

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 3 of this circular apply *mutatis mutandis* throughout this circular.

If you are in any doubt as to the action you should take, please consult your broker, CSDP, attorney, accountant, banker or other professional adviser immediately.

1. If you have disposed of all of your shares in Sentula, then this circular, together with the accompanying notice of general meeting and form of proxy, should be forwarded to the purchaser to whom, or the broker, agent, CSDP or banker through whom you disposed of your shares.
2. The general meeting convened in terms of this circular will be held in the boardroom of Merchantec Capital, 2nd Floor, North Block, Hyde Park Office Towers, Corner 6th Road and Jan Smuts Avenue Hyde Park, 2196 at 10:00 on Tuesday, 30 March 2010.
3. **Certificated shareholders and dematerialised shareholders with “own name” registration**, who are unable to attend the general meeting and wish to be represented thereat, must complete and return the attached form of proxy in accordance with the instructions contained therein.

Dematerialised shareholders, other than dematerialised shareholders with “own name” registration, who:

- are unable to attend the general meeting and wish to be represented thereat, must provide their CSDP or broker with their voting instructions, in terms of the custody agreement entered into between themselves and the CSDP or broker concerned, in the manner and within the time stipulated therein;
 - wish to attend the general meeting, must instruct their CSDP or broker to issue them with the necessary Letter of Representation to attend, in the form of a Letter of Representation.
4. Sentula does not accept any responsibility and will not be held liable for any failure on the part of any CSDP or broker of a dematerialised shareholder to notify such shareholder of the general meeting or any business to be concluded thereat.


Sentula
MINING
Sentula Mining Limited

Incorporated in the Republic of South Africa
(Registration number 1992/001973/06)
Share code: SNU ISIN: ZAE000107223
("Sentula" or "the company")

CIRCULAR TO SENTULA SHAREHOLDERS

regarding

- **the disposal by Sentula to Optimum Coal of its 49.998% interest in and shareholder claims against Siyanda Coal, the company that operates the Koornfontein Coal Mine, for an aggregate cash consideration of R670 million;**

and incorporating

- **a notice convening the general meeting; and**
 - **a form of proxy for use by certificated Sentula shareholders and “own name” registered dematerialised shareholders only.**
-

Corporate adviser



Sponsor



Legal advisers



Competent Person



Auditors and reporting accountants



Date of issue: 15 March 2010

Additional copies of this circular, in its printed format, may be obtained from the company and the Sponsor at their respective addresses listed overleaf during normal business hours from Monday, 15 March 2010 up to and including Tuesday, 30 March 2010. Copies of this circular are available in the English language only.

CORPORATE INFORMATION

Sentula Mining Limited

(Registration number 1992/001973/06)

Date of incorporation: 10 April 1992

Place of incorporation: South Africa

Registered address of Sentula

Ground Floor, Building 14
Woodlands Office Park
Woodmead, Johannesburg, 2080
(PO Box 76, The Woodlands Office Park, Woodmead, 2080)

Sponsor

Merchantec Capital
(Registration number 2008/027362/07)
2nd Floor, North Block
Hyde Park Office Tower
Corner 6th Road and Jan Smuts Avenue
Hyde Park, Johannesburg, 2196
(PO Box 41480, Craighall, 2024)

Competent Person

SRK Consulting
(Registration number 1995/012890/07)
265 Oxford Road
Illovo, Johannesburg, 2196
(PO Box 55291, Northlands, 2116)

Legal advisers

Cliffe Dekker Hofmeyr
(Registration number 2008/018923/21)
1 Protea Place
Sandown, Sandton, 2146
(Private Bag X7, Benmore, 2010)

Company secretary

MoreStat
(Registration number 2000/015549/07)
24, 18th Street
Menlo Park, 0081
(PO Box 35686 Menlo Park, 0102)

Corporate adviser

RFA Consulting
(Registration number 2008/015224/07)
Ground Floor
23 Melrose Boulevard
Melrose Arch, 2191
(PO Box 691, Melrose Arch, 2076)

Auditors and reporting accountants

KPMG Inc.
(Registration number 1999/021543/21)
85 Empire Road
Parktown, Johannesburg, 2193
(Private Bag X9, Parkview, 2122)

Transfer secretaries

Link Market Services
(Registration number 2000/007239/07)
16th Floor, 11 Diagonal Street
Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)

TABLE OF CONTENTS

	Page
Corporate information	Inside front cover
Important dates and times	2
Definitions and interpretations	3
Circular to Sentula shareholders	7
1. Introduction	7
2. Nature of Sentula's business	7
3. The disposal	9
4. Prospects	13
5. Irrevocable letters of undertaking received from shareholders	13
6. Share capital	14
7. Major shareholders	14
8. Directors	14
9. Material changes	18
10. Material contracts	18
11. Material borrowings	18
12. Litigation statement	19
13. Working capital	20
14. Opinions and recommendation	20
15. Directors' responsibility statement	20
16. Consents	20
17. Costs	21
18. Documents available for inspection	21
19. General meeting	22
Annexure 1 Unaudited <i>pro forma</i> financial information of Sentula	23
Annexure 2 Independent reporting accountants' limited assurance report on the unaudited <i>pro forma</i> financial information	26
Annexure 3 Historical financial information of Siyanda Coal for the three financial years ended 28 February 2009	28
Annexure 4 Independent reporting accountants' report on the historical financial information of Siyanda Coal for the three financial years ended 28 February 2009	55
Annexure 5 Abridged interim financial information of Siyanda Coal for the six months ended 31 August 2009	57
Annexure 6 Independent reporting accountants' report on the abridged interim financial information of Siyanda Coal for the six months ended 31 August 2009	64
Annexure 7 Executive summary of the Competent Person's Report	66
Annexure 8 Vendors	79
Notice of general meeting	80
Form of proxy	Attached

IMPORTANT DATES AND TIMES

2010

Circular posted to Sentula shareholders on	Monday, 15 March
Last day to lodge forms of proxy for the general meeting by 10:00 on	Friday, 26 March
General meeting to be held at 10:00 on	Tuesday, 30 March
Results of general meeting released on SENS on	Tuesday, 30 March
Results of general meeting published in the press on	Wednesday, 31 March

Notes:

1. The above dates and times are subject to amendment. Any such amendment will be released on SENS and published in the press.
2. Additional copies of this circular in its printed format, may be obtained from the company and the Sponsor at their respective addresses as set out in the "Corporate information" section of this circular during normal business hours from Monday, 15 March 2010 up to and including, Tuesday, 30 March 2010.

DEFINITIONS AND INTERPRETATIONS

In this circular, the annexures hereto, the notice of general meeting and form of proxy, unless the context otherwise indicates, references to the singular include the plural and *vice versa*, words denoting one gender include the others, expressions denoting natural persons include juristic persons and associations of persons and *vice versa*, and the words in the first column hereunder have the meaning stated opposite them in the second column, as follows:

“agreement”	the sale of shares and claims agreement entered into between Sentula and Optimum Coal on 12 February 2010, as amended from time to time, governing the disposal;
“BBBEE”	the economic empowerment of all black people, including women, workers, youth, people with disabilities and people living in rural areas, through diverse but integrated socio-economic strategies as defined in the Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003), as amended (“BBBEE Act”);
“BECSA”	BHP Billiton Energy Coal South Africa Limited (Registration number 1963/000537/06), a public company duly registered and incorporated under the laws of South Africa and a wholly-owned subsidiary of BHP Billiton Plc (Registration number 3196209), a public company duly registered and incorporated under the laws of England and Wales;
“Benicon Opencast Mining”	Benicon Opencast Mining (Proprietary) Limited (Registration number 1993/007616/07), a private company duly registered and incorporated under the laws of South Africa and a wholly-owned subsidiary of Sentula;
“Board” or “directors”	the board of directors of Sentula at the last practicable date whose details are set out in paragraph 8 of this circular;
“business day”	any day other than a Saturday, Sunday or a public holiday in South Africa;
“CCT”	Classic Challenge Trading (Proprietary) Limited (Registration number 2001/025633/07), a private company duly registered and incorporated under the laws of South Africa and a wholly-owned subsidiary of Sentula;
“certificated shareholder”	a holder of certificated shares;
“certificated shares”	shares which are not dematerialised, title to which is represented by physical documents of title;
“CGT”	Capital Gains Tax;
“circular”	this bound document, dated 15 March 2010, including the annexures hereto and incorporating a notice of general meeting and form of proxy;
“Cliffe Dekker Hofmeyr”	Cliffe Dekker Hofmeyr Incorporated (Registration number 2008/018923/21), a private company duly registered and incorporated under the laws of South Africa;
“Companies Act”	the Companies Act, 1973 (Act 61 of 1973), as amended;
“Competition Tribunal”	the Competition Tribunal appointed in terms of chapter 3 of the Competition Act, 1998 (Act 89 of 1998);

“consortium of financiers”	collectively, ABSA Bank Limited (Registration number 1986/004794/06), The Standard Bank of South Africa Limited (Registration number 1962/000738/06), Sanlam Credit Conduit (Proprietary) Limited (Registration number 2006/000709/07), Sanlam Capital Markets Limited (Registration number 1996/004744/06), Old Mutual Specialised Finance (Proprietary) Limited (Registration number 1998/013266/07), Imperial Bank Limited (Registration number 1995/012641/06), WestLB AG (HRB 42 975), The Hong Kong and Shanghai Banking Corporation Limited (Incorporated in Hong Kong) (Registration number 2006/033197/10), who in terms of a loan agreement entered into with Sentula, are the providers of Sentula’s senior debt facility;
“Coronation”	Coronation Capital Limited (Registration number 1991/002267/06), a public company duly registered and incorporated under the laws of South Africa;
“CPR”	Competent Person’s Report;
“custody agreement”	the custody mandate agreement between a dematerialised shareholder and a CSDP or broker governing their relationship in respect of dematerialised shares held by the CSDP or broker;
“CSDP”	Central Securities Depository Participant, accepted as a participant in terms of the Securities Services Act, appointed by an individual shareholder for the purposes of, and in regard to the dematerialisation of documents of title for purposes of incorporation into Strate;
“dematerialisation”	the process whereby share certificates, certificated transfer deeds, balance receipts and any other documents of title to shares in a tangible form are dematerialised into electronic records for purposes of incorporation into Strate;
“dematerialised shareholder”	a holder of dematerialised shares;
“dematerialised shares”	shares which have been incorporated into Strate and which are no longer evidenced by physical documents of title, but the evidence of ownership of which is determined electronically and recorded in the sub-register maintained by a CSDP;
“disposal”	the disposal by Sentula to Optimum Coal of its 49.998% interest in and shareholder claims against Siyanda Coal, for an aggregate cash consideration of R670 million;
“documents of title”	share certificates, certified transfer deeds, balance receipts and/or any other form of acceptable documents of title in respect of shares;
“Eskom”	Eskom Holdings Limited (Registration number 2002/015527/06), a public company duly incorporated in accordance with the laws of South Africa and the national supplier of energy in South Africa;
“general meeting”	the general meeting of Sentula shareholders to be held in the boardroom of Merchantec Capital, 2nd Floor, North Block, Hyde Park Office Towers, Corner 6th Road and Jan Smuts Avenue Hyde Park, 2196, at 10:00 on Tuesday, 30 March 2010 which meeting is convened in terms of the notice of general meeting attached to this circular;
“Geosearch”	Geosearch Holdings (Proprietary) Limited (Registration number 2006/027773/07), a private company duly registered and incorporated under the laws of South Africa and a wholly-owned subsidiary of Sentula;
“group”	Sentula and its direct and indirect subsidiaries;
“IFRS”	International Financial Reporting Standards;
“Income Tax Act”	the Income Tax Act, 1962 (Act 58 of 1962), as amended;

“Investec”	Investec Bank Limited (Registration number 1969/004763/06), a public company duly registered and incorporated under the laws of South Africa;
“JEF Drill and Blast”	JEF Drill and Blast (Proprietary) Limited (Registration number 1996/017991/07), formerly Scharrighuisen Drilling and Blasting (Proprietary) Limited, a private company duly registered and incorporated under the laws of South Africa and a wholly-owned subsidiary of Sentula;
“JIBAR”	the Johannesburg Interbank Agreed Rate;
“JSE”	JSE Limited (Registration number 2005/022939/06), a public company duly incorporated in accordance with the laws of South Africa and licensed as an exchange under the Securities Services Act;
“Koorfontein Coal Mine”	the Koorfontein Coal Mine operated by Siyanda Coal, in which Sentula holds a 49.998% interest;
“KPMG” or “reporting accountants”	KPMG Incorporated, registered accountants and auditors (Registration number 1999/021543/21), a private company duly registered and incorporated under the laws of South Africa;
“last practicable date”	Friday, 5 March 2010, being the last practicable date prior to the finalisation of this circular;
“Link Market Services” or “transfer secretaries”	Link Market Services South Africa (Proprietary) Limited (Registration number 2000/007239/07), a private company duly registered and incorporated under the laws of South Africa;
“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time by the JSE;
“Megacube”	Megacube Mining (Proprietary) Limited (Registration number 1989/000748/07), formerly Scharrighuisen Opencast Mining (Proprietary) Limited, a private company duly registered and incorporated under the laws of South Africa and a wholly-owned subsidiary of Sentula;
“Merafe Coal”	Merafe Coal (Proprietary) Limited (Registration number 2006/019584/07), a private company duly registered and incorporated under the laws of South Africa and a wholly-owned subsidiary of Sentula, which following the termination of the joint venture with Merafe Resources Limited (Registration number 1987/003452/06), is in the process of changing its name;
“Merchantec Capital” or “Sponsor”	Merchantec (Proprietary) Limited (Registration number 2008/027362/07), a private company duly registered and incorporated under the laws of South Africa;
“MoreStat” or “Company Secretary”	MoreStat Corporate Services (Proprietary) Limited (Registration number 2000/015549/07), a private company duly registered and incorporated under the laws of South Africa;
“Nkomati”	Nkomati Anthracite (Proprietary) Limited (Registration number 1980/008581/07), a private company duly registered and incorporated under the laws of South Africa and a subsidiary of Sentula;
“Optimum Coal” or “purchaser”	Optimum Coal Holdings Limited (Registration number 2006/007799/06), a public company duly registered and incorporated under the laws of South Africa;
“purchase consideration”	R670 million, payable in cash by Optimum Coal to Sentula on the closing date, being five business days after the fulfilment or the waiver (as the case may be) of the last of the conditions precedent;
“Rand” or “R”	South African Rand, the official currency of South Africa;
“RFA Consulting”	RFA Consulting (Proprietary) Limited (Registration number 2008/015224/07), a private company duly registered and incorporated under the laws of South Africa;

“Richards Bay Coal Terminal”	Richards Bay Coal Terminal Company Limited (Registration number 1973/014256/06), a public company duly registered and incorporated under the laws of South Africa;
“rights offer”	the fully underwritten renounceable rights offer, the details of which are set out in the circular to Sentula shareholders dated 23 November 2009, and which rights offer raised R501 920 340 in cash prior to transaction and underwriting costs;
“Ritchie Crane Hire”	Ritchie Crane Hire (Proprietary) Limited (Registration number 2007/006831/07), a private company duly registered and incorporated under the laws of South Africa and a wholly-owned subsidiary of Sentula;
“Securities Services Act”	the Securities Services Act, 2004 (Act 36 of 2004), as amended;
“SENS”	Securities Exchange News Service of the JSE;
“Sentula” or “the company”	Sentula Mining Limited (Registration number 1992/001973/06), a public company duly registered and incorporated under the laws of South Africa and listed on the JSE;
“shares” or “Sentula shares”	Sentula ordinary shares with a par value of 1 cent each in the issued share capital of Sentula;
“shareholders” or “Sentula shareholders”	holders of Sentula shares;
“shareholder claims”	the total amount owing by and/or in connection with Siyanda Coal to Sentula on any account whatsoever;
“Siyanda Coal”	Siyanda Coal (Proprietary) Limited (Registration number 2006/013073/07), a private company duly registered and incorporated under the laws of South Africa and the company that operates the Koornfontein Coal Mine;
“South Africa”	the Republic of South Africa;
“SRK Consulting” or “Competent Person”	SRK Consulting (South Africa) (Proprietary) Limited (Registration number 1995/012890/07), a private company duly registered and incorporated under the laws of South Africa;
“Strate”	the settlement and clearing system used by the JSE, managed by Strate Limited (Registration number 1998/022242/06), a public company duly incorporated in accordance with the laws of South Africa;
“sub-register”	the record of dematerialised shares administered and maintained by a CSDP and which forms part of the company’s register of members as defined in the Companies Act, excluding nominees;
“subsidiary”	a subsidiary as defined in the Companies Act; and
“VAT”	Value-added tax, levied in terms of the provisions of the Value-Added Tax Act, 1991 (Act 89 of 1991), as amended.



Sentula Mining Limited

Incorporated in the Republic of South Africa
(Registration number 1992/001973/06)
Share code: SNU ISIN: ZAE000107223
("Sentula" or "the company")

Directors

Executive

R C Berry (*Chief Executive Officer*)

G P Louw (*Chief Financial Officer*)

P P Modisane

Independent Non-executive

J G Best (*Chairman*)

A Kawa

E H J Stoyell

CIRCULAR TO SENTULA SHAREHOLDERS

1. INTRODUCTION

On Friday, 12 February 2010 it was announced on SENS that the Board had successfully concluded an agreement with Optimum Coal for the sale to Optimum Coal of Sentula's 49.998% interest in and shareholder claims against Siyanda Coal, the company that operates the Koorfontein Coal Mine, for an aggregate cash consideration of R670 million, subject to the fulfilment or waiver (as the case may be) of the conditions precedent set out in paragraph 3.5 below.

The purpose of this circular is to provide Sentula shareholders with relevant information regarding the disposal and to give notice of a general meeting of Sentula shareholders in order to consider and, if deemed fit, to pass the resolution necessary to approve the disposal in accordance with the Listings Requirements. A notice convening such meeting is attached to, and forms part of, this circular.

2. NATURE OF SENTULA'S BUSINESS

Sentula was incorporated and registered as a public company in South Africa in 1992 and has been listed on the Main Board of the JSE since 1993 under the "General Mining" sub-sector. The company derives its income from contract mining, mine rehabilitation, earthworks, drilling and blasting, exploration drilling and crane hire. Sentula also holds investments in a number of coal mines.

Sentula has grown to become one of the leading coal mining contractors in South Africa and has expanded operations into 12 other African countries. The company's foothold in the coal and energy sector, coupled with its diversified service offering, client base, mineral exposure and geographical spread have created a solid platform for ongoing sustainable growth.

Sentula's major businesses, which are all wholly-owned subsidiaries, comprise the following:

2.1 Mining services

2.1.1 Megacube

Megacube, the first division established by Sentula, provides contract services to significant coal operations across South Africa. The Khutala minipit is its benchmark operation with volumes of around 1.5 million cubic metres moved per month.

2.1.2 Benicon Opencast Mining

Benicon Opencast Mining, a contract mining company which was acquired by Sentula in June 2006, supplies the full range of mining operations, covering the movement and management of all aspects of overburden removal and coal extraction to specified production budgets. This includes all drilling and blasting operations as well as the movement and management of mine rehabilitation programmes to Environmental Management Programme Report specifications. Benicon Opencast Mining also operates a fleet of medium-sized electrically powered drag-lines.

2.1.3 CCT

Incorporated in 2001, CCT has since inception been involved in opencast mining. CCT provides a wide range of opencast mining services including load and haul, crushing and screening, and drill and blast. CCT has a well-established track record in the chrome sector.

2.1.4 JEF Drill and Blast

JEF Drill and Blast is a specialised drilling and blasting entity, which uses 28 specialist drilling rigs in the opencast mining sector. JEF Drill and Blast services all of Sentula's opencast mining operations as well as an expanding external client base.

2.1.5 Geosearch

With 130 exploration drilling rigs run by highly experienced crews, Geosearch is one of Africa's largest exploration drilling companies. Geosearch is active across all commodities including, platinum, gold, coal, copper, cobalt, nickel and uranium.

2.1.6 Ritchie Crane Hire

Witbank-based Ritchie Crane Hire was acquired by Sentula in March 2007. The company uses around 20 medium to heavy load mobile cranes with capacities ranging from 25 to 220 tonnes. Ritchie Crane Hire is engaged in crane hire projects in the mining and construction sectors in the Gauteng, Mpumalanga and Limpopo Provinces.

2.2 Coal mining

2.2.1 Koornfontein Coal Mine

Koornfontein Coal Mine, is an underground colliery with a good infrastructure and accessibility to rail transport, located adjacent to Eskom's Komati Power Station in Mpumalanga. The colliery currently sells approximately 3.3 million tonnes of coal per year, of which approximately 1.5 million tonnes is exported annually under entitlement through Richards Bay Coal Terminal. In addition, coal is supplied directly to Eskom for electricity generation. Sentula acquired its 49.998% stake in the Koornfontein Coal Mine from Investec and Coronation in February 2008.

2.2.2 Nkomati

Nkomati hosts a significant anthracite coal deposit and currently produces a combination of sized coal for both the domestic and export markets from its open-pit operations. These are blended with coking coals in various ferroalloy and steel manufacturing processes. While production costs are relatively high, due to the scale of the operation and the nature of the resource, the reserve base is large and the sales products are valued by customers in the current market as good quality coking coal. Sentula acquired its 60% stake in Nkomati in April 2008.

2.3 Development coal investments

In March 2010, an agreement was reached between Sentula and Merafe Resources Limited to terminate the Merafe Coal joint venture. However, Sentula will continue to pursue the development projects attributed to the joint venture. Of the five resource areas in Merafe Coal, two of the prospects, namely Schoongezicht and Bankfontein, are currently being progressed to development, with first production planned for 2010. Both projects are opencast and are well-positioned to supply export quality, domestic "A" grade and Eskom quality coal into a variety of markets. The combined annual sales output of the two projects is planned to achieve 1.1 million tonnes. Further exploration drilling is being undertaken on the remaining Merafe Coal prospects.

2.4 Exploration coal investments

Sentula has an interest in the following exploration projects: African Energy Botswana (Proprietary) Limited, Indongo Mining in Zambia (which is expected to come into production in the next 12 months) and Mabapa Mining in the northern part of the Limpopo Province of South Africa. Exploration drilling is currently under way on all three prospect areas, with encouraging initial results.

3. THE DISPOSAL

3.1 Nature of Siyanda Coal

Siyanda Coal owns and operates the Koorfontein Coal Mine, an underground coal mine located on the Witbank Coalfield, approximately 40 kilometres south east of Witbank in the Mpumalanga Province of South Africa. It is also located directly adjacent to Eskom's Komati Power Station.

The Koorfontein Coal Mine has been operating since 1948. Various coal deposits in the vicinity have been mined for over 60 years. In 1964 and 1970, respectively, the nearby Blinkpan Colliery and the Haasfontein Export mine were opened, and in 1987, these mines merged into Koorfontein Coal Mine. In 1988, the project to expand the Koorfontein Coal Mine into the Gloria block began and the shaft was commissioned in 1991.

From 1964 until the decision by Eskom in 1991 to mothball the station, the Koorfontein Coal Mine supplied the adjacent Komati Power Station. This was done by supplying a blended coal from the Blinkpan section of the mine from the No. 4 and No. 2 Seams. The No. 2 Seam in the Blinkpan Section is up to 9 metres thick in areas. The seam was mined in two lifts with the lower portion being the higher quality coal which was blended into the poorer quality upper No. 2 Seam coal and the No. 4 Seam coal.

In the 1970s, the export thermal coal market was established and the No. 2 Seam of the Haasfontein property, which lies outside of the current Koorfontein Coal Mine mining area, was developed as an export mine in conjunction with Anglo Coal (Proprietary) Limited, with the coal beneficiation infrastructure at the Blinkpan area.

Since the closure of the Komati Power Station in 1991, the Koorfontein Coal Mine has focused on the mining of No. 2 Seam coal for the export market. In addition to the export coal, the Koorfontein Coal Mine has access to substantial resources of coal in the No. 4 Seam, which may be used to supply the Komati Power Station in terms of the Eskom Return to Service programme. The Blinkpan operation was closed in 2002.

In 1999, the Koorfontein Coal Mine started reprocessing surface coal discard dumps to produce a middlings product. This coal is blended with fines and supplied to the Majuba Power Station under a contract agreement between BECSA and Eskom dating from the resolution of the Majuba Contract.

The Koorfontein Coal Mine is served by good tar roads and a rail siding for export sales located on the property. The Koorfontein Coal Mine consists of two sections, namely Blinkpan, where the process plants are located, and Gloria, where most of the coal is mined. Coal is transported from the mining area to the plants by an overland conveyer system. The primary coal seams are the No. 4 Seam and the No. 2 Seam, which are both relatively flat with some dolerite intrusions. The No. 2 Seam, situated at an average depth of approximately 99 metres, is mined using bord and pillar mining methods with continuous miners. The No. 4 Seam lies approximately 82 metres below surface and has previously been mined in places by means of bord and pillar methods. Siyanda Coal has been buying in coal from nearby producers to supplement its own production, where this is economical.

The coal for the export market and the Majuba Power Station is loaded onto trains at the existing rail load-out facilities at Koorfontein Coal Mine. The export coal is railed to Richards Bay Coal Terminal, of which Siyanda Coal is a shareholder, where it is loaded onto ships and transported to the market. The export coal is generally sold into the European market.

In 2007, BECSA sold the Koorfontein Coal Mine to a consortium lead by Siyanda Resources (Proprietary) Limited. Sentula subsequently bought the 49.998% share held by Investec and Coronation and became a co-shareholder with the BBBEE consortium in the operation.

On 25 October 2007, Koorfontein Coal Mine was granted a new order mining right which is valid until 24 October 2032. It also has freehold title over the surface rights of the land on which the existing plant infrastructure and shafts are situated.

3.2 Structure of Optimum Coal

Optimum Coal is a black-owned and controlled South African mining group and is one of South Africa's largest coal mining companies with an extensive operational footprint located mainly in the Witbank coalfield region of Mpumalanga. The directors of Optimum Coal are, Messrs Sivi M Gounden, Henry C White, Douglas R Gain, Eliphus O Monkoe, Michael S Teke, Mlungini Kwini, Peter K Gain, Thomas I Borman, Robert M Godsell, Christiaan L Smit, Deon T Dholomo and Msses Lulu L Letlape and Nomavuso P Mnxasana.

The shareholding in Optimum Coal, which is 73% BBBEE owned, is held as follows:

3.2.1 BBBEE shareholders:

- Monkoe Coal Investments (Proprietary) Limited (6.57%): wholly-owned by Mr Eliphus Monkoe, a historically disadvantaged South African, non-executive director of Optimum Coal and former Chief Operating Officer of Ingwe Coal;
- Micsan Investments (Proprietary) Limited (9.39%): wholly-owned by Mr Mike Teke, a historically disadvantaged South African and the Chief Executive Officer of Optimum Coal;
- Mobu Resources (Proprietary) Limited (2.82%): comprises a historically disadvantaged South African team of economists, engineers and mining professionals with extensive technical, operational and management experience across the mining and energy industries;
- The Kwini Family shareholding (13.15%): held beneficially by members of the Kwini family, who are all historically disadvantaged South Africans. Dr Mlungisi Kwini is a non-executive director of Optimum Coal;
- The Optimum Employee Benefit Trust (11.74%) and The Optimum Community Trust (11.74%):
 - o 25% unencumbered shareholding is allocated to The Optimum Employee Benefit Trust and The Optimum Community Trust in equal proportions, which trusts were established as independent legal entities managed by boards of trustees;
 - o The Optimum Employee Benefit Trust was set up to provide equal benefit for all staff members during their employment in the Optimum Coal group;
 - o The Optimum Community Trust was set up to provide benefits for the local communities in which Optimum Collieries and its associates operate; and
- Warrior Coal Investments (Proprietary) Limited (17.84%): a private company with key shareholders including Messrs Peter Gain, Thomas Borman and Dr Sivi Gounden, whose principal assets include interests in operating, development and exploration coal projects across South Africa.

3.2.2 Strategic Optimum Coal shareholders:

- The Executive Employee Share Incentive Trust (0.94%);
- AMCIC Warrior Mauritius Limited (19.72%): a subsidiary of AMCI Capital Limited Partnership, being a joint venture between First Reserve Corporation, the world's largest energy-focused private equity fund, and American Metals & Coal International Incorporated ("AMCI"), one of the largest privately owned international coal companies, and who provided seed capital for the acquisition of Optimum Collieries from BHP Billiton; and
- Other individuals (6.10%).

3.3 Rationale for the disposal

As set out in the SENS announcement dated Friday, 30 October 2009, and reiterated in the announcement dated Friday, 12 February 2010, shareholders were advised that the Board had undertaken to continue with various initiatives to realise value from Sentula's proprietary coal portfolio. The disposal will realise a significant portion of this portfolio and the purchase consideration will be applied to strengthen Sentula's balance sheet by reducing debt, improving liquidity and ensuring that the company remains financially robust in a volatile trading environment. The purchase consideration will also be used to fund future growth in the company's mining services businesses and to further develop Sentula's proprietary coal portfolio.

In the opinion of the Board the purchase consideration represents fair market value for the Koorfontein Coal Mine.

3.4 Consideration

The purchase consideration, being an amount of R670 million, is payable in cash by Optimum Coal to Sentula on the closing date, being five business days after the fulfilment or waiver (as the case may be) of the last of the conditions precedent, which are set out in paragraph 3.5 below. Optimum Coal has provided Sentula with a written unconditional guarantee issued by Standard Chartered Bank Plc on 12 February 2010 in terms of which it has guaranteed the due and punctual payment of the purchase consideration by Optimum Coal to Sentula.

3.5 Conditions precedent and effective date

The last remaining condition precedent is the approval of the disposal by a majority of Sentula shareholders at the general meeting, on or before 13 April 2010.

The effective date of the disposal is the date of fulfilment or waiver (as the case may be) of the last of the conditions precedent.

Warranties which are normal in a transaction of this nature have been provided by Sentula to Optimum Coal.

3.6 Pro forma financial effects of the disposal

The table below sets out the unaudited *pro forma* financial effects of the disposal and of the rights offer which was implemented by Sentula during December 2009. The unaudited *pro forma* financial effects are intended to provide information on how the disposal and the rights offer may have affected Sentula's earnings, headline earnings, net asset value and net tangible asset value per share measures for the reviewed six-month period ended 30 September 2009, had they occurred on 1 April 2009 for income statement purposes and 30 September 2009 for balance sheet purposes.

The unaudited *pro forma* effects, which are the responsibility of the directors of Sentula, have been prepared for illustrative purposes only and, because of their *pro forma* nature, may not give a true reflection of Sentula's financial position, changes in equity and results of operations or cash flows. The unaudited *pro forma* financial effects have been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the reviewed results of Sentula for the six months ended 30 September 2009.

	Before rights offer and the disposal ^{1,2}	Rights offer <i>pro forma</i> effect ^{3,7}	<i>Pro forma</i> after rights offer	Disposal <i>pro forma</i> effect ^{4,7}	<i>Pro forma</i> after the disposal	Percentage change from post the rights offer to post the disposal
Earnings per share (cents) ⁵	16.2	(6.7)	9.5	46.5	56.0	489.5
Headline earnings per share (cents) ⁵	15.2	(6.0)	9.2	(2.2)	7.0	(23.9)
Net asset value per share (cents) ⁶	979.0	(529.2)	449.8	48.0	497.8	10.7
Tangible net asset value per share (cents) ⁶	788.0	(412.9)	375.1	47.9	423.0	12.8
Weighted average number of shares in issue ('000)	230 012	350 993	581 005	–	581 005	–

Notes:

1. Earnings per share and headline earnings per share before the rights offer and the disposal were extracted from the income statement included in the published reviewed results for the six months ended 30 September 2009.
2. Net asset value per share and net tangible asset value per share before the rights offer and the disposal were extracted from the balance sheet included in the published reviewed results for the six months ended 30 September 2009.
3. It is assumed that, in respect of the rights offer:
 - a. R501.9 million in cash was raised (prior to transaction and underwriting costs);
 - b. transaction and underwriting costs of R39.8 million (pre-tax) relating to professional, financial, legal and compliance fees were paid. This is not expected to have a continuing effect on Sentula;
 - c. R400.0 million of the net proceeds were used to repay a portion of the long-term debt facilities, with the remainder of the net proceeds being used to reduce the overdraft facility; and
 - d. the repayment of the long-term debt facilities resulted in an interest expense saving calculated at 10.95% of R25.3 million (pre-tax). This is expected to have a continuing effect on Sentula.
4. It is assumed that, in respect of the disposal:
 - a. the purchase consideration of R670 million is received;
 - b. transaction costs of R8.6 million (pre-tax) relating to professional, financial, legal and compliance fees are payable. This is not expected to have a continuing effect on Sentula;
 - c. CGT of R45.8 million (for income statement purposes) and R45.9 million (for balance sheet purposes) is realised and paid on the profit on the disposal (including the CGT effect of transaction costs). This is not expected to have a continuing effect on Sentula;
 - d. deferred tax of R11.7 million becomes payable, which is settled from the purchase consideration;
 - e. R300.0 million of the purchase consideration (net of tax paid and transaction costs) is used to repay a portion of the long-term debt facilities;
 - f. the remainder of the purchase consideration, being R303.9 million (for income statement purposes) and R303.8 million (for balance sheet purposes) is maintained as working capital;
 - g. the repayment of the long-term debt facilities results in interest expense savings of R15.8 million (pre-tax). This amount is calculated on an effective interest rate of 10.95%, being the average JIBAR for the interim period plus 4%. This is expected to have a continuing effect on Sentula;
 - h. income from associate of R23.9 million (net of tax) for the six months ended 30 September 2009 will be forfeited. This is expected to have a continuing effect on Sentula; and
 - i. a loan to Siyanda Coal, included in the value of investment in associate, will be repaid. As a result, interest income of R0.6 million (pre-tax) will be forfeited. This amount is based on the actual interest charged on the loan from Sentula to Siyanda Coal for the interim period. This is expected to have a continuing effect on Sentula.
5. Profits attributable to the net assets of Siyanda Coal on the disposal (net of tax and excluding transaction costs) amount to R289.6 million (for income statement purposes) and R288.9 million (for balance sheet purposes).
6. The *pro forma* financial effects on earnings per share and headline earnings per share (i.e. for income statement purposes) are calculated on the assumption that the rights offer and the disposal were effective on 1 April 2009.
7. The *pro forma* financial effects on net asset value per share and net tangible asset value per share (i.e. for balance sheet purposes) are calculated on the assumption that the rights offer and the disposal were effective on 30 September 2009.
8. Taxes have been calculated based on the normal tax rate of 28% and CGT at a rate of 14%.
9. All adjustments above are based on amounts extracted from the published audited and reviewed results for Sentula.

4. PROSPECTS

The Board has spent considerable time in the past year addressing Sentula's legacy issues and shortcomings, and is now confident that appropriate systems and controls have been put in place in order to assist in preventing a re-occurrence of these issues, to effectively minimise and manage risks and to extract value from across the group.

Although the global economic slowdown has impacted on all commodity markets, there is an ongoing demand from the company's existing and potential new client base in all the sectors in which Sentula's mining services are provided. The group retains a positive outlook for 2010 and will continue to maintain its capacity in the short to medium term and broaden its geographical footprint.

The group's vision of developing the mining services business to become the company of choice across the African continent, on the back of sustainable growth in the sector, remains at the heart of Sentula's strategy.

With operations in 12 African countries and as a leading exploration drilling company across the continent, Sentula has created a solid platform for ongoing sustainable growth. With most subsidiaries and investments trading well, in many cases already ahead of budget, a continued improvement in operating performance is expected, going forward.

The company expects a general improvement in trading conditions in the second half of the 2010 financial year supported by recovering commodity markets and a return to higher levels of exploration, construction, mining and ancillary activity.

The company is in the process of turning around Megacube and intends to improve efficiencies and margins in the forthcoming year.

Sentula has also been awarded a small scale mining licence to the Malungwa Coal project in Southern Zambia, in which Sentula holds a 25% stake through its investment in Indongo Mining Limited. This will enable Sentula, as the managing stakeholder, to proceed to the next phase of project development.

5. IRREVOCABLE LETTERS OF UNDERTAKING RECEIVED FROM SHAREHOLDERS

For purposes of the general meeting, the company has received irrevocable letters of undertaking from shareholders holding or representing a total of 383 329 532 shares, equivalent to 65.97% of all shares eligible for voting (which shares exclude those held as treasury shares) at the general meeting, or any adjournment thereof. All such shareholders or representatives have indicated that they will vote in favour or recommend to their clients to vote in favour of the disposal.

The table below sets out the undertakings received:

Shareholder	Number of shares	Percentage shareholding
Old Mutual Investment Group (South Africa) (Proprietary) Limited	138 129 186	23.76
Stanlib Asset Management Limited	65 545 842	11.28
Allan Gray Limited	41 902 551	7.21
Prudential Portfolio Managers (South Africa) (Proprietary) Limited	33 714 084	5.80
Bold Moves 640 (Proprietary) Limited	27 480 821	4.73
Argon Asset Management	26 782 362	4.61
Hermes Asset Management (Proprietary) Limited	14 005 000	2.41
Metropolitan Asset Managers	13 601 490	2.34
Coronation Fund Managers Limited	12 224 606	2.10
Cannon Asset Managers	8 573 590	1.48
Charles Lawrence Levy	1 370 000	0.24
Total	383 329 532	65.97

6. SHARE CAPITAL

The authorised and issued share capital of Sentula at the last practicable date are set out below:

	Number of shares	R'000
Authorised		
Ordinary shares of 1 cent each	1 000 000 000	10 000
Issued		
Ordinary shares of 1 cent each	586 559 181	5 866
Share premium	–	2 014 518
Total		2 020 384

Sentula has 5 553 871 treasury shares at the last practicable date.

7. MAJOR SHAREHOLDERS

Insofar as is known to Sentula, the major shareholders who beneficially hold 5% or more of the issued shares at 26 February 2010 are as follows:

Shareholder	Number of shares	Percentage shareholding
Public Investment Corporation (Proprietary) Limited	77 067 884	13.14
Old Mutual Investment Group (South Africa) (Proprietary) Limited	63 497 781	10.82
Liberty Group Limited	57 702 344	9.84
Total	198 268 009	33.80

There are currently no controlling shareholders and there will be no change in controlling shareholders as a result of the disposal. There have been no changes in the controlling shareholders and trading objects of Sentula during the last five years.

8. DIRECTORS

8.1 Details and experience of directors

The full names, ages, qualifications, business addresses, functions in the group and background of the executive and non-executive directors of the company at the last practicable date are as follows:

Jonathan Gourlay Best (60)

Qualifications: ACIMA, ACIS, MBA

Business address: 19 Pagoda Crescent, Fourways Gardens, Fourways, 2191

Function and committees: Independent non-executive Chairman, audit committee Chairman

Background: Jonathan has over 40 years' experience with companies associated with the mining industry. He chairs the Sentula Audit, Risk and Governance and Investment Committee and is a member of the Nominations Committee. He brings strong financial expertise and Audit Committee experience from his previous role as Chief Financial Officer and Executive Director of AngloGold Ashanti Limited. He currently holds the following additional board positions: non-executive independent director and Chairman of the Audit Committee of JSC Polymetal, a Russian-based mining company listed on the London Stock Exchange and non-executive independent director and member of the Audit Committee of Metair Investments Limited.

Eric Hugh John “Hugh” Stoyell (65)

Qualifications: PR Eng, BSC (Mining) Engineering, MBL, FSAIMM

Business address: C12 World's View, Rocky Drive, Northcliff, Johannesburg, 2195

Function and committees: Independent non-executive director, remuneration committee Chairman

Background: Hugh is a professional engineer with 40 years' experience in the South African mining industry. Prior to retiring, he was chairman and managing director of Duiker Mining (Proprietary) Limited, formerly South Africa's third largest coal exporter. He has held directorships for a number of mining and related companies since 1976, including companies listed on the Johannesburg and London Stock Exchanges, and is currently non-executive chairman of Katanga Mining, listed on the Toronto Stock Exchange.

Andisiwe “Andy” Kawa (47)

Qualifications: MBA, MA, EdM

Business address: 2nd Floor, West Towers, Nelson Mandela Square, Sandton, 2196

Function and committees: Independent non-executive director, audit committee, remuneration committee

Background: Appointed to the Board on 11 September 2008, Andy is also the Chairman of Chuma Holdings (Proprietary) Limited and Vice Chairman of the Jewellery Council of South Africa and a director of Imara Capital (Proprietary) Limited.

Robin Craig Berry (47)

Qualifications: BSc Engineering (Mining)

Business address: Ground Floor, Building 14A, Woodlands Office Park, Woodlands Drive, Woodmead, 2080

Function and committees: Chief Executive Officer

Background: Robin joined the company as Chief Operating Officer in January 2007, and was promoted to Chief Executive Officer with effect from 1 December 2007. He was formerly Chief Executive Officer of Operations for Anglo Coal SA, a division of Anglo American South Africa Limited. He has over 20 years' experience in the mining industry at both managerial and operational levels.

Gideon Petrus “Deon” Louw (47)

Qualifications: CA(SA), HDip Tax Law (Wits), AMCT (UK), CFA Charterholder

Business address: Ground Floor, Building 14A, Woodlands Office Park, Woodlands Drive, Woodmead, 2080

Function and committees: Financial director

Background: Deon is a Chartered Accountant with specialised experience in mining finance. He joined Sentula on 1 August 2007 from Shanduka Coal (Proprietary) Limited (“Shanduka”), where he was responsible for the financial functions of the group, including advising on and co-ordination of all aspects of due diligence across a number of SA coal mines. Prior to Shanduka, he was an independent adviser and for a number of years headed the mining finance team at Investec.

Patrick Philemon “Pat” Modisane (49)

Qualifications:	BA (Hons)
Business address:	Ground Floor, Building 14A, Woodlands Office Park, Woodlands Drive, Woodmead, 2080
Function and committees:	Executive director
Background:	Pat was appointed as an executive director and Head of Transformation and Human Resources with effect from 1 October 2008. Prior to joining Sentula, he was regional manager Employee Relations and Transformation at Anglo Coal (Proprietary) Limited. From 2005, it was his core responsibility to effectively manage employee relations, strategies, practices and stakeholder management. Previously, he was Human Resources manager at Kleinkopje, Greenside and New Vaal Collieries.

* All directors of Sentula are South African.

8.2 Directors’ interests in securities

At the last practicable date, the directors of Sentula held, directly and indirectly, the following interests in the issued share capital of the company:

Director	Direct beneficial	Indirect beneficial	Total	Percentage of total shareholding
R C Berry	832 535	–	832 535	0.14
G P Louw	72 490	–	72 490	0.01
Total	905 025	–	905 025	0.15

There have been no changes in directors’ interests between the conclusion of the rights offer and the date of this circular.

8.3 Directors’ interests in transactions

None of the directors have had any beneficial interest, either directly or indirectly, in any transactions effected by Sentula during the current or preceding financial year or during any earlier financial year which remains outstanding or unperformed in any respect.

8.4 Directors’ emoluments

The directors’ emoluments in respect of the financial year ended 31 March 2009, were as follows:

Executive

	Basic R’000	Expense allowance R’000	Medical aid R’000	Share options R’000	Provident R’000	Bonus R’000	Total R’000
R C Berry	2 432	240	–	4 600	168	800	8 240
G P Louw	2 337	202	23	–	–	800	3 362
P P Modisane ¹	430	230	–	–	17	–	677
C Moorcroft ²	527	100	23	666	–	100	1 416
Total	5 726	772	46	5 266	185	1 700	13 695

Notes:

1. Mr P P Modisane was appointed to the Board on 1 October 2008.
2. Mr C Moorcroft resigned from the Board on 8 September 2008.

Non-executive

	Director's fees R'000	Chairman, Deputy chairman R'000	Audit and risk R'000	Governance, remuneration and nominations R'000	Investment R'000	Total R'000
S E Jonah KBE ¹	–	180	–	41	–	221
D C M Gihwala ²	–	67	–	18	–	85
A Joffe ³	82	–	61	36	18	197
R K Jonah ⁴	81	–	41	–	18	140
J G Best	120	–	413	18	23	574
E H J Stoyell	120	–	41	63	18	242
P Huysamer ⁵	33	–	–	–	–	33
T R Hendry ⁶	24	–	19	–	–	43
A Kawa ⁷	66	–	49	18	–	133
J van Rooyen ^{7, 8}	26	51	49	–	–	26
M D L Marole ^{7, 8}	66	–	49	–	–	115
P N Kingston ^{7, 8}	66	–	28	18	–	112
Total	684	298	750	212	77	2 021

Notes:

1. Sir S E Jonah resigned from the Board on 18 December 2009.
2. Mr D C M Gihwala resigned from the Board on 11 September 2008.
3. Mr A Joffe resigned from the Board on 5 December 2008.
4. Mr R K Jonah resigned from the Board on 4 December 2008.
5. Mr P Huysamer resigned from the Board on 9 July 2008.
6. Mr T R Hendry resigned from the Board on 15 June 2008.
7. Mr J van Rooyen, Ms A Kawa, Ms M D L Marole and Ms P N Kingston were appointed to the Board on 11 September 2008.
8. Mr J van Rooyen, Ms M D L Marole and Ms P N Kingston resigned from the Board on 28 February 2010.

The remuneration of directors is determined by the Board, subject to the recommendations of the remuneration committee, having regard to the performance of individuals and market trends.

The executive directors do not receive directors' fees but have service contracts with the company.

The executive directors are subject to the company's standard conditions of employment.

There will be no change in the remuneration of any of the directors as a consequence of the disposal.

8.5 Directors' share options

Save as set out in the table below, no other share options were granted to nor exercised by the directors during the financial year ended 31 March 2009:

Director	Share option at 1 April 2008		Share options granted during the year		Share options exercised and taken delivery of		Share options at 31 March 2009	
	Number	Strike price (cents)	Number	Strike price (cents)	Number	Strike price (cents)	Number	Strike price (cents)
T R Hendry ¹	38 800	53	–	–	38 800	53	–	–
J Holland ¹	38 800	53	–	–	38 800	53	–	–
C Moorcroft ¹	38 800	53	–	–	38 800	53	–	–
C Scharrighuisen ¹	38 800	53	–	–	38 800	53	–	–
R C Berry ²	2 000 000	1 000	–	–	400 000	1 000	1 600 000	1 000
G P Louw	2 000 000	2 000	–	–	–	–	2 000 000	2 000
P P Modisane	–	–	300 000	1 428	–	–	300 000	1 428
Total	4 155 200		300 000		555 200		3 900 000	

Notes:

1. Messrs T R Hendry, J Holland, C Moorcroft and C Scharrighuisen, all of whom have resigned, submitted instructions to exercise their options on 31 March 2008.
2. Mr R C Berry submitted instructions to exercise 300 000 of his options on 9 January 2009.

8.6 Directors' service contracts

Written service contracts have been concluded between the company and each of Messrs R C Berry, G P Louw and P P Modisane which, *inter alia*, provide for the duties and remuneration in respect of these directors.

Each of the aforementioned service contracts is subject to a formal notice period of six months for Messrs R C Berry and P P Modisane and three months for Mr G P Louw.

In respect of all three directors, the service contracts shall endure for an indefinite amount of time, subject to termination by either party giving notice or by the company as a result of a breach or justifying circumstances or as a result of sustained illness.

9. MATERIAL CHANGES

Sentula

The Board reports that, save for the effects of the rights offer that have been disclosed in the *pro forma* financial information in paragraph 3.6 above, at the last practicable date, there have been no material changes in the financial or trading position of the company since the reported financial information of Sentula for the period ended 30 September 2009.

Siyanda Coal

There have been no material changes in the financial or trading position of Siyanda Coal since the publication of its interim results for the period ended 31 of August 2009.

10. MATERIAL CONTRACTS

Save for the disposal and the underwriting agreement entered into between Sentula and Investec ("the underwriter") on 9 October 2009 in terms of which Investec irrevocably undertook to underwrite the rights offer at a market-related underwriting commission of 5% of the value of the rights offer of R501 920 340, the details of which are set out in the rights offer circular, dated 23 November 2009, there have been no material contracts entered into by Sentula or its subsidiaries, either verbally or in writing during the two years preceding the date of this circular, or at any time, that contain an outstanding material obligation or settlement, other than in the ordinary course of business.

Save for the following agreements entered into by Siyanda Coal, there have been no other material contracts entered into by Siyanda Coal, either verbally or in writing during the two years preceding the date of this circular, or at any time, that contain an outstanding material obligation or settlement, other than in the ordinary course of business:

- the Majuba Power Station supply agreement entered into between Siyanda Coal and BECSA on 1 July 2008 for the supply of 2 million tonnes of coal to BECSA for a three year period terminating on 30 June 2010;
- the supply agreement entered into between Siyanda Coal and Ingwe Collieries Limited on 14 July 2006 for the supply of 3 million tonnes of coal for a three-year period terminating on 30 June 2009; and
- the supply agreement entered into between Siyanda Coal, BHP Billiton Marketing AG and Ingwe Collieries Limited on 14 July 2006 for the supply of 4.5 million tonnes of coal for a three-year period terminating on 30 June 2009.

11. MATERIAL BORROWINGS

The table below sets out information at 30 September 2009, regarding material loans advanced to the company:

	30 September 2009 R'000	31 March 2009 R'000
The Standard Bank Limited senior debt facility	1 136 250	1 161 668
ABSA Bank Limited vehicle asset finance	546 430	487 133
WesBank instalment sale agreement	70 918	87 940
	1 753 598	1 736 741
Current portion of long-term borrowings	373 034	660 493

The Standard Bank Limited and ABSA Bank Limited facilities were entered into in November 2007, consolidated in October 2009 to form the new senior debt facility and are repayable by November 2012. The senior debt facility is secured by plant, vehicles and equipment with book values amounting to R2.2 billion (at March 2009) and certain of the coal assets in Sentula's portfolio, including the Koornfontein Coal Mine. The interest rate is 1-month JIBAR plus 400 basis points, reset monthly.

The WesBank instalment sale agreement was entered into in October 2008, is secured by plant, vehicles and equipment with book values amounting to R94 million (at 31 March 2009) and is repayable by December 2011. With effect from 1 October 2009, the effective applicable interest rate was adjusted in line with the senior debt facility.

The borrowings arose as a result of the acquisition by the company of property, plant and equipment.

Following the rights offer, the debt repayment profile as at 31 December 2009 was as follows:

	Payable within 1 year* R'000	Payable within 1 – 5 years R'000	Total R'000
Restructured senior debt facility	359 044	807 589	1 166 633
WesBank	32 604	30 690	63 294
	391 648	838 279	1 229 927

*December 2009 to March 2010.

Following the disposal, the debt repayment profile at 1 April 2010 is expected to be:

	Payable within 1 year* R'000	Payable within 1 – 5 years R'000	Total R'000
Restructured Senior debt facility	266 300	513 776	780 076
WesBank	33 487	21 963	55 450
	299 787	535 739	835 526

* Payments up to March 2011

The debt repayment profile reflected at 1 April 2010 is subsequent to a R300 million mandatory repayment from the proceeds of the disposal to the consortium of financiers.

There are no conversion or redemption rights attached to any of the loans set out above.

It is anticipated that the debt repayments over the next 12 months will be funded from cash flows from operations.

Save as set out above:

- no material loans have been advanced to the company or any of its subsidiaries;
- no material loans have been advanced by the company or its subsidiaries; and
- no loan capital is outstanding.

12. LITIGATION STATEMENT

Sentula

Save as detailed below, there are no legal or arbitration proceedings, including proceedings that are pending or threatened, of which the Board is aware, that may have, or have had, in the 12-month period preceding the date of this circular, a material effect on the financial position of either Sentula or its subsidiaries.

12.1 It was reported in Sentula's annual report for the year ended 31 March 2008 that an amount of R242 million had been misappropriated from the group. Based on the findings of the forensic investigation, Sentula has instituted a number of legal and criminal actions against the implicated entities and individuals to recover the misappropriated funds.

- 12.2** The Financial Services Board's investigation into the circumstances that led to the restatement of Sentula's 2007 financial results, pursuant to a contravention of the Securities Services Act, was concluded on 13 October 2009. The Financial Services Board subsequently concluded that no enforcement action would be taken against Sentula, but have resolved to pursue enforcement action against certain individuals for a contravention of the Securities Services Act. However, any action taken against these individuals will have no financial consequences on Sentula.
- 12.3** During the 2009 financial year, Megacube instituted legal proceedings against Umcebo Mining (Proprietary) Limited for the recovery of R29.8 million owing to Megacube for work performed on their Middelkraal operation. Subsequent to the above claim, a demand for payment of R45.4 million was brought against Megacube in respect of an alleged breach of contract and sub-standard mining practices allegedly adopted by Megacube. To date no formal claim has been instituted. The company and its attorneys believe that there is a strong defence against the alleged claim and are not able to estimate the probable or possible loss.
- 12.4** At present, the company is unable to ascertain whether the above mentioned proceedings will have a material effect on the financial position of the company, or its subsidiaries. However, shareholders will be informed of any new developments as and when they arise.

Siyanda Coal

There are no legal or arbitration proceedings, including proceedings that are pending or threatened, of which the board of directors of Siyanda Coal is aware, that may have, or have had, in the 12-month period preceding the date of this circular, a material effect on the financial position of Siyanda Coal.

13. WORKING CAPITAL

The directors of Sentula are of the opinion that, subsequent to the disposal:

- Sentula and the group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of approval of this circular;
- the assets of Sentula and the group will be in excess of the liabilities of Sentula for a period of 12 months after the date of approval of this circular. For this purpose, the assets and liabilities have been measured in accordance with the accounting policies used in the latest audited annual group financial statements;
- the share capital and reserves of Sentula and the group will be adequate for ordinary business purposes for a period of 12 months after the date of approval of this circular; and
- the working capital of Sentula and the group will be adequate for ordinary business purposes for a period of 12 months after the date of approval of this circular.

14. OPINIONS AND RECOMMENDATION

The directors, having considered the terms and conditions of the disposal, are of the opinion that the disposal will have a beneficial financial effect on the group. Accordingly, the directors recommend that shareholders vote in favour of the resolution, to be proposed at the general meeting, to approve the disposal. The directors, who are shareholders of the company, intend to vote in favour of such resolution to be proposed at the general meeting to approve the disposal.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given in paragraph 8.1 above, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this circular contains all information required by the Listings Requirements.

16. CONSENTS

The sponsor, auditors and independent reporting accountants, legal advisers, corporate adviser, competent person, company secretary and the transfer secretaries have consented in writing to act

in the capacities stated and to their names being stated in this circular and, where applicable, to the inclusion of their reports in the form and context in which they have been reproduced in this circular in Annexures 2, 4, 6 and 7, and have not, prior to the last practicable date, withdrawn their consents prior to publication of this circular.

17. COSTS

Neither Sentula nor Siyanda Coal have incurred preliminary expenses within the three years preceding the date of this circular. The costs of the disposal amount to approximately R8 600 000 and are detailed in the table below:

	Estimated amount R
Merchantec Capital – Sponsor to Sentula	500 000
KPMG – Auditors and reporting accountants to Sentula	200 000
Cliffe Dekker Hofmeyr – Legal advisers to Sentula	500 000
RFA Consulting – Corporate adviser to Sentula	6 800 000
JSE document inspection fees	18 131
Printing and postage	100 000
Press announcements	440 000
Miscellaneous fees	41 869
Total	8 600 000

All the above amounts are stated exclusive of VAT.

18. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at the office of Sentula, Ground Floor, Building 14, Woodlands Office Park, Woodmead, Johannesburg, 2080, during normal business hours from Monday, 15 March 2010 up to and including Tuesday, 30 March 2010:

- the memoranda and articles of association of the company and its subsidiaries;
- a copy of the agreement entered into between Sentula and Optimum Coal on 12 February 2010, together with copies of the Optimum Coal's letter of acceptance of the offer, the written unconditional guarantee issued by Standard Chartered Bank Plc and the resolution by the directors of Siyanda Coal approving the sale;
- copies of the irrevocable letters of undertaking referred to in paragraph 5 to this circular;
- the service contracts entered into between the executive directors and the company;
- the material contracts as set out in paragraph 10 to this circular;
- the signed independent reporting accountants' limited assurance report on the *pro forma* financial information of the company, the text of which is included as Annexure 2 to this circular;
- the audited annual financial statements of Siyanda Coal for the three financial years ended 28 February 2009;
- the reporting accountants' report on the historical financial information of Siyanda Coal for the three financial years ended 28 February 2009, the text of which is included as Annexure 4 to this circular;
- the interim financial information of Siyanda Coal for the six months ended 31 August 2009, as set out in Annexure 5 to this circular;
- the reporting accountants' report on the interim financial information of Siyanda Coal for the six months ended 31 August, the text of which is included as Annexure 6 to this circular;
- a copy of the Competent Person's Report, the executive summary of which is included in Annexure 7 to this circular;
- the written consent letters referred to in paragraph 16 above; and
- a signed copy of this circular.

19. GENERAL MEETING

A general meeting of Sentula shareholders will be held in the boardroom of Merchantec Capital, 2nd Floor, North Block, Hyde Park Office Towers, Corner 6th Road and Jan Smuts Avenue Hyde Park, 2196, at 10:00 on Tuesday, 30 March 2010, in order to consider and approve the resolutions set out in the notice of general meeting included in this circular.

A notice convening the general meeting and a form of proxy for use by certificated shareholders and dematerialised shareholders with "own name" registration who are unable to attend the general meeting, form part of this circular.

Certificated shareholders and dematerialised shareholders with "own name" registration, who are unable to attend the general meeting and wish to be represented thereat, must complete and return the attached form of proxy in accordance with the instructions contained therein.

Dematerialised shareholders, other than dematerialised shareholders with "own name" registration, who:

- are unable to attend the general meeting and wish to be represented thereat, must provide their CSDP or broker with their voting instructions, in terms of the custody agreement entered into between themselves and the CSDP or broker concerned, in the manner and within the time stipulated therein;
- wish to attend the general meeting, must instruct their CSDP or broker to issue them with the necessary written Letter of Representation to attend.

Signed by Robin Craig Berry as a director and on behalf of all the other directors of the company, he being duly authorised in terms of powers of attorney granted to him by such directors.

Johannesburg

Signed on 10 March 2010 on behalf of the Board as listed below in terms of powers of attorneys signed by such directors.

J G Best
G P Louw
P P Modisane
A Kawa
E H J Stoyell

UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF SENTULA

The table below sets out the unaudited *pro forma* financial information of the disposal and the rights offer which was implemented by Sentula during December 2009. The unaudited *pro forma* financial information, which is the responsibility of the directors of Sentula, has been prepared for illustrative purposes only and, because of its nature, may not present a fair reflection of Sentula's financial position, changes in equity, results of operations or cash flows.

The unaudited *pro forma* financial information is merely intended to provide information on how the disposal and the rights offer may have affected the income statement and balance sheet of Sentula for the six months ended 30 September 2009.

The unaudited *pro forma* financial effects have been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the reviewed results of Sentula for the six months ended 30 September 2009.

Unaudited *pro forma* income statement for the period ended 30 September 2009.

The unaudited *pro forma* income statement has been prepared on the assumption that the disposal and the rights offer was effective on 1 April 2009.

	Six months ended 30 September 2009 R'000	Adjustments for rights offer R'000	After rights offer R'000	Adjustments for disposal R'000	<i>Pro forma</i> after the disposal R'000
Revenue	1 188 416	–	1 188 416	–	1 188 416
Profit from operations	125 607	–	125 607	–	125 607
Finance expense	(109 804)	25 303	(84 501)	15 851	(68 650)
Income from investment in associate (net of tax)	23 944	–	23 944	(23 944)	–
Profit on sale of investment in associate	–	–	–	328 175	328 175
Profit before taxation	39 747	25 303	65 050	320 082	385 132
Taxation	(14 704)	(7 085)	(21 789)	(50 383)	(72 172)
Profit for the period	25 043	18 218	43 261	269 699	312 960
<i>Attributable to:</i>					
– Equity holders of Sentula	37 266	18 218	55 484	269 699	325 183
– Minority interest	(12 223)	–	(12 223)	–	(12 223)
Reconciliation of headline earnings:					
Net profit for the period attributable to owners of the company	37 266	18 218	55 484	269 699	325 183
Profit on the sale of plant and equipment	(3 336)	–	(3 336)	–	(3 336)
Tax effect of the above adjustment	934	–	934	–	934
Scrapping of assets	170	–	170	–	170
Tax effect of the above adjustment	–	–	–	–	–
Profit on disposal of associate	–	–	–	(328 175)	(328 175)
Tax effect of the above adjustment	–	–	–	45 945	45 945
Headline earnings attributed to ordinary shareholders	35 034	18 218	53 252	(12 531)	40 721
Basic earnings per share (cents)	16.2	(6.7)	9.5	46.5	56.0
Diluted basic earnings per share (cents)	16.2	(6.6)	9.5	46.5	56.0
Headline earnings per share (cents)	15.2	(6.0)	9.2	(2.2)	7.0
Diluted headline earnings per share (cents)	15.2	(6.0)	9.2	(2.2)	7.0

Unaudited *pro forma* balance sheet for the period ended 30 September 2009

The unaudited *pro forma* balance sheet has been prepared on the assumption that the disposal and the rights offer was effective on 30 September 2009.

	Six months ended 30 September 2009 R'000	Adjustments for rights offer R'000	After rights offer R'000	Adjustments for disposal R'000	<i>Pro forma</i> after the disposal R'000
ASSETS					
Non-current assets	3 921 776	–	3 921 776	(334 046)	3 587 730
Property, plant and equipment	2 718 517	–	2 718 517	–	2 718 517
Mineral rights	418 410	–	418 410	–	418 410
Intangible assets	15 153	–	15 153	–	15 153
Investment in equity-accounted associate	334 046	–	334 046	(334 046)	–
Goodwill	423 275	–	423 275	–	423 275
Deferred tax	12 375	–	12 375	–	12 375
Current assets	918 850	–	918 850	303 893	1 222 743
Inventories	335 839	–	335 839	–	335 839
Trade and other receivables	451 971	–	451 971	–	451 971
Cash and cash equivalents	131 040	–	131 040	303 893	434 933
TOTAL ASSETS	4 840 626	–	4 840 626	(30 153)	4 810 473
EQUITY AND LIABILITIES					
Share capital and premium	1 534 370	462 151	1 996 521	–	1 996 521
Reserves and retained earnings	641 810	–	641 810	281 524	923 334
Total equity attributable to the equity holders of the company	2 176 180	462 151	2 638 331	281 524	2 919 855
Minority interest	75 228	–	75 228	–	75 228
Total shareholders' funds	2 251 408	462 151	2 713 559	281 524	2 995 083
Liabilities					
Non-current liabilities	1 624 143	(400 000)	1 224 143	(311 677)	912 466
Loans and borrowings	1 380 564	(400 000)	980 564	(300 000)	680 564
Deferred tax	243 579	–	243 579	(11 677)	231 902
Current liabilities	965 075	(62 151)	902 924	–	902 924
Trade and other payables	417 134	–	417 134	–	417 134
Loans and borrowings	373 034	–	373 034	–	373 034
Bank overdraft	115 540	(62 151)	53 389	–	53 389
Taxation payable	59 367	–	59 367	–	59 367
Total liabilities	2 589 218	(462 151)	2 127 067	(311 677)	1 815 390
TOTAL EQUITY AND LIABILITIES	4 840 626	–	4 840 626	(30 153)	4 810 473
Net asset value per share (cents)	979.0	(529.2)	449.8	48.0	497.8
Net tangible asset value per share (cents)	788.0	(412.9)	375.1	47.9	423.0
Shares in issue at end of the period ('000)	235 566	350 993	586 559	–	586 559
Weighted average number of shares at end of the period ('000)	230 012	350 993	581 005	–	581 005
Diluted weighted average number of shares at end of the period ('000)	230 076	350 993	581 069	–	581 069

Notes:

1. Earnings per share and headline earnings per share, before the rights offer and the disposal, were extracted from the income statement included in the published reviewed results for the six months ended 30 September 2009.
2. Net asset value per share and net tangible asset value per share, before the rights offer and the disposal, were extracted from the balance sheet included in the published reviewed results for the six months ended 30 September 2009.
3. It is assumed that, in respect of the rights offer:
 - a. R501.9 million in cash was raised (prior to transaction and underwriting costs);
 - b. transaction and underwriting costs of R39.8 million (pre-tax) relating to professional, financial, legal and compliance fees were paid. This is not expected to have a continuing effect on Sentula;
 - c. R400.0 million of the net proceeds were used to repay a portion of the long-term debt facilities, with the remainder of the net proceeds being used to reduce the overdraft facility; and
 - d. the repayment of the long-term debt facilities resulted in an interest expense saving calculated at 10.95% of R25.3 million (pre-tax). This is expected to have a continuing effect on Sentula.
4. It is assumed that, in respect of the disposal:
 - a. the purchase consideration of R670 million is received;
 - b. transaction costs of R8.6 million (pre-tax) relating to professional, financial, legal and compliance fees are payable. This is not expected to have a continuing effect on Sentula;
 - c. CGT of R45.8 million (for income statement purposes) and R45.9 million (for balance sheet purposes) is realised and paid on the profit on the disposal (including of the CGT effect of transaction costs). This is not expected to have a continuing effect on Sentula;
 - d. deferred tax of R11.7 million becomes payable, which is settled from the purchase consideration;
 - e. R300.0 million of the purchase consideration (net tax paid and transaction costs) is used to repay a portion of the long-term debt facilities;
 - f. the remainder of the purchase consideration, being R303.9 million (for income statement purposes) and R303.8 million (for balance sheet purposes) is maintained as working capital;
 - g. the repayment of the long-term debt facilities results in interest expense savings of R16.8 million (pre-tax). This amount is calculated on an effective interest rate of 10.95%, being the average JIBAR for the interim period plus 4%. This is expected to have a continuing effect on Sentula;
 - h. income from associate of R23.9 million (net of tax) for the six months ended 30 September 2009 will be forfeited. This is expected to have a continuing effect on Sentula; and
 - i. a loan to Siyanda Coal, included in the value of investment in associate, will be repaid. As a result, interest income of R0.6 million (pre-tax) will be forfeited. This amount is based on the actual interest charged on the loan from Sentula to Siyanda Coal for the interim period. This is expected to have a continuing effect on Sentula.
5. Profits attributable to the net assets of Siyanda Coal on the disposal (net of tax and excluding transaction costs) amount to R289.6 million (for income statement purposes) and R288.9 million (for balance sheet purposes).
6. The *pro forma* financial effects on earnings per share and headline earnings per share (i.e. for income statement purposes) are calculated on the assumption that the rights offer and the disposal were effective on 1 April 2009.
7. The *pro forma* financial effects on net asset value per share and net tangible asset value per share (i.e. for balance sheet purposes) are calculated on the assumption that the rights offer and the disposal were effective on 30 September 2009.
8. Taxes have been calculated based on the normal tax rate of 28% and CGT at a rate of 14%.
9. All adjustments above are based on amounts extracted from the published audited and reviewed results for Sentula.

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION

"The Directors
Sentula Mining Limited
Ground Floor, Building 14
Woodlands Office Park
Woodmead
2080

10 March 2010

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL EFFECTS, INCOME STATEMENT AND BALANCE SHEET**Introduction**

We have performed our limited assurance engagement with regard to the unaudited *pro forma* financial effects, income statement and balance sheet (collectively, "the *pro forma* financial information") of Sentula Mining Limited ("Sentula") set out in paragraph 3.6 and Annexure 1, of the circular, to be dated on or about 15 March 2010 ("circular"), issued in connection with the disposal by Sentula of its 49.998% interest in and shareholder claims against Siyanda Coal (Proprietary) Limited, which operates the Koorfontein Coal Mine, to the purchaser, Optimum Coal Holdings Limited ("transaction").

The *pro forma* financial information has been prepared for purposes of complying with the requirements of the JSE Limited ("JSE"), for illustrative purposes only, to provide information about how the transaction might have affected the reported financial information had the transaction been undertaken on 1 April 2009 for income statement purposes and on 30 September 2009 for balance sheet purposes.

Because of its nature, the *pro forma* financial information may not present a fair reflection of the financial position, changes in equity, results of operations or cash flows of Sentula, after the transaction.

Directors' responsibility

The directors of Sentula are solely responsible for the compilation, contents and presentation of the *pro forma* financial information contained in the circular and for the financial information from which it has been prepared.

Their responsibility includes determining that the *pro forma* financial information contained in the circular has been properly compiled on the basis stated, the basis is consistent with the accounting policies of Sentula and the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information as disclosed in terms of the JSE Listings Requirements.

Reporting accountants' responsibility

Our responsibility is to express a limited assurance conclusion on the *pro forma* financial information included in the circular. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Guide on Pro Forma Financial Information issued by The South African Institute of Chartered Accountants.

This standard requires us to comply with ethical requirements and to plan and perform the assurance engagement to obtain sufficient appropriate audit evidence to support our limited assurance conclusion, expressed below.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* financial information, beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted reviewed published interim financial information of Sentula with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Sentula considering the evidence supporting the *pro forma* adjustments, recalculating the amounts based on the information obtained and discussing the *pro forma* financial information with the directors of Sentula.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of Sentula and other information from various public, financial and industry sources.

Whilst our work performed involved an analysis of the historical reviewed published financial information and other information provided to us, our limited assurance engagement does not constitute either an audit or review of any of the underlying financial information undertaken in accordance with the International Standards on Auditing or the International Standards on Review Engagements and, accordingly, we do not express an audit or review opinion.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe that our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Opinion

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that, in terms of sections 8.17 and 8.30 of the JSE Listings Requirements:

- the *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of Sentula; and
- the adjustments are not appropriate for the purposes of the *pro forma* financial information as disclosed pursuant to section 8.30 of the JSE Listings Requirements.

Consent

We consent to the inclusion of this letter and the reference to our opinion in the circular to be issued by Sentula in the form and context in which it appears.

Yours faithfully

KPMG Inc.

Per **Mickey Bove**
Chartered Accountant (SA)
Registered Auditor
Director"

HISTORICAL FINANCIAL INFORMATION OF SIYANDA COAL FOR THE THREE FINANCIAL YEARS ENDED 28 FEBRUARY 2009

The historical information of Siyanda Coal has been extracted, without adjustment, from the published results of Siyanda Coal for the financial years ended 28 February 2007, 29 February 2008 and 28 February 2009, respectively.

The historical information is the responsibility of the directors of Siyanda Coal.

KPMG acted as Reporting Accountant and their report on the historical financial information of Siyanda for the years ended 28 February 2007, 29 February 2008 and 28 February 2009, respectively, is set out in Annexure 4 to this circular.

There has been no material change in the nature of the business of Siyanda Coal during the past three years. There are no other materials facts or circumstances that have occurred between the latest financial year-end of Siyanda Coal and the last practicable date.

The audited financial information for the 2009 and 2008 years has been extracted from the audited results to 28 February 2009. These results were audited by KPMG and unqualified opinions were expressed.

The information for the 2007 year has been extracted from the audited results to 28 February 2007. These results were audited by KPMG and unqualified opinions were expressed.

The audited financial information has been prepared in terms of IFRS.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the special purpose interim financial statements of Siyanda Coal (Proprietary) Limited, comprising the consolidated statement of financial position as at 31 August 2009, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes and the directors' report, in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB), except for the requirement to present comparative information as the JSE Limited ("JSE") only requires the net assets and profits attributable to the net assets to be included in the circular.

The consolidated interim financial statements have been prepared to reflect the financial position and performance of the company for the interim period ended 31 August 2009. Sentula intends to sell its shareholding in the company and is required to disclose the value of net assets that are subject to the transaction and the profits attributable to the net assets in its circular to the JSE. Accordingly, the reviewed information from these financial statements will be included in Sentula's circular.

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 assessments of the group's ability to continue as a going concern and have no reason to believe that the group will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the special purpose financial statements are fairly presented in accordance with the applicable financial reporting framework.

GENERAL INFORMATION

Siyanda Coal, trading as Koornfontein Mines, is a private company domiciled in South Africa. The company commenced its operating activities on 1 July 2007 after successfully acquiring the business of Koornfontein Mine, a coal mine situated about 50 kilometres from Emalahleni (Witbank) in Mpumalanga (refer note 22.2).

BUSINESS ACTIVITIES AND OPERATIONS

Koornfontein Mine is an underground coal mine whose principal activities are the exploration, mining and marketing of coal, for the local and export markets. The company has recorded an operating profit of R188.0 million (2008: a profit of R400.2 million) for the year under review against the backdrop of a 3.1 million tonnes (2008: 1.9 million tons) of coal production. The “decrease” in profit is mainly due to the negative goodwill of R398.4 million which was recognised in the income statement for the 2008 financial year on the formation of the business combination (refer note 22.2).

SHARE CAPITAL AND SHAREHOLDING

The authorised and issued share capital of the company amounts to 100 000 ordinary shares of R0.01 each allotted as follows:

- Main Street 431 (Proprietary) Limited – 50 002 ordinary shares of R0.01 at par value.
- Sentula Limited – 49 998 ordinary shares of R0.01 at par value.

There was no change in the authorised or issued share capital of the company for the year under review.

DIVIDENDS

The company declared and paid a dividend amounting to R3.0 million during the year under review.

HOLDING COMPANY

The company’s immediate holding company is Main Street 431 (Proprietary) Limited, a company incorporated in the Republic of South Africa.

SPECIAL PURPOSE ENTITY

The Koornfontein Rehabilitation Trust, a special purpose entity (“SPE”), has been founded with the sole purpose of the trust to act as the financial provider for environmental expenditure which the sole beneficiary, Siyanda Coal, is required to undertake to discharge the company of its statutory rehabilitation obligations. The trust manages funds to ensure that all rehabilitation obligations of the company, as prescribed by the South African Department of Minerals and Energy (“DME”), are met in as far as funds are available within the trust to pay for these rehabilitation obligations of the company. Any potential short fall remains the responsibility of the company.

POST-BALANCE SHEET EVENTS

In the opinion of the directors, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of material or unusual nature likely, in the opinion of the directors, to affect significantly the operations of the company, the result of those operations, or the state of affairs of the company in subsequent financial years.

DIRECTORS

The directors in office at the date of this report are:

Name	Appointed	Resigned
R C Berry	23 July 2008	
G P Louw	23 July 2008	
L B Mthwa	12 July 2006	
T C Zungu	25 March 2009	
N S Nematswerani	21 August 2006	25 March 2009

STATEMENT OF FINANCIAL POSITION

	Audited 28 February 2009 R'000	Audited 29 February 2008 R'000	Audited 28 February 2007 R'000
ASSETS			
Property, plant and equipment	738 140	705 129	–
Investment in environmental rehabilitation trust	149 235	149 235	–
Other investments	143 810	144 120	–
Total non-current assets	1 031 185	998 484	–
Inventories	33 555	63 271	–
Trade and other receivables	59 631	29 872	10 200
Derivative financial instruments	–	4 960	–
Cash and cash equivalent	167 185	27 957	631
Total current assets	260 371	126 060	10 831
Total Assets	1 291 556	1 124 544	10 831
EQUITY AND LIABILITIES			
Share capital	1	1	1
Retained earnings	587 541	402 531	2 326
Total equity	587 542	402 532	2 327
Long-term liabilities	152 275	231 791	6 642
Provisions	186 949	164 307	–
Deferred tax liability	196 039	135 603	1 460
Total non-current liabilities	535 263	531 701	8 102
Derivative financial liabilities	–	4 109	–
Loans and borrowings	59 489	74 137	–
Receiver of Revenue	12 992	290	–
Trade and other payables	96 270	111 775	402
Total current liabilities	168 751	190 311	402
Total liabilities	704 014	722 012	8 504
Total Equity and Liabilities	1 291 556	1 124 544	10 831
Net asset value per share (cents)	587 542	402 532	2 327
Tangible net asset value per share (cents)	587 542	402 532	2 327
Shares in issue at end of the year ('000)	100	100	100
Weighted average number of shares at end of the year ('000)	100	100	100
Diluted weighted average number of shares at end of the year ('000)	100	100	100

INCOME STATEMENT

	Audited year ended 28 February 2009 R'000	Audited year ended 29 February 2008 R'000	Audited year ended 28 February 2007 R'000
Revenue	1 340 532	462 323	1 000
Employee related expenses	(242 518)	(123 307)	–
Other operating expenses	(787 581)	(293 289)	(1960)
Operating profit/(loss) before negative goodwill	310 433	45 727	(960)
Negative goodwill	–	398 353	–
Operating profit/(loss) before financing cost	310 433	444 080	(960)
Finance income	10 391	–	–
Finance expense	(59 376)	(39 497)	(361)
Profit/(Loss) before tax	261 448	404 583	(1 321)
Income tax expense	(73 438)	(4 378)	(185)
Profit/(Loss) after tax	188 010	400 205	(1 506)
Reconciliation of headline earnings			
Profit after tax	188 010	400 205	(1 506)
Negative goodwill	–	(398 353)	–
Headline earnings/(loss)	188 010	1 852	(1 506)
Earnings/Loss per share (cents)			
– Basic	188 010	400 205	(1 506)
– Diluted	188 010	400 205	(1 506)
Headline earnings/(loss) per share (cents)			
– Basic	188 010	1 852	(1 506)
– Diluted	188 010	1 852	(1 506)
Dividends per share (cents)			
– Interim	–	–	–
– Final	3 000	–	–
	3 000	–	–

STATEMENT OF CHANGES IN EQUITY

for the year ended 29 February 2008

	Share Capital R'000	Retained Income R'000	Total R'000
Balance at 1 May 2006	–	–	–
Issue of shares	1	–	1
Fair value adjustment on initial recognition of initial shareholder's loans	–	5 397	5 397
Less deferred tax effect	–	(1 565)	(1 565)
Loss for the year	–	(1 506)	(1 506)
Balance at 28 February 2007	1	2 326	2 327
Profit for the year as restated	–	400 205	400 205
Restated balance at 29 February 2008	1	402 531	402 532
Profit for the year	–	188 010	188 010
Dividends paid	–	(3 000)	(3 000)
Balance at 28 February 2009	1	587 541	587 542

CASH FLOW STATEMENT

for the years ended 28 February

	Audited year ended 28 February 2009 R'000	Audited year ended 29 February 2008 R'000	Audited year ended 28 February 2007 R'000
Cash generated from operating activities			
Cash generated from operations	387 589	92 214	(11 048)
Dividends paid	(3 000)	–	–
STC paid	(300)	–	–
Finance income	10 391	–	–
Finance expense	(43 001)	(29 411)	–
Net cash inflow from operating activities	351 679	62 803	(11 048)
Cash flows from investing activities			
Acquisition of property, plant and equipment	(117 817)	(53 959)	–
Movement in other investments	310	(1 120)	–
Acquisition of business	–	(279 000)	–
Net cash inflow from investing activities	(117 507)	(334 079)	–
Cash flows from financing activities			
Share capital raised	–	–	1
Shareholder's loans (repaid)/raised	(46 299)	89 744	11 678
Other loans (repaid)/raised	(48 645)	208 858	–
Net cash from financing activities	(94 944)	298 602	11 679
Net increase in cash and cash equivalents	139 228	27 326	631
Cash and cash equivalents at beginning of year	27 957	631	–
Cash and cash equivalents at end of year	167 185	27 957	631

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Siyanda Coal (Proprietary) Limited is a private company domiciled in South Africa. The consolidated financial statements of the company as at and for the years ended 28 February 2009, 29 February 2008 and 28 February 2007 comprise the company and its special purpose entity (together referred to as the "group" and individually as "group entities"). The group is primarily involved in coal mining.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The company financial statements and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) and the requirements of the South African Companies Act.

2.2 Basis of measurement

These financial statements are prepared on the historical cost basis, except for the following:

- derivative financial instruments are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value; and
- available-for-sale financial assets are measured at fair value.

2.3 Functional and presentation currency

These financial statements are presented in South African Rands, which is also the company's functional currency. All financial information presented in Rands has been rounded to the nearest thousand unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Note 9	Property, plant and equipment
Note 11	Other investments (available for sale financial asset)
Note 22.2	Acquisition of businesses
Notes 18	Provisions
Note 23	Financial instruments

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by group entities.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

3.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the group. Control exists when the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the group.

Special purpose entities

The group has established a special purpose entity ("SPE") for investment purposes. The group does not have any direct or indirect shareholding in this entity. A SPE is consolidated if, based on an evaluation of the substance of its relationship with the group and the SPE's risk and rewards, the group concludes that it controls the SPE. The SPE controlled by the group was established under terms that impose strict limitations on the decision-making powers of the SPE's management and that results in the group receiving the majority of the benefits related to the SPE's operations and net assets, being exposed to risks incident to the SPE's activities and retaining the majority of the residual or ownership risks related to the SPE or its assets.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Goodwill

Goodwill (negative goodwill) arises on the acquisition of subsidiaries, associates, special purpose entities and joint ventures. Goodwill represents the excess of the cost of the acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss.

Acquisitions of minority interests

Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of exchange.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currencies of group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at that reporting date are retranslated to the functional currency at the exchange rate at the date, the foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are recognised in profit or loss, except for the differences arising on the retranslation of available-for-sale equity instruments or qualifying cash flow hedges, which are recognised directly in equity.

3.3 Financial instruments

3.3.1 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Accounting for finance income and expense is discussed in note 3.11.

- **Available-for-sale financial assets**

The group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, and foreign exchange gains and losses on available-for-sale monetary items, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

- **Financial assets at fair value through profit or loss**

An instrument is classified at fair value through profit or loss if, it is held for trading, it is designated as such upon initial recognition or it is derivatives other than a hedging instrument. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

- **Trade and other receivables**

Subsequent to the initial recognition, trade and other receivables are measured at amortised cost, using the effective interest method, less any impairment losses.

- **Cash and cash equivalents**

Cash and cash equivalents are measured at amortised cost, which is considered to be equal to its fair value. Cash and cash equivalents comprise cash balances.

- **Financial liabilities**

Subsequent to initial recognition non-derivative financial liabilities are measured using the effective interest method.

3.3.2 Derivative financial instruments

The group holds derivative financial instruments to hedge its foreign currency risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

- **Economic Hedges**

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in profit or loss as part of foreign currency gains and losses.

3.4 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment at 1 July 2007, the date of the business combination, was determined by reference to its fair value at that date.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of the materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing items and restoring the site on which they are located. Costs may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition or constructions of qualifying assets are recognised in profit or loss as incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

3.5 Inventories

Coal stocks are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost comprises all costs of production on an average cost basis, including mining overheads, amortisation of mining assets and, where applicable, direct export costs to bring the inventory to its existing location and condition.

Consumable stores are valued at cost determined on an average cost basis. Obsolete, redundant and slow-moving inventories are written down to their net realisable value.

3.6 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Non-financial assets

The carrying amounts of the company and group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. In assessing its 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 the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

3.7 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

3.8 Environmental rehabilitation provision

Estimated long-term environmental obligations are based on the group's environmental management plan in compliance with current environmental and regulatory requirements. Full provision is made at the net present value, for the estimated cost of restoring the environmental disturbance that has occurred up to the balance sheet date. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean up at closure, in the view of the uncertainty of estimating the potential future proceeds. Movements in the obligation due to new estimates, additional environmental disturbances and changes in the discount rate or the inflation rate are either capitalised in property, plant and equipment should it relate to decommissioning cost and amortised over the remaining life of a specific asset or expensed.

Movements in the provisions due to the unwinding of the discount on the net present value of the obligation are expensed in the income statement.

3.9 Provisions

A provision is recognised if, as a result of a past event, the group has present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.10 Revenue

Revenue from the sale of goods is measured at the fair value of the consideration received (excluding VAT) or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is not continuing management involvement with the goods and the amount of revenue can be measured reliably.

3.11 Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss using the effective interest method. Dividend income is recognised in profit or loss on the date that the group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets and losses on hedging instruments that are recognised in profit or loss. All borrowings are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

3.12 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date and any adjustment to tax payable in respect of the previous year.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same tax entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

3.13 Employee benefits

Short-term benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service.

The provisions for the employee entitlements to wages, salaries, annual and sick leave represent the amount which the company and group has a present obligation to pay as a result of employees' services provided to the reporting date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates.

Defined contribution plans

The company and group contributes to several defined contribution plans. Contributions to defined contribution funds are charged against income as incurred.

3.14 New standards and interpretations not yet adopted

The following standards/interpretations issued but not yet effective will not be applicable to, or have any effect on the company or group:

Standard/Interpretation		Effective date
IAS 27 amendment	<i>Consolidated and Separate Financial Statements</i>	Annual periods commencing on or after 1 July 2009
IAS 32 and IAS 1 amendment	<i>IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation</i>	Annual periods commencing on or after 1 January 2009
IAS 39 amendment	<i>Eligible Hedged Items</i>	Annual periods commencing on or after 1 July 2009
Various	<i>Improvements to IFRSs 2008</i>	Annual periods commencing on or after 1 January 2009 or 1 July 2009
IFRS 1 and IAS 27 amendment	<i>Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	Annual periods commencing on or after 1 January 2009
IFRS 2 amendment	<i>IFRS 2 Share-based Payment: Vesting Conditions and Cancellations</i>	Annual periods commencing on or after 1 January 2009
IFRS 3	<i>Business Combinations</i>	Annual periods commencing on or after 1 July 2009
IFRS 8	<i>Operating Segments</i>	Annual periods commencing on or after 1 January 2009
IFRIC 13	<i>Customer Loyalty Programs</i>	Annual periods commencing on or after 1 July 2008
IFRIC 15	<i>Agreements for the Construction of Real Estate</i>	Annual periods commencing on or after 1 January 2009
IFRIC 16	<i>Hedges of a Net Investment in a Foreign Operation</i>	Annual periods commencing on or after 1 October 2008

The following standards will affect the group when the standards are effective. The effects are also discussed below:

Amendment to IAS1 – Presentation of Financial Statements – Revised Presentation

This amendment is effective for periods commencing on or after 1 January 2009. The changes are expected to affect terminology and disclosures. However, the main change is a requirement to present all non-owner changes in equity as follows:

- in a single statement of comprehensive income (which include some income statement line items); or
- in a statement of comprehensive income (which includes only non-owner equity changes). In addition, an income statement is also disclosed.

IAS 23 – Borrowing Cost

This amendment is effective for periods commencing on or after 1 January 2009.

The company and group will capitalise borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets that commence on or after 1 March 2009. There are currently no qualifying assets. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

	2009	2008	2007
	R'000	R'000	R'000
4. REVENUE			
Sale of coal	1 340 532	462 323	1 000
5. OPERATING PROFIT BEFORE NEGATIVE GOODWILL			
is arrived at after taking into account:			
Auditor's remuneration			
– Audit	555	275	–
– Other services	63	31	–
– Expenses	26	13	–
Change in estimate: Rehabilitation provision	3 441	–	–
Depreciation	88 412	49 621	–
Foreign exchanges losses/(gains)	15 781	(3 676)	–
Royalties	517	–	–
6. NEGATIVE GOODWILL			
Amounts recognised as income:			
Acquisition of business – Koorfontein Mines (refer to note 22.2)	–	398 353	–
	–	398 353	–
Negative goodwill arose from business combinations and represents the excess of the fair value of identifiable assets, liabilities and contingent liabilities over the purchase price.			
7. NET FINANCE EXPENSE			
Finance income			
Interest received	(10 391)	–	–
	(10 391)	–	–
Finance expenses			
Interest paid on Investec Bank Limited's loans	30 472	21 285	–
Interest paid on shareholders' loans	12 529	8 126	–
Unwinding of discount on:			
Initial shareholders' loans (refer note 17.1)	780	685	361
Rehabilitation provision (refer note 18)	15 595	9 401	–
	59 376	39 497	361
Net finance expenses	48 985	39 497	361

	2009 R'000	2008 R'000	2007 R'000
8. INCOME TAX EXPENSE			
Normal tax expense	12 702	–	290
Secondary Tax on Companies	300	–	–
Deferred tax expense			
Origination and reversal of temporary differences:			
– Current year	60 958	8 753	(105)
– Prior year adjustments	(522)	–	–
Reduction in tax rate as restated	–	(4 375)	–
	60 436	4 378	105
	73 438	4 378	185

	%	R'000
2009		
Reconciliation of effective tax rate		
Profit before income tax		261 448
Income tax using the company's effective tax rate	28.1	73 438
Non-deductible expenses	(0.3)	(899)
Non-taxable income	0.1	444
Prior year adjustments	0.2	522
STC	(0.1)	(300)
Standard tax rate	28.0	73 205
2008		
Reconciliation of effective tax rate		
Profit before income tax		404 583
Income tax using the company's effective tax rate	1.1	4 378
Non-deductible expenses	(1.7)	(6 946)
Non-taxable income	28.5	115 310
Tax rate change	1.1	4 375
Standard tax rate	29.0	117 117
2007		
Reconciliation of effective tax rate		
Profit before income tax		(1 321)
Income tax using the company's effective tax rate	(29.0)	(383)
Non-deductible expenses	43.0	568
Non-taxable income	–	–
Prior year adjustments	–	–
STC	–	–
Tax rate change	–	–
Standard tax rate	14.0	185

No deferred taxation was recognised on the equity in respect of the group during the current year or prior year. The group had an unredeemed capital allowance of R185.295 million at the end of the prior year which was fully utilised during the past year.

9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings R'000	Plant and equipment R'000	Other mineral assets R'000	Total R'000
2009				
Cost				
At beginning of year	149 645	573 105	32 000	754 750
Acquisition through business combination	–	117 817	–	117 817
Additions	3 606	–	–	3 606
At the end of year	153 251	690 922	32 000	876 173
Accumulated depreciation				
At beginning of year	10 116	39 505	–	49 621
Charge for the year	10 836	77 328	248	88 412
At the end of year	20 952	116 833	248	138 033
Carrying value at 28 February 2009	132 299	574 089	31 752	738 140
2008				
Cost				
At beginning of year	–	–	–	–
Acquisition through business combination	149 645	519 146	32 000	700 791
Additions	–	53 959	–	53 959
At the end of year	149 645	573 105	32 000	754 750
Accumulated depreciation				
At beginning of year	–	–	–	–
Charge for the year	10 116	39 505	–	49 621
At the end of year	10 116	39 505	–	49 621
Carrying value at 29 February 2008	139 529	533 600	32 000	705 129
2007				
Cost				
At beginning of year	–	–	–	–
Acquisition through business combination	–	–	–	–
Additions	–	–	–	–
At the end of year	–	–	–	–
Accumulated depreciation				
At beginning of year	–	–	–	–
Charge for the year	–	–	–	–
At the end of year	–	–	–	–
Carrying value at 28 February 2007	–	–	–	–

The land and buildings acquired through the business combination from BHP Billiton Energy Coal S.A. Limited have not yet been registered in the name of the company at year-end.

The land and buildings and mining rights are encumbered through mortgage bonds, to be registered, which will serve as security for the Investec Bank Limited facilities (refer note 17).

A general notarial bond is registered over all movable assets of the company as security for the Investec Bank Limited facilities (refer note 17).

A register of properties and mineral rights is available for inspection by shareholders at the registered office of the company.

	2009 R'000	2008 R'000	2007 R'000
10. INVESTMENT IN ENVIRONMENTAL REHABILITATION TRUST (RESTRICTED)			
At the beginning of the year	149 235	–	–
Acquisition through business combination	–	149 235	–
	149 235	149 235	–

11. OTHER INVESTMENTS

Richards Bay Coal Terminal (“RBCT”)

Available for sale financial asset	143 000	143 000	–
Quatro loan	757	528	–
Long-term loan	53	592	–
	143 810	144 120	–

The available for sale financial asset consists of 15 832 phase 1 ordinary shares in the issued share capital of RBCT entitling the company to export 1.5 million tons of coal per annum. The fair value is determined by investment to a comparative transaction in the market. These shares are pledged and ceded as security for the Investec Bank Limited facilities (refer note 17).

The Quatro loan bears interest at the SARS official rate. This loan becomes repayable after the commissioning of the RBCT project, over various periods, based on the useful lives of the underlying assets financed by the loan.

The long-term loan is interest free and no terms of repayment have been set.

Sanlam (through its investment linked product company – Glacier) (Restricted)

Financial asset at fair value through profit or loss (ICS Abs Return Mine Rehabilitation Provision Fund – Portfolio)	–	–	–
	143 810	144 120	–

The current value of the Rehabilitation provision for the company is estimated at R186.949 million (2008: R164.307 million) (refer note 18).

12. INVENTORIES

Coal inventory	27 043	53 863	–
Consumables	6 512	9 408	–
	33 555	63 271	–

	2009 R'000	2008 R'000	2007 R'000
13. TRADE AND OTHER RECEIVABLES			
Trade receivables	47 121	16 975	200
Less: Impairment losses	(827)	(2 412)	–
Net trade receivables	46 294	14 563	200
Ingwe Rehabilitation Trust	–	–	–
Sundry receivables	1 981	2 420	–
	48 275	16 983	200
BECSA deposit	–	–	10 000
Prepayments	3 015	2 134	–
Value-added tax	8 341	10 755	–
	59 631	29 872	10 200

The book debts are ceded as security for the Investec Bank Limited facilities (refer note 17)

14. DERIVATIVE FINANCIAL INSTRUMENTS

Financial assets

Call options	–	4 960	–
--------------	---	-------	---

Financial liabilities

Put options	–	4 085	–
Foreign exchange contracts	–	24	–
	–	4 109	–

Refer to note 23.2 for further disclosure.

15. CASH AND CASH EQUIVALENTS

Bank balances	18 256	24 638	631
Call deposits	123 022	3 314	–
Fixed deposits – restricted cash	25 901	–	–
Petty cash	6	5	–
	167 185	27 957	631

16. SHARE CAPITAL

Authorised

100 000 (2008: 100 000 and 2007: 100 000)
ordinary shares of R0.01 each

1	1	1
---	---	---

Issued and fully paid

100 000 (2008: 100 000 and 2007: 100 000)
ordinary share of R0.01 each

1	1	1
---	---	---

Capital management

The company and group's objectives when managing capital are to safeguard the company's and group's ability to continue as going concerns, so that they can provide returns to their members. The directors regard the total equity as capital and manages this capital by adjusting the amount of dividends payable to members when applicable, issue new shares when necessary and repurchase shares when necessary.

The company and group do not have any external imposed capital requirements.

	2009 R'000	2008 R'000	2007 R'000
17. LOANS AND BORROWINGS			
17.1 Non-current liabilities			
Secured			
Investec Bank Limited			
– Senior term facility	127 683	173 664	–
Investec Bank Limited			
– Capital expenditure facility	13 488	16 139	–
Both the Senior term facility and the Capital expenditure facility are secured through the registration of a first ranking general notarial bond over all movable assets of the company for a maximum principle sum of R350 million and an additional sum of 20% of that amount. The loans bear interest at the prime overdraft rate plus 1% per annum and are repayable by 16 July 2012. These loans are secured through the following:			
– a mortgage bond, to be registered, over the fixed properties of the company;			
– a pledge and cession over the RBCT shares;			
– a mining rights mortgage bond, to be registered over the company's mining rights;			
– an unlimited cession of book debts;			
– a cession of company's bank accounts and cash balances; and			
– a cession of the company's policies and contracts of insurance.			
Unsecured			
Ordinary shareholders' loans			
Main Street 431 (Proprietary) Limited	20 736	46 112	839
Sentula Limited	24 387	45 310	–
Coronation Capital	–	–	420
Investec Bank Limited	–	–	419
Carrying value	45 123	91 422	1 678
The ordinary shareholders' loans are unsecured, bear interest at the prime overdraft rate and are repayable by 16 July 2012.			
Initial shareholders' loans			
Main Street 431 (Proprietary) Limited	5 000	5 000	5 000
Sentula Limited	5 000	5 000	–
Coronation Capital	–	–	2 500
Investec Bank Limited	–	–	2 500
Gross value	10 000	10 000	10 000
Less: Fair value adjustment on initial recognition	(5 397)	(5 397)	(5 397)
Fair value at initial recognition	4 603	4 603	4 603
Unwinding of discount – at the beginning of the year	1 046	361	–
Unwinding of discount – current year (refer note 7)	780	685	361

	2009	2008	2007
	R'000	R'000	R'000
Carrying value	6 429	5 649	4 964
The initial shareholders' loans are unsecured, bear no interest and are repayable by 16 July 2012. The loans were discounted at a rate of 13% per annum. They are subordinated to all of the other obligations owing by the company to its shareholders and its creditors from time to time.			
	192 723	286 874	6 642
Current portion included in current liabilities	(40 448)	(55 083)	–
	152 275	231 791	6 642

17.2 Current liabilities

Secured

Investec Bank Limited – Working capital facility	19 041	19 054	–
---	---------------	---------------	----------

The Working capital facility is secured through the registration of a first ranking general notarial bond over all movable assets of the company for a maximum principle sum of R350 million and an additional sum of 20% of that amount. The loan bears interest at the prime overdraft rate plus 1% per annum and is repayable within a year from 27 August 2008. The Working capital facility is also secured through the following:

- a mortgage bond, to be registered, over the fixed properties of the company;
- a pledge and cession over the RBCT shares;
- a mining rights mortgage bond, to be registered over the company's mining rights;
- an unlimited cession of book debts;
- a cession of company's bank accounts and cash balances; and
- a cession of the company's policies and contracts of insurance.

Current portion of long-term liabilities	40 448	55 083	–
	59 489	74 137	–

	2009	2008	2007
	R'000	R'000	R'000
18. PROVISIONS			
Rehabilitation			
Balance at beginning of the year	164 307	–	–
Amount recognised through business combination	–	154 906	–
Change in estimate:			
– Rehabilitation asset (refer note 9)	3 606	–	–
– Profit or loss (refer note 5)	3 441	–	–
Unwinding of discount (refer note 7)	15 595	9 401	–
	186 949	164 307	–

The provision is discounted at a weighted average rate of 8.4% (2008: 8.87%) per annum.

While the ultimate amount of rehabilitation cost to be incurred in the future is uncertain, the group recognised the above position at year-end.

19. DEFERRED TAX LIABILITY

Balance at beginning of the year	135 603	1 460	–
Amount recognised in equity	–	–	1 565
Amount recognised through business combination	–	129 765	–
Income statement charge (refer note 8)	60 436	4 378	(105)
	196 039	135 603	1 460
<i>Comprising:</i>			
Capital allowances	196 663	136 999	–
Income received in advance	–	(9 345)	–
Initial shareholders' loans	999	1 218	1 460
Investment in environmental rehabilitation trust	41 786	41 786	–
Investment in RBCT	12 068	12 068	–
Leave pay	(4 039)	(1 117)	–
Provision for obsolete stock	(102)	–	–
Rehabilitation provision	(51 336)	(46 006)	–
	196 039	135 603	1 460

The above balances also represent the movements in these temporary differences for the year.

20. TRADE AND OTHER PAYABLES

Other payables	2 621	16 208	290
Royalty payable	517	–	–
Trade payables	69 514	46 767	112
	72 652	62 975	402
Income received in advance	–	33 375	–
Employee related liabilities	23 618	15 425	–
	96 270	111 775	402

21. PRIOR YEAR ADJUSTMENTS

On 1 July 2007, Siyanda Coal (Proprietary) Limited acquired the assets and liabilities of Koornfontein Mines, a division of BHP Billiton Energy Coal South Africa Limited (refer note 22.2).

Subsequent to the initial recognition of the transaction the following adjustments were made retrospectively:

	2009 R'000	2008 R'000	2007 R'000
Property, plant and equipment			
Recognised value on acquisition as previously stated	–	704 791	–
Adjustment to mineral assets (refer below)	–	(4 000)	–
Recognised value on acquisition as restated	–	700 791	–
Non-current liabilities			
Unsecured – BHP Billiton Energy Coal South Africa Limited (deferred future payment)			
Recognised value on acquisition as previously stated	–	65 270	–
Adjustment to deferred future payment (see below)	–	(65 270)	–
Recognised value on acquisition as restated	–	–	–
Unwinding of discount as previously stated	–	5 852	–
Adjustment to unwinding of discount (see below)	–	(5 852)	–
Unwinding of discount as restated	–	–	–
Deferred tax liability			
Recognised value on acquisition as previously stated	–	130 496	–
Adjustment to deferred tax on mineral assets (refer below)	–	(731)	–
Recognised value on acquisition as restated	–	129 765	–
Negative goodwill			
Negative goodwill on acquisition as previously stated	–	336 352	–
Adjustment to mineral assets (refer above)	–	(4 000)	–
Adjustment to deferred tax on mineral assets (refer below)	–	731	–
Adjustment to deferred future payment (refer above)	–	65 270	–
Negative goodwill on acquisition as restated	–	398 353	–
Finance expenses			
Finance expenses as previously stated	–	45 349	–
Adjustment to unwinding of discount on deferred future payment (refer above)	–	(5 852)	–
Finance expenses as restated	–	39 497	–
Deferred tax expense			
Deferred tax expense as previously stated	–	4 353	–
Adjustment to reduction in tax rate	–	25	–
Deferred tax expense as restated	–	4 378	–
Profit for the year			
Profit for the year as previously stated	–	332 377	–
Adjustments to negative goodwill:			
– In respect of mineral asset (refer above)	–	(4 000)	–
– In respect of deferred tax on mineral assets (refer above)	–	731	–
– In respect of non-current liability (refer above)	–	65 270	–
Adjustment to finance expenses (refer above)	–	5 852	–
Adjustment to deferred tax expense (refer above)	–	(25)	–
Profit for the year as restated	–	400 205	–

	2009 R'000	2008 R'000	2007 R'000
22. CASH FLOW STATEMENT NOTES			
22.1 Cash generated from operations			
Profit before income tax	261 448	404 583	(1 321)
Adjusted for non-cash flow items:			
Change in estimate of rehabilitation provision	3 441	–	–
Depreciation of property, plant and equipment	88 412	49 621	–
Finance expenses	43 001	29 411	–
Finance income	(10 391)	–	–
Negative goodwill	–	(398 353)	–
Unwinding of discount	16 375	10 086	361
	402 286	95 348	(960)
Changes in working capital			
Decrease/(Increase) in inventories	29 716	(33 860)	–
(Increase)/Decrease in trade and other receivables	29 759	(1 352)	(10 200)
(Decrease)/Increase in trade and other payables	(15 505)	30 225	112
Decrease/(Increase) in derivative financial instruments	851	(851)	–
	540 867	90 498	(11 048)

22.2 Acquisition of business

On 1 July 2007, Siyanda Coal (Proprietary) Limited acquired the assets and liabilities of Koornfontein Mines, a division of BHP Billiton Energy Coal South Africa Limited.

All the operating profit in the company is attributable to the business that was acquired.

The acquisition had the following effect on the company's assets and liabilities on acquisition date:

	Pre-acquisition carrying amounts R'000	Fair value adjustments as restated R'000	Recognised values in acquisition R'000
2008			
Property, plant and equipment	267 457	433 334	700 791
Investment in rehabilitation trust fund	149 235	–	149 235
Investment in RBCT	–	143 000	143 000
Inventories	29 412	–	29 412
Trade and other receivables	21 024	–	21 024
Deferred taxation	(21 970)	(107 795)	(129 765)
Provisions	(164 309)	9 403	(154 906)
Trade and other payables	(81 438)	–	(81 438)
			677 353
Negative goodwill on acquisition as restated (refer note 6 and note 21)			(398 353)
Consideration paid (by means of loans)			279 000

Pre-acquisition carrying amounts were determined based on applicable IFRS's immediately before the acquisition. The values of assets, liabilities, and contingent liabilities recognised on acquisition are their estimated fair values.

23. FINANCIAL INSTRUMENTS

Financial risk management

The company and group have exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the company and group's exposure to each of the above risks, the company and group's objectives, policies and processes for measuring and managing these risks.

23.1 Credit risk

Credit risk is the risk of financial loss to the company and group if a customer or counterparty to a financial instrument fail to meet its contractual obligations and arises principally from the company and group's trade receivables and investment securities.

Trade and other receivables

The company's and group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Most of the company and group's customers have been transacting with the company and group from its inception.

Trade receivables comprises of a small number of major organisations. Ongoing credit evaluations are performed on the financial condition of these trade receivables.

The company and group established an allowance for impairment that represents their estimate of incurred losses in respect of trade and the receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

Investments

The company and group limit their exposure to credit risk by only investing in liquid securities and only with counterparties that have a good credit rating.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure to credit risk at reporting date was:

	2009	2008	2007
	R'000	R'000	R'000
Investment in environmental rehabilitation trust	149 235	149 235	–
Available for sale financial asset	143 000	143 000	–
Other loans	810	1 120	–
Trade and other receivables	50 256	19 403	200
Derivative financial assets	–	4 960	–
Cash and cash equivalents	167 185	27 957	–
	510 486	345 675	200

All outstanding trade receivables at the reporting date relate to sales within South Africa therefore credit risk per geographic area is limited to South Africa.

Impairment losses

The ageing of trade receivables at reporting date was:

	Gross R'000	Impairment R'000
2009		
Not past due (0 – 30 days)	45 060	–
Past due (31 – 60 days)	11	–
Past due (more than 60 days)	2 050	(827)
	47 121	(827)
2008		
Not past due (0 – 30 days)	13 057	–
Past due (31 – 60 days)	2	–
Past due (more than 60 days)	3 916	(2 412)
	16 975	(2 412)
2007		
Not past due (0 – 30 days)	200	–
Past due (31 – 60 days)	–	–
Past due (more than 60 days)	–	–
	200	–

23.2 Liquidity risk

Liquidity risk is the risk that the company and group will not be able to meet its financial obligations as they fall due.

The company and group has minimised its liquidity risk by ensuring that adequate banking facilities and reserve borrowing capacity are available.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Contractual				
	Carrying Amount R'000	cash flow R'000	Less than 1 year R'000	1 to 2 years R'000	More than 2 years R'000
Non-derivative financial liabilities					
Secured bank loans – non-current	141 171	180 767	53 899	52 278	74 590
Secured bank loans – current	19 041	21 897	21 897	–	–
Shareholders' loans	51 552	66 295	16 911	17 509	31 875
Trade and other payables	72 652	72 652	72 652	–	–
Non-derivative financial liabilities					
Secured bank loans – non-current	189 803	264 763	59 640	59 914	145 209
Secured bank loans – current	19 054	19 960	19 960	–	–
Shareholders' loans	97 071	129 208	42 766	22 382	64 060
Trade and other payables	62 975	62 975	62 975	–	–
Derivative financial instruments					
Call options	(4 960)	(4 960)	(4 960)	–	–
Put options	4 085	4 085	4 085	–	–
Foreign exchange contracts	24	24	24	–	–

23.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company and group's income or the value of their holdings of financial instruments.

Currency risk

Exposure to currency risk

The company and group are exposed to the US Dollar currency principally as a result of their US Dollar export revenues. There were however no outstanding foreign currency trade debtors at the reporting date. The company and group's policy is that such exposure can be hedged at management's discretion within certain pre-defined limits, otherwise Board approval is required.

The company and group's exposure to foreign currency risk at the reporting date were as follows:

	USD'000	USD'000	USD'000
Cash and cash equivalents US Dollar	1 241	2 729	–
Average rate	8.26	6.90	N/A
Reporting date spot rate	9.90	7.59	N/A

Sensitivity analysis

A 5% strengthening or weakening of the Rand against the US Dollar at the reporting date would have increased/(decreased) the company and group's profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2009 R'000	2008 R'000	2007 R'000
US Dollar 5% Strengthening	(614)	(1 034)	–
5% Weakening	614	1 034	–

Interest rate risk

At the reporting date the interest rate profile of the company and group's interest-bearing financial instruments were as follows:

	2009 R'000	2008 R'000	2007 R'000
Variable rate instruments			
Financial assets	167 185	32 917	–
Financial liabilities	(205 335)	(304 388)	(1 678)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Variable rate financial asset – Profit or (loss)

100 basis points increase	1 672	329	–
100 basis points decrease	(1 672)	(329)	–

Variable rate financial liabilities – Profit or (loss)

100 basis points increase	(2 053)	(3 044)	(17)
100 basis points decrease	2 053	3 044	17

Other market price risk

Equity price risk arises from the available-for-sale equity security (refer to note 11 for full details).

Equity price risk also arises from the financial asset at fair value through profit or loss. The primary goal of the company and group's investment strategy is to maximise investment returns in order to meet the company and group's unfunded rehabilitation obligations. Management is assisted by external advisors in this regard. In accordance with this strategy the investment is designated at fair value through profit or loss because its performance is actively monitored and managed on a fair value basis.

23.4 Fair Value

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheets, are as follows:

	Carrying amount R'000	Fair value R'000
2009		
Investment in environmental rehabilitation trusts	149 235	149 235
Other investments	143 810	143 810
Trade and other receivables	48 275	48 275
Cash and cash equivalents	167 185	167 185
Loans and borrowings	(211 764)	(211 764)
Trade and other payables	(72 652)	(72 652)
	224 089	224 089
2008		
Investment in environmental rehabilitation trusts	149 235	149 235
Other investments	144 120	144 120
Trade and other receivables	16 983	16 983
Derivative financial assets	4 960	4 960
Cash and cash equivalents	27 957	27 957
Loans and borrowings	(305 928)	(305 928)
Derivative financial liabilities	(4 109)	(4 109)
Trade and other payables	(62 975)	(62 975)
	(29 757)	(29 757)

24. COMMITMENTS AND CONTINGENT LIABILITIES

24.1 Capital commitments

Authorised	56 336	82 898	–
Consisting of:			
Contracted for	53 524	63 051	–
Not contracted for	2 812	19 847	–

The capital commitments will be financed through a combination of own and borrowed funds.

25. RELATED PARTIES

25.1 Identity of related parties

The holding company and ultimate holding company of Siyanda Coal (Proprietary) Limited is Main Street 431 (Proprietary) Limited (incorporated in South Africa) who holds 50% plus 2 shares in the company. The other shareholder is Sentula Limited (incorporated in South Africa) who holds 50% less 2 shares in the company.

	2009 R'000	2008 R'000	2007 R'000
25.2 Material related party transactions			
Balances			
Trade receivables	–	–	200
– Koornfontein Mines	–	–	200
Ordinary shareholders' loans	45 123	91 422	1 678
– Main Street 431 (Proprietary) Limited	20 736	46 112	839
– Sentula Limited	24 387	45 310	–
– Coronation Capital	–	–	420
– Investec Bank Limited	–	–	419
Initial shareholders' loans	6 429	5 649	4 964
– Main Street 431 (Proprietary) Limited	3 215	2 825	2 482
– Sentula Limited	3 214	2 824	–
– Coronation Capital	–	–	1 241
– Investec Bank Limited	–	–	1 241
Key management compensation (all employed by the mine)	5 049	639	–
– Bonus provision	5 049	639	–
Transactions			
Dividends paid	3 000	–	–
– Main Street 431 (Proprietary) Limited	1 500	–	–
– Sentula Limited	1 500	–	–
Interest on shareholders' loans	13 657	8 126	–
– Main Street 431 (Proprietary) Limited	6 513	4 044	–
– Sentula Limited	7 144	4 082	–
Key management compensation (all employed by the mine)	15 510	6 784	–
– Salaries	8 760	5 775	–
– Bonuses	6 116	639	–
– Post employment benefits	634	370	–
– Management fees received – Koornfontein Mines	–	–	(1 000)

26. DIRECTORS' EMOLUMENTS

The directors of Siyanda Coal received no remuneration, benefits or fees for the years ended 28 February 2007, 29 February 2008 and 28 February 2009.

27. SEGMENT INFORMATION

Segment information has not been presented as the company is at present a single segment business. The company is collectively managed and, as such, management does not review performance based on separate segments and management reporting is on a group, uni-segment basis. The directors are of the opinion that no meaningful information can be presented on a segment basis.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF SIYANDA COAL FOR THE THREE FINANCIAL YEARS ENDED 28 FEBRUARY 2009

"The Directors
Sentula Mining Limited
Ground Floor, Building 14
Woodlands Office Park
Woodmead
2080

10 March 2010

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE REPORT OF HISTORICAL FINANCIAL INFORMATION OF SIYANDA COAL (PROPRIETARY) LIMITED ("SIYANDA COAL")**INTRODUCTION**

Sentula Mining Limited ("Sentula") proposes to dispose of its 49.998% interest in and shareholder claims against Siyanda Coal, which operates the Koornfontein Coal Mine, to the purchaser, Optimum Coal Holdings Limited.

At your request, we present our Reporting Accountants' Report on the Report of Historical Financial Information of Siyanda Coal for the three years ended 28 February 2009 ("Historical Financial Information"), for the purposes of complying with the Listings Requirements of the JSE Limited (the "JSE Listings Requirements") and for inclusion in the circular to be dated on or about 15 March 2010 ("circular"). We are the independent auditor of Siyanda Coal.

RESPONSIBILITY OF THE DIRECTORS

The directors of Sentula are responsible for the compilation, contents and preparation of the circular in accordance with the JSE Listings Requirements and the Companies Act of South Africa. The directors of Siyanda Coal are responsible for the fair presentation in accordance with International Financial Reporting Standards of the Historical Financial Information of Siyanda Coal contained therein to which this Independent Reporting Accountants' Report relates.

RESPONSIBILITY OF THE INDEPENDENT REPORTING ACCOUNTANTS

Our responsibility is to express an audit opinion on the Historical Financial Information for the three years ended 28 February 2009 included in Annexure 3 to the circular based on our audits.

HISTORICAL FINANCIAL INFORMATION OF SIYANDA COAL FOR THE THREE YEARS ENDED 28 FEBRUARY 2009**Introduction**

We have audited the Historical Financial Information of Siyanda Coal for the three years ended 28 February 2009 attached as Annexure 3 to the circular prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

Responsibility of the Independent Reporting Accountants' on the Historical Financial Information of Siyanda Coal for the three years ended 28 February 2009

We conducted our audits of the Historical Financial Information for the three years ended 28 February 2009 in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the Historical Financial Information of Siyanda Coal for the three years ended 28 February 2009 is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the abovementioned Historical Financial Information of Siyanda Coal for the three years ended 28 February 2009. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Historical Financial Information of Siyanda Coal for the three years ended 28 February 2009, 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 Historical Financial Information of Siyanda Coal for the three years ended 28 February 2009 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 policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Historical Financial Information of Siyanda Coal for the three years ended 28 February 2009.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The evidence included that previously obtained by us in the conduct of our audits of the annual financial statements of Siyanda Coal underlying the Historical Financial Information for the three years ended 28 February 2009.

Opinion on Historical Financial Information of Siyanda Coal for the three years ended 28 February 2009

In our opinion, the Historical Financial Information of Siyanda Coal for the three years ended 28 February 2009, included in Annexure 3 of the circular presents fairly, in all material respects, the financial position of Siyanda Coal and its financial performance and its cash flows for the three years ended 28 February 2009 in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and the JSE Listings Requirements.

CONSENT

We consent to the inclusion of this letter and the reference to our opinion in this circular to be issued by Sentula in the form and context in which it appears.

Yours faithfully

KPMG Inc.

Per Jacob le Roux
Chartered Accountant (SA)
Registered Auditor
Director

KPMG Crescent
85 Empire Road
Parktown
Johannesburg, 2193"

ABRIDGED INTERIM FINANCIAL INFORMATION OF SIYANDA COAL FOR THE SIX MONTHS ENDED 31 AUGUST 2009

The historical information of Siyanda Coal has been extracted, from the reviewed results of Siyanda Coal for the six months ended 31 August 2009.

The historical information is the responsibility of the directors of Siyanda Coal.

KPMG acted as Reporting Accountant and their report on the historical financial information of Siyanda Coal for the six months ended 31 August 2009 is set out in Annexure 6 to this circular.

BASIS OF PREPARATION

The reviewed interim financial statements for Siyanda Coal for the period ended 31 August 2009 are prepared in terms of International Financial Reporting Standards.

The independent reporting accountants' report on the reviewed financial information of Siyanda Coal for the interim period of 31 August 2009, issued without qualification by KPMG, is set out in Annexure 6 to this circular.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the special purpose interim financial statements of Siyanda Coal (Proprietary) Limited, comprising the consolidated statement of financial position as at 31 August 2009, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes and the directors' report, in accordance with International Financial Reporting Standards.

The purpose of the financial statements is to state the financial position and performance of the company for the interim period ended 31 August 2009, due to the intended sale of one of the shareholders interest in the company (Sentula Limited). These financial statements will be included in Sentula Limited regulatory reporting to the JSE Limited. No comparatives are required for this interim period.

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 assessments of the group's ability to continue as a going concern and have no reason to believe that the group will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the special purpose financial statements are fairly presented in accordance with the applicable financial reporting framework.

BUSINESS ACTIVITIES AND OPERATIONS

Siyanda Coal (Proprietary) Limited, owner of the Koornfontein Mine is an underground coal mine whose principal activities are the exploration, mining and marketing of coal, for the local and export markets. The company has continued to produce strong export sales volumes for the period ended 31 August 2009 and as a result has recorded an operating profit of R41.2 million for the period under review. The "decrease" in profit is mainly due to the net adverse impact of the increase in contracted export sales pricing, the weaker spot export sales pricing and the overall strengthening of the Rand/US Dollar exchange rate, when compared to the prior comparative period.

ACCOUNTING POLICIES

The accounting policies applied in the preparation of these preliminary condensed audited annual financial statements, which are based on reasonable judgments and estimates, are in accordance with International Financial Reporting Standards ("IFRS") and are consistent with those applied in the audited annual financial statements for the year ended 31 August 2008. These preliminary condensed audited annual financial statements as set out in this report have been prepared in terms of IAS 34 – Interim Financial Reporting, the Companies Act (Act 61 of 1973), as amended and the Listings Requirements of the JSE Limited.

SHARE CAPITAL

There were no changes in the authorised or issued share capital of the company for the period under review.

HOLDING COMPANY AND OTHER SHAREHOLDER

The company's immediate holding company is Main Street 431 (Proprietary) Limited, a company incorporated in the Republic of South Africa. The other shareholder is Sentula Limited, which currently owns 50% less two shares in the company.

SPECIAL PURPOSE ENTITY

The Koornfontein Rehabilitation Trust, a special purpose entity, has been founded with the sole purpose to fund environmental expenditure of Siyanda Coal (Proprietary) Limited.

POST-BALANCE SHEET EVENTS

In the opinion of the directors, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of material or unusual nature likely, in the opinion of the directors, to affect significantly the operations of the company, the result of those operations, or the state of affairs of the company in subsequent financial years.

MATERIAL CHANGES

There has been no material change in the financial or trading position of Siyanda Coal during the six months ended 31 August 2009.

STATEMENT OF FINANCIAL POSITION

	Reviewed 31 August 2009 R'000	Audited 28 February 2009 R'000
ASSETS		
Property, plant and equipment	813 968	738 140
Other investments	363 097	303 241
Total non-current assets	1 177 065	1 041 381
Inventories	26 800	33 555
Trade and other receivables	60 370	59 631
Cash and cash equivalents	74 220	167 185
Total current assets	161 390	260 371
Total Assets	1 338 455	1 301 752
EQUITY AND LIABILITIES		
Share capital	1	1
Available for sale fair value reserve	30 915	
Retained earnings	628 861	597 681
Total equity	659 777	597 682
Long-term liabilities	96 474	152 275
Provisions	194 771	186 949
Deferred tax liability	209 475	196 039
Total non-current liabilities	500 720	535 263
Loans and borrowings	44 060	59 489
Receiver of Revenue	17 667	12 992
Trade and other payables	116 231	96 326
Total current liabilities	177 958	168 807
Total liabilities	678 678	704 070
Total equity and liabilities	1 338 455	1 301 752
Net asset value per share (cents)	628 861	597 681
Tangible net asset value per share (cents)	628 861	597 681
Shares in issue at end of the year ('000)	100	100
Weighted average number of shares at end of the year ('000)	100	100
Diluted weighted average number of shares at end of the year ('000)	100	100

STATEMENT OF COMPREHENSIVE INCOME

	Reviewed six months ended 31 August 2009 R'000	Audited year ended 28 February 2009 R'000
Revenue	599 292	1 340 532
Employee related expenses	(138 027)	(242 518)
Other operating expenses	(413 001)	(790 342)
Operating expenses	(551 028)	1 032 860
Operating profit before financing cost	48 264	307 672
Financial income	21 755	28 250
Financial expense	(17 994)	(71 082)
Net finance income/(expense)	3 761	(42 832)
Profit before tax	52 025	264 840
Income tax expense	(10 808)	(73 438)
Profit after tax	41 217	191 402
Other comprehensive income		
Net change on fair value of available for sale financial assets	42 939	–
Income tax on other comprehensive income	(12 024)	–
Other comprehensive income for the period, net of income tax	30 915	–
Total comprehensive income for the period	72 132	191 402
Reconciliation of headline earnings		
Profit after tax	41 217	191 402
Profit on sale of equipment (net of tax)	(690)	–
Tax effect of the above adjustments	193	–
Headline earnings	40 720	191 402
Earnings per share (cents)		
– Basic	41 217	191 402
– Diluted	41 217	191 402
Headline earnings per share (cents)		
– Basic	40 720	191 402
– Diluted	40 720	191 402
Dividends per share (cents)		
– Interim	10 037	–
– Final	–	3 000
	10 370	3 000

STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Available for sale fair value reserve R'000	Retained earnings R'000	Total R'000
Balance at 1 March 2009	1	–	597 681	597 682
Total comprehensive income for the period	–	30 915	41 217	72 132
Profit for the period	–	–	41 217	41 217
Other comprehensive income:				
Net change in fair value of available-for-sale financial asset, net of tax	–	30 915	–	30 915
Transactions with Owners, recorded directly in equity				
Contributions by and distribution to owners				
Dividends to equity holders	–	–	(10 037)	(10 037)
Balance at 31 August 2009	1	30 915	628 861	659 777

CASH FLOW STATEMENT

	Reviewed six months ended 31 August 2009 R'000	Audited year ended 28 February 2009 R'000
Cash flows from operating activities		
Cash generated from operations	132 197	540 867
Dividends paid	(10 037)	(3 000)
STC paid	–	(300)
Income tax paid	(4 431)	–
Dividends received	1 049	–
Finance income	7 231	28 250
Finance expense	(8 685)	(43 001)
Net cash inflow from operating activities	117 324	522 816
Cash flows from investing activities		
Acquisition of property, plant and equipment	(134 986)	(117 817)
Proceeds on disposal of property, plant and equipment	690	–
Movement in other investments	(3 443)	(170 827)
Net cash outflow from investing activities	(137 739)	(288 644)
Cash flows from financing activities		
Shareholder's loans (repaid)	–	(46 299)
Other loans (repaid)	(72 550)	(48 645)
Net cash from financing activities	(72 550)	(94 944)
Net (decrease)/increase in cash and cash equivalents	(92 965)	139 228
Cash and cash equivalents at beginning of period	167 185	27 957
Cash and cash equivalents at end of period	74 220	167 185

	Reviewed 31 August 2009 R'000	Audited year ended 28 February 2009 R'000
LOANS AND BORROWINGS		
Non-current liabilities		
Secured		
Investec Bank Limited – Senior term facility	59 618	127 683
Investec Bank Limited – Capital expenditure facility	11 797	13 488
Both the Senior term facility and the Capital expenditure facility are secured through the registration of a first ranking general notarial bond over all movable assets of the company for a maximum principle sum of R350 million and an additional sum of 20% of that amount. The loans bear interest at the prime overdraft rate plus 1% per annum and are repayable by 16 July 2012. These loans are secured through the following:		
<ul style="list-style-type: none"> – a mortgage bond, to be registered, over the fixed properties of the company; – a pledge and cession over the RBCT shares; – a mining rights mortgage bond, to be registered over the subsidiary's mining rights; – an unlimited cession of book debts; – a cession of subsidiary's bank accounts and cash balances; and – a cession of the company's policies and contracts of insurance. 		
	71 415	141 171
Unsecured		
Ordinary shareholders' loans		
Sentula Limited	5 909	24 387
Main Street 431 (Proprietary) Limited	–	20 736
Carrying value		45 123
The ordinary shareholders' loans are unsecured, bear interest at the prime overdraft rate and are repayable by 16 July 2012.		
The outstanding balance of the Main Street 431 (Proprietary) Limited shareholders loan at the beginning of the period was R20.736 million, this balance was repaid during the interim period. The loan was unsecured and bore interest at the prime overdraft rate.		
Initial shareholders' loans		
Main Street 431 (Proprietary) Limited	5 000	5 000
Sentula Limited	5 000	5 000
Gross value	10 000	10 000
Less: Fair value adjustment on initial recognition	(5 397)	(5 397)
Fair value at initial recognition	4 603	4 603
Unwinding of discount – at the beginning of the period	1 825	1 046
Unwinding of discount – current year	444	780
Carrying value	6 872	6 429
The initial shareholders' loans are unsecured, bear no interest and are repayable by 16 July 2012. The loans were discounted at a rate of 13% per annum. They are subordinated to all of the other obligations owing by the company to its shareholders and its creditors from time to time.		
	84 196	192 723

	Reviewed 31 August 2009 R'000	Audited year ended 28 February 2009 R'000
Other loans		
Sandvik Mining and Construction Delmas (Proprietary) Limited	35 943	–
The loan is unsecured and is discounted at a rate of 12% per annum. The loan is payable annually on 30 June for a period of 3 years		
	120 139	192 723
Current portion included in current liabilities	(23 665)	(40 448)
	96 474	152 275
Current liabilities		
Secured		
Investec Bank Limited – Working capital facility	19 041	19 041
The Working capital facility is secured through the registration of a first ranking general notarial bond over all movable assets of the company for a maximum principle sum of R350 million and an additional sum of 20% of that amount. The loan bears interest at the prime overdraft rate plus 1% per annum and is renewable on an annual basis. The Working capital facility is also secured through the following:		
– a mortgage bond, to be registered, over the fixed properties of the company;		
– a pledge and cession over the RBCT shares;		
– a mining rights mortgage bond, to be registered over the subsidiary's mining rights;		
– an unlimited cession of book debts;		
– a cession of subsidiary's bank accounts and cash balances; and		
– a cession of the subsidiary's policies and contract of insurance.		
Current portion of long-term liabilities	23 665	40 448
Unsecured		
Richard Bay Coal Terminal	1 381	–
The loan is interest free and no terms of repayment have been set.		
	44 060	59 489

DIRECTORS' EMOLUMENTS

The directors of Siyanda Coal received no remuneration, benefits or fees for the six months ended 31 August 2009.

SEGMENT INFORMATION

Segment information has not been presented as the company is at present a single segment business. The company is collectively managed and, as such, management does not review performance based on separate segments and management reporting is on a group, uni-segment basis. The directors are of the opinion that no meaningful information can be presented on a segment basis.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE ABRIDGED INTERIM FINANCIAL INFORMATION OF SIYANDA COAL FOR THE SIX MONTHS ENDED 31 AUGUST 2009

"The Directors
Sentula Mining Limited
Ground Floor, Building 14
Woodlands Office Park
Woodmead
2080

10 March 2010

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE ABRIDGED INTERIM FINANCIAL INFORMATION OF SIYANDA COAL (PROPRIETARY) LIMITED ("SIYANDA COAL") FOR THE SIX MONTHS ENDED 31 AUGUST 2009**INTRODUCTION**

Sentula Mining Limited ("Sentula") proposes to dispose of its 49.998% interest in and shareholder claims against Siyanda Coal, which operates the Koