Past due 30 – 90 days	(407)	–	–	–
Past due more that 90 days	8 019	(7 545)	7 259	(7 259)
	11 660	(7 545)	9 655	(7 259)

Movement in provisions

	2010 R'000	2009 R'000
Balance at beginning of period	(7 259)	(6 432)
Charge to statement of comprehensive income	(286)	(828)
Written-off during the year	–	1
Balance at the end of the year	**(7 545)**	**(7 259)**

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

Turnover analysis by major customer	Number of customers	Value R'000	%
2010			
Less than R50 million	5	18 810	100
2009			
Less than R50 million	5	38 520	100

25.3 Market risk

25.3.1 Foreign exchange risk

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

At the year-end there are no foreign currency denominated assets or liabilities (2009: nil)

Currency analysis	Rate at year-end	Average rate
2010 – US Dollar	**$1: R6.73**	**$1: R7.32**
2009 – US Dollar	**$1: R7.41**	**$1: R8.44**

25.3.2 Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

	2010 R'000	2009 R'000
Financial liabilities		
Variable interest rate borrowings (repayable)	185 299	180 997
Variable interest rate borrowings (equity convertibles)	15 246	11 607
Non-interest bearing borrowings	58 000	–
	258 545	**192 604**

A 1% movement in the prime overdraft rate will have a R2,6 million (2009 – R1,9 million) effect on the Group's interest charge/operating income.

26. CONTINGENT ASSETS AND LIABILITIES

26.1 Jigmining No 1 (Pty) Ltd, Jigmining No 3 (Pty) Ltd and Ingwe Collieries Ltd (Contingent asset)

Jigmining Operations No 1 and 3 issued summons against Ingwe Collieries where damages were claimed as a result of repudiation and breach of contract by Ingwe Collieries Ltd. At this stage no counterclaim has been instituted by Ingwe Collieries Ltd. The claim submitted on behalf of Jigmining Operations No 1 and 3 total approximately R48 million. The Group attorneys advised that the matter will not proceed to mediation in view of all the factual disputes. No estimate can yet be provided of any claim that might be instituted by Ingwe Colleries Ltd. Therefore no financial effects have been recorded in the financial statements.

26.2 Commitments to deliver coal

SACMH has two outstanding contracts for 165 000 tons of coal to be delivered including deliveries for the period under "care and maintenance". The Group is endeavouring to find commercial and legal alternatives of completing the undelivered portions of these contracts and the potential liability is uncertain.

26.3 Mkhulu Resources (Pty) Ltd

Subsequent to the year-end, the Group formally put this contractor in breach of the outsourced mining contract. Both parties have initiated claims against each other in excess of R30 million. Mkhulu Resources has since gone into liquidation and the South African Coal Mine Operations scheme of arrangements have been sanctioned by the courts. The directors do not anticipate any liability will arise, nor recovery realised on this matter.

27. RELATED PARTIES

Identity of related parties

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

Transactions between the subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. There were no related party transactions between the Company and its subsidiaries.

27.1 Trading transactions

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

	2010 R'000	2009 R'000
Interest paid		
– Mainsail Trading 55 (Pty) Ltd	1 392	5 393
– Royal Bafokeng Capital (Pty) Ltd		–
Management fees		
– Gandalf Trust	151	447
– Sylvan CSI (Pty) Ltd	171	110
Rental paid		
Eldamar Estates (Pty) Ltd	163	640
Signs to See (sole proprietor)	36	–
Principal Capital (Pty) Ltd	28	–

27.2 Loans from related parties

	2010 R'000	2009 R'000
Group:		
– Mainsail Trading 55 (Proprietary) Limited	15 246	11 607

Company

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

28. NOTES TO THE CASH FLOW STATEMENT

	2010 R'000	2009 R'000
28.1 Cash generated/(utilised in) by operations (Group)		
Loss: before taxation	(46 046)	(2 137)
Adjusted for non-cash movements		
Depreciation and amortisation	12 217	12 188
Non-cash portion of compromise	1 247	(114 520)
Change in rehabilitation provision	296	–
Loss on disposal of plant and equipment	11 150	21 170
Impairment losses	(385)	11 781
Net finance costs	11 683	25 019
Forex gains/losses	(3 781)	–
Other non-cash items	3 292	–
	(10 327)	**(46 499)**
Movements in working capital		
Movements in Inventories	(44 286)	15 320
Movements in Trade and other receivables (see note 11)	(11 107)	14 428
Movements in Trade and other payables	15 555	20 552
	(50 165)	**3 801**
Cash utilised in operations (Company)		
Loss before taxation	(73 951)	(2 138)
Adjusted for non-cash movements		
Impairments	70 595	180
Gain on group restructure		–
Foreign exchange gain	(1 213)	–
Net finance costs	3 013	–
Other non-cash items	4 537	–
Increase in Group loans advanced	(69 557)	
	(66 576)	**(1 958)**
Movements in working capital	–	–
Movements in trade and other payables	146	1 466
	(66 430)	**(492)**
28.2 Finance costs		
Group:		
Finance costs:		
Interest on bank overdrafts and loans	(9 204)	(16 122)
Interest on obligations under finance leases	(1 087)	(3 504)
Interest on shareholder loans	(1 392)	(5 393)
Finance costs	(11 683)	(25 019)

28.3 Movement in share capital and premium

	2010 R'000	2009 R'000
Group:		
Balance at 1 January	233 885	227 784
Proceeds on share issue	–	–
Share issue expenses	–	(57)
Shares issued to secured creditor (non-cash)	–	6 158
Shareholder loan capitalised (non-cash)	–	–
Balance at 31 December	**233 885**	**233 885**

28.4 Movement in borrowings

	2010 R'000	2009 R'000
Group:		
Balance at 1 January	192 604	132 129
Shares issued to secured shareholder (non-cash)	–	(6 158)
Shareholder loans capitalised (non-cash)	–	–
Acquisition of intangible asset on loan account (non-cash)	–	50 500
New loan raised from JSW	132 399	–
Repayments made on SBSA loan	(64 557)	–
New loans raised/(repaid)	5 253	16 133
Increase in shareholder loan	3 639	–
Movement	**76 734**	**66 633**
Unrealised gain in foreign exchange	(3 781)	–
Balance at 31 December	265 557	192 604
Represented by:		
Shareholder loans	15 246	11 607
Long-term borrowings	176 562	50 289
Current portion of long-term borrowings	8 737	130 708
Short term loan	7 012	–
Non-interest bearing long-term borrowings	46 600	–
Current portion of non-interest bearing long-term borrowings	11 400	–
Company		
Balance at 1 January	62 107	–
Acquisition of intangible asset on loan account (non-cash)	–	50 500
Shareholder loan	3 639	11 607
New loan raised JSW (excluding foreign exchange gain)	70 339	–
Movement	73 978	62 107
Less unrealised foreign exchange gain	(1 213)	–
Balance at 31 December	**134 873**	**62 107**
Represented by:		
RBCT Phase V loan	50 706	50 500
Shareholder loan	15 246	11 607
JSW loan	68 921	–

28.5 Movement in trade and other receivables

	2010 R'000	2009 R'000
Group:		
Balance at 1 January	6 850	22 106
Impairments (non-cash)	–	(828)
Adjustment in prior year acquisition (non-cash)	–	–
Net increase/(decrease) in trade and other receivables	11 107	(14 428)
Balance at 31 December	**17 957**	**6 850**

29. SUMMARY OF RESTATEMENTS TO THE PREVIOUS YEAR

The restatement of the 2009 and 2008 results relates to the Group having valued the estimated cost of rehabilitation of mining operations based on the estimated value of final closure of operations only. Rehabilitation of existing operations was completed as part of the continuous mining process. The estimated cost of rehabilitation of historical mining operations in existence prior to the acquisition of the Umlabu Colliery as well as unrehabilitated operations in 2008 were previously not valued by the Group. These shortfalls have now been surveyed to establish the extent of the shortfall and previously reported figures have been restated to include the shortfall which was previously omitted. There was no impact on the statement of comprehensive income for the 2009 financial year as the Group was not engaged in mining operations during that year.

The estimated value of outstanding rehabilitation of R6,0 million on acquisition of the Umlabu colliery was not accounted for on acquisition of the asset in 2007. The mineral rights and deferred tax were adjusted by R8,4 million and R2,0 million respectively as at the acquisition date in 2007. The value of the mining rights has been restated to reflect the estimated value of historical rehabilitation as well as the liability. The impact of the restatement on the earnings for the 2007 and 2008 financial year was R2,4 million and R5,7 million before tax respectively.

The opening accumulated loss has been adjusted from R69,6 million to R67,9 million. The movement is represented by an amortisation of mineral rights of R0,1 million, an increase in rehabilitation provision of R4,6 million and a deferred tax movement of R3,0 million.

The restated amounts for the previous years have been detailed in the effected notes to the financial statements only.

Restatement of the value of mineral rights had the following effect on the financial statements:

	2009 R'000	2008 R'000	2007 R'000
Intangible assets as previously reported	419 399	370 370	377 725
At acquisition rehabilitation now valued	8 146	8 146	8 340
Restated intangible assets	427 545	378 516	386 065
Restatement of the rehabilitation cost had the following effect on the financial statements:			
Non-current provisions as previously reported	34 431	34 431	35 444
Historical rehabilitation now valued	16 165	16 165	10 688
Restated non-current provisions	50 596	50 596	46 132
Restatement of the deferred tax liability had the following effect on the financial statements:			
Deferred taxation as previously reported	141 770	113 197	120 452
Timing differences on rehabilitation now valued and amortisation mineral rights	(2 269)	(2 269)	(681)
Restated deferred taxation	139 501	110 928	119 771

30. SEGMENT INFORMATION

For management purposes, the Group is organised into two major operating divisions – coal and equipment leasing. These divisions are the basis on which the Group reports its primary segment information. The Group operates in one geographical segment, the Republic of South Africa. The principal products and services of each of these divisions are as follows:

Coal – The mining and sale of coal.
Leasing – The leasing of movable mining equipment and the leasing of owned and leased railway sidings.

30.1 Segmental analysis

	Coal			Equipment leasing			Total		
	2010 R'000	Re-stated 2009 R'000	Re-stated 2008 R'000	2010 R'000	2009 R'000	2008 R'000	2010 R'000	Re-stated 2009 R'000	Re-stated 2008 R'000
Continuing operations									
External sales	–	33 136	157 984	18 810	5 384	21 193	18 810	38 520	179 177
External revenue	**–**	**33 136**	**157 984**	**18 810**	**5 384**	**21 193**	**18 810**	**38 520**	**179 177**
Other gains and losses	(1 247)	111 168	(712)	–	3 352	–	(1 247)	114 520	(712)
Operating profit	(48 621)	(68 068)	(88 534)	15 505	(23 570)	2 074	(33 116)	(91 638)	(86 480)
Finance charges	(11 509)	(21 519)	(18 801)	(174)	(3 500)	(5 663)	(11 683)	(25 019)	(24 464)
Profit/(loss) before tax	(61 377)	21 581	(108 047)	15 331	(23 718)	(3 589)	(46 046)	(2 137)	(111 636)
Income tax expense/credit	(36 015)	29 556	(8 948)	–	(637)	105	(36 015)	28 919	(8 843)
Loss for the year from continuing operations	**(25 362**	**(7 975)**	**(99 099)**	**15 331**	**(23 081)**	**(3 694)**	**(10 031)**	**(31 056)**	**(102 793)**
Assets and liabilities									
Assets	542 261	483 320	547 330	62 660	78 841	34 780	604 921	562 163	582 110
Total assets	**542 261**	**483 320**	**547 330**	**62 660**	**78 841**	**34 780**	**604 921**	**562 163**	**582 110**
Liabilities	(325 022)	(225 413)	(251 552)	(3 247)	(17 691)	(26 724)	(328 269)	(243 104)	(278 276)
Deferred tax liabilities	(103 486)	(139 501)	(110 613)	–	–	(315)	(103 486)	(139 501)	(110 928)
Total liabilities	**(428 508)**	**(364 914)**	**(362 165)**	**(3 247)**	**(17 691)**	**(27 039)**	**(431 755)**	**(382 605)**	**(389 204)**

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

RESOURCES AND RESERVES STATEMENT

This resources and reserves statement is extracted from the full SAMREC compliant report dated January 2009 issued by Allan Bullock (Pr SCI Nat 400059/98) (B.Sc (Hons) (Geol.), MBL., Pr.Sci.Nat) of Eugene Pretorius and Associates (Pty) Ltd of 15 de Villiers Street Clubview, Middleburg, as at 31 December 2008, which is available on request from the Company secretary and is subject to the assumptions disclaimer and notes therein. No report was obtained for 2010 as mining operations were only resumed in October 2010. The report covers the new order mining right at Umlabu Mine (Mining Right number MP 30/5/1/2/269 MR) covering the Farms Mooifontein and Vlakfontein and the prospecting rights over the Farm Sterkfontein (adjacent to the Umlabu Mine) (Prospecting rights number MP 30/5/1/1/2/594 PR) and does not include the prospecting right over a portion of the Farm Kromkranz (Prospecting rights number MP 30/5/1/1/2/661 PR). In terms of the SANS 10320:2004 definition, the assets may be classified as a multiple seam deposit type and hosts the Ermelo Coalfield coal seams, namely the Nos. A, B, C, D and E Seams. The details of the geology are described in the 2007 Competent Persons Report prepared by SRK Consulting which is available on the Company's website (www.SACMH.co.za).

The Gross In-situ Tonnage estimated for the mining assets is 57,338,000. In terms of SAMREC reporting requirements the resources have been classified as measured, indicated and inferred. A resource of 34,445,608 Mt is classified as measured with the remaining 6,575,073Mtt classified as indicated.

The Umlabu Mining Area is situated approximately 12km north of Ermelo. It is bordered in the west by Xstrata (Pty) Ltd's Spitskop Colliery.

The Umlabu Colliery mining area is well serviced by railways and roads. A tarred road, which links Breyten and Ermelo runs along the western margin of the mining area.

STATEMENT OF COAL RESOURCES AND RESERVES

SRK (PTY LTD 2007

Area	COAL RESOURCES						
		RD (g/cc)	**Gross *in situ***	**Geological loss and modelling loss**	**Total *in situ* tonnes**		
		(g/cc)	**(tonnes)**	**(%)**	**Inferred**	**Indicated**	
UMA	B Seam		2 878 000	24%			
	C Upper		1 740 000	9%			
	C Lower		2 410 000	7%			
	TOTAL		**7 028 000**	**14%**			
VCD	B Seam		21 400 000	–		6 575 073	
	C Upper		12 970 000	–			
	C Lower		15 990 000	–			
	TOTAL		**50 360 000**	**–**		**6 575 073**	
		–	***57 388 000***	**–**		***6 575 073***	

COMMENTS

A revision of the coal resources and reserves attributable to SACMH has been commissioned since operation moved out of care and maintenance. Provisional estimates indicate that there is a significant decrease between the estimates reported as at December 2007 and those soon to be finalised for 2011 due to the update of geological and mining models as new information has become available.

- Coal Resources and Reserves have been estimated and reported in accordance with the South African Code for Reporting of Mineral Resources and Mineral Reserves (SAMREC CODE);
- Measured and Indicated Coal Resources are inclusive of those modified to produce Coal Reserves;
- Coal Resources and Reserves are quoted on an air dried moisture basis;
- Saleable Coal Reserves were based on a 27.0 Nz/kg product; and
- Product yields have been discounted by 15% for plant efficiency.

The elevation in the entire Breyten-Ermelo region ranges from 1,400 to 1,700 mamsl, with most of the region being in the range of 1,650 to 1,750 mamsl, with flat (0° to 3°) to moderate (4° to 15°) slopes. The Ermelo region is characterised by moderate summers and cold winters. The annual rainfall varies between 500 – 750 mm and falls mainly during the summer months. It is mainly covered by grassland of which much has been cleared to make way for mixed farming, with cattle and sheep the major livestock, and maize, grain sorghum, sunflower seed, wheat, dry beans and soybeans as the major crops.

The main land types are dystrophic, with red soils not widespread. The main soil types are clay, loam, and clay, and sandy loam. Soil depth class ranges from very deep to very shallow, with the region characterised by very deep to medium deep soils. The primary drainages in the region is the Olifants River.

The Umlabu Mining area lies at an average altitude of 1,780 mamsl. The project area is therefore characterised by gentle relief from the flat farmlands down into the narrow drainages.

Boreholes (both historical and new ones drilled by Gemecs) are captured into a detailed digital terrain model (scale 1:50 000) and a "Mincom" gridding software is used to better estimate the resource. The assumptions used in the SAMREC code "reasonable prospect for eventual economic extraction" include (1) minimum height 1,20 metres, (2) dry ash free volatiles >24%, (3) geological loss 10%, (4) tonnes and qualities on an "air dried basis", (5) opencast trip rations of 8:1. Mining includes both opencast and underground (board and pillar) methods.

No legal proceedings are pending against any of the mining or prospecting rights. The material risk factors are a high organic sulphur content (0,2 to 0,4%) and thin seam underground mining requirements.

A total of 89 k/tons (2009: 735 k/tonnes) of ROM was mined at the Umlabu mine in the 12 months to 31 December 2010, which reduced the GTIS above by this amount.

		COAL RESERVES					
Total *in situ* tonnes		**Extractable (RoM)**			**Saleable**		
Measured	**TOTAL**	**Probable**	**Proved**	**TOTAL**	**Probable**	**Proved**	**TOTAL**
2 187 280	2 187 280		1 424 794	1 424 794		–	–
1 583 400	1 583 400		1 035 702	1 035 702		1 005 770	1 005 770
2 250 000	2 250 000		1 550 025	1 550 025		90 001	90 001
6 020 680	**6 020 680**		**4 010 521**	**4 010 521**		**1 095 772**	**1 095 772**
5 424 928	12 000 000	3 972 440	3 277 560	7 250 000	–	–	–
10 000 000	10 000 000		6 250 000	6 250 000		4 720 000	4 720 000
13 000 000	13 000 000		8 220 000	8 220 000		4 380 000	4 380 000
28 424 928	**35 000 000**	**3 972 440**	**17 747 560**	**21 720 000**		**9 100 000**	**9 100 000**
34 445 608	***41 020 680***	***3 972 440***	***21 758 082***	***25 730 521***		***10 195 772***	***10 195 772***

SOUTH AFRICAN COAL MINING HOLDINGS LIMITED

Registration number: 1994/009012/06
Share code: SAH
ISIN code: ZAE000102034
("SACMH" or "the Company")

Notice is hereby given that the Annual General Meeting of the shareholders of the Company will be held at Wanderers Club, 21 North Street, Illovo on Thursday, 18 August at 13:00, for the following purposes:

ORDINARY BUSINESS:

1. To receive, consider and adopt the annual financial statements for the twelve months ended 31 December 2010 of the Company and the Group, together with the directors' and independent auditors' report;

2. To re-elect Messrs D G A Miller and A J L Rayment who were appointed directors since the last Annual General Meeting and who, being eligible, offer themselves for re-election;

3. To confirm the appointment of Deloitte as independent auditors to the company for the ensuing financial year;

4. To elect Mr M Ajoodha as designated auditor;

5. To authorise the directors to determine the remuneration of the auditors for the past financial year;

6. To transact such other business as may be transacted at an Annual General Meeting.

SPECIAL BUSINESS

In addition, members will be requested to consider and, if deemed fit, to pass the following special and ordinary resolutions with or without amendment:

Ordinary Resolution Number One

7. ***Appointment of Audit and Risk Committee***

   'That the directors of the Company are hereby authorised to appoint an Audit Committee in terms of Section 94 (2) of the Companies Act, 71 of 2008, ("Companies Act").'

Special Resolution Number One

8. ***Directors' Remuneration for the next two years in terms of section 66(8) and (9) of the Companies Act***

   'That the shareholders authorise the Board to remunerate directors for services rendered as directors for the next two years in accordance with the Company's remuneration policy.'

Ordinary Resolution Number Two

9. ***Control of authorised but unissued share capital***

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

Special Resolution Number Two

10. ***Approve the rendering of financial assistance to group companies in terms of section 45 of the Companies Act***

    That the shareholders authorise the Board to allow the Company to provide financial assistance to all its subsidiaries and associated companies for the next two years, subject to compliance with section 45 of the Companies Act.'

Ordinary Resolution Number Three

11. ***Issue of ordinary shares for cash***

    'Resolved that, subject to not less than 75% of shareholders, present in person or by proxy and entitled to vote at the Annual General Meeting at which this ordinary resolution is considered, voting in favour thereof, excluding the designated adviser and the controlling shareholder together with their associates, the directors of the Company be and are hereby authorised, by way of general authority, to issue all or any of the authorised but unissued shares in the capital of the Company for cash as they in their discretion deem fit, but subject to the Company's articles of association, the provisions of the Companies Act, Act 61 of 1973, as amended, and the JSE Limited Listings Requirements, when applicable, and provided that:

    - The securities must be of a class already in issue or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
    - The securities must be issued to public shareholders as defined in the JSE Limited Listings Requirements and not to related parties, unless the JSE Limited otherwise agrees;
    - The general issue of shares for cash in the aggregate in any one financial year may not exceed 50% of the Company's issued share capital of that class, as set out and in terms of the JSE Limited Listings Requirements;
    - The maximum discount at which securities may be issued is 10% of the weighted average traded price of those securities over the 30 business days prior to the date that the price of the issue is agreed between the Company and the person subscribing for the securities;
    - After the Company has issued securities representing, on a cumulative basis within a financial year, 5% or more of the number of securities in issue prior to that issue, the Company shall publish an announcement containing full details of the issue, including the effect of the issue on net asset value and earnings per share;
    - The shareholders of the Company hereby waive their pre-emptive rights to the shares to be issued shares for cash in terms of this authority; and
    - This authority shall not be extended beyond 15 months from the date of this resolution, or the next Annual General Meeting, whichever is the earlier date.

Special Resolution Number Three

12. ***General authority to repurchase issued shares***

    'Resolved that the Company hereby approves, as a general approval the acquisitions by the Company, and/or any subsidiary of the Company, from time to time of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the Company's articles of association, the provisions of the Companies Act and the JSE Limited Listings Requirements, when applicable, and provided that:

    - The repurchase of the securities will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party;
    - This general authority shall only be valid until the Company's next Annual General Meeting, provided that it shall not extend beyond fifteen months from the date of passing this special resolution;
    - In determining the price at which the Company's securities are acquired by the Company and/or subsidiary of the Company, in terms of the general authority, the maximum premium at which such securities may be acquired will be 10% of the weighted average of the market price at which such securities are traded on the JSE, as determined over the five days immediately preceding the date of the repurchase of such securities;
    - The repurchases of securities in the aggregate in any one financial year do not exceed 20% of the Company's for the following year;
    - The assets of the Company or the Group, being fairly valued in accordance with South African Generally Accepted Accounting Practices/IFRS, are in excess of the liabilities of the Company or the Group for the following year;

- Upon entering the market to proceed with the repurchase, the Company's designated advisor has confirmed the adequacy of the Company's working capital for the purposes of undertaking any such repurchase of shares in writing to the JSE;
- The Company or its subsidiary are not repurchasing securities during a prohibited period as defined in the JSE Listings Requirements, except in the circumstance where a repurchase programme has been announced;
- When the Company has cumulatively repurchased 5% of the initial number of the relevant class of securities, and for each 5% in aggregate of the initial number of that class acquired thereafter, an announcement will be made; and
- The Company only appoints one agent to effect any repurchase(s) on its behalf.'

Ordinary Resolution Number Four

13. ***Control of authorised but unissued share capital***

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

Ordinary Resolution Number Five

14. ***To make payments to shareholders***

'Resolved that, as a general approval and in terms of the Company's articles of association, the Company grant a renewable mandate to the directors of the Company to make payments to shareholders on a *pro rata* basis by way of the reduction of the Company's share capital upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the company's articles and association, the provisions of the Companies Act, and the JSE Limited Listings Requirements, when applicable, and provided that:

- This general authority shall only be valid until the Company's next Annual General Meeting, provided that it shall not extend beyond fifteen months from the date of passing this resolution; and
- Any general payment may not exceed, in any one financial year, 20% of the Company's issued share capital including reserves but excluding minority interests and revaluation of assets and intangible assets that are not supported by a valuation by an independent expert acceptable to the JSE prepared within the last six months.'

Certain information relating to the Company as required by the JSE Limited Listings Requirements is set out in the attached Appendix which forms part of this notice of the Annual General Meeting.

Ordinary Resolution Number Six

15. ***Authority to action all ordinary and special resolutions***

'Resolved that any one directory of the Company Secretary be and is hereby authorised to do all such things as are necessary and to sign all such documents issued by the Company as to give effect to special resolution number one and ordinary resolution numbers one, two, three and four.'

DIRECTORS CURRICULA VITAE

Mr D G A Miller (BCom, CA [SA])
Mr Miller has more than 30 years experience and has had experience as a financial director and managing director of various companies. Mr Miller was appointed Chief Financial Officer of the Company on 1 October 2010.

Mr A J L Rayment (BCom, IFM Dipl, AMP [Oxon])
Mr Rayment was appointed Chief Executive Officer of the Company on 1 December 2010 after having worked in the investment banking sector, in the field of mergers and acquisitions and of corporate finance.

VOTING AND PROXIES

Shareholders who hold their shares in certificated form or who are own name registered shareholders holding their shares in dematerialised form who are unable to attend the Annual General Meeting but who wish to be represented thereat, are required to complete and return the attached Form of Proxy so as to be received by the Company's transfer secretaries by not later than **13:00 on Tuesday, 16 August 2011.**

Shareholders who have dematerialised their shares through a Central Securities Depository Participant ('CSDP') or broker, other than by own name registration, who wish to attend the Annual General Meeting should instruct their CSDP or broker to issue them with the necessary authority to attend the meeting, in terms of the custody agreement entered into between such shareholders and their CSDP or broker. Shareholders who have dematerialised their shares through a CSDP or broker, other than by own name registration, who wish to vote by way of proxy, should provide their CSDP or broker with voting instructions, in terms of the custody agreement entered into between such shareholders and their CSPD or broker. These instructions must be provided to their CSPD or broker by the cut-off time or date advised by their CSDP or broker for instructions of this nature.

Shareholders who have any doubt as to the action they should take, should consult their stockbroker, accountant, attorney, banker or other professional banker immediately.

By order of the Board

Mrs P F Smit
Company Secretary

2nd Floor, 198 Oxford Road, Illovo, Sandton, 2196

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING

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

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

The JSE Limited Listings Requirements require the following disclosure, some of which are elsewhere in the annual report of which this notice forms part as set out below:
- Directors and management – page 19;
- Major shareholders of the Company – page 10;
- Directors' interests in securities – page 11;
- Share capital of the Company – page 40.

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

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

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

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

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

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

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

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

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

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

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

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

Litigation statement

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

Material change

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

Directors' responsibility statement

The directors whose names are given on page 19 of the annual report, collectively and individually accept full responsibility for the accuracy of the information given in this notice of Annual General Meeting certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the notice contains all information required by Law and the JSE Limited Listings Requirements.

NOTES

FORM OF PROXY

SOUTH AFRICAN COAL MINING HOLDINGS LIMITED

Registration number: 1994/009012/06
Share code: SAH)
ISIN code: ZAE0000102034
("SACMH" or "the Company")

For use ONLY by certificated shareholders and own name dematerialised shareholders at the Annual General Meeting of shareholders of SACMH to be held at Wanderers Club, 21 North Street, Illovo at 13:00 on Thursday, 18 August 2011 ("the Annual General Meeting").

I/We(full name) ______ of

______ (address)

being the holder/s of ______ shares in the Company do hereby appoint (see note 1):

1. ______

2. ______

3. ______

or failing him/her, the Chairman of the Annual General Meeting, as my/our proxy to vote for me/us and on my our behalf at the Annual General Meeting of the Company or at any adjournment thereof.

I/We desire to vote as follows:

	For	Against	Abstain
1. Adopt the annual financial statements for the year ended 31 December 2010			
Re-appointment of directors			
2.1 Re-appointment of Mr D G A Miller as a director of the Company			
2.2 Re-appointment of Mr A J L Rayment as a director of the Company			
3. Confirm the appointment of Deloitte as auditors			
4. Confirm the appointment of Mr Ajoodha as designated auditor			
5. Authorise the directors to fix the auditor's remuneration			
7. Ordinary Resolution Number 1 authorising the appointment of an Audit Committee in terms of Section 94 (2)			
8. Special Resolution Number 1 authorising the directors to remunerate directors for services rendered			
9. Ordinary Resolution Number 2 regarding placing the unissued ordinary shares under the directors' control			
10. Special Resolution Number 2 approving the rendering of financial assistance to Group companies			
11. Ordinary Resolution Number 3 regarding a general authority to issue shares for cash			
12. Special Resolution Number 3 granting a general authority for the Company and/or its subsidiaries to acquire its own shares			
13. Ordinary Resolution Number 4 placing the authorised but unissued share capital under the control of directors			
14. Ordinary Resolution Number 5 authorising the making of payments to shareholders			
15. Ordinary Resolution Number 6 authorising any director of the Company Secretary to sign documents to effect all the ordinary and special resolutions			

Signed at ______ on this ______ day of ______ 2011

Signature ______ Assisted by me (where applicable)

NOTES TO THE FORM OF PROXY

1. A SACMH shareholder may insert the names of a proxy or the names of two alternative proxies of the SACMH shareholder's choice in the space/s provided, with or without deleting "the Chairman of the annual general meeting", but any such deletion must be initialled by the SACMH shareholder concerned. The person whose name appears first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in SACMH, insert the number of ordinary shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A SACMH shareholder or his/her proxy is not obliged to use all the votes exercisable by the member or by his/her proxy, but the total of the votes exercisable by the SACMH shareholder or by his/her proxy is not obliged to use all the votes exercisable by the SACMH shareholder or by his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.

3. The date must be filled in on this form of proxy when it is signed.

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

5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries of SACMH or waived by the Chairman of the annual general meeting of SACMH shareholders.

6. Any alteration or corrections made to this form of proxy must be initialled by the signatory/ies.

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

8. Forms of proxy must be received by the transfer secretaries, Computershare Investor Services (Pty) Limited at Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than **13:00 on Tuesday, 16 August 2011.**

9. The Chairman of the annual general meeting may accept or reject any form of proxy, in the Chairman's absolute discretion, which is completed, other than in accordance with these notes.

10. If required, additional forms of proxy are available from the transfer secretaries of SAMCH.

11. Dematerialised shareholders, other than by own name registration, must NOT complete this form of proxy and must provide their CSDP or broker of their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP or broker.

To be completed and mailed to:	OR	To be completed and hand delivered to:
Computershare Investor Services (Pty) Limited PO Box 61051 Marshalltown, 2107		Computershare Investor Services (Pty) Limited Ground Floor 70 Marshall Street Johannesburg.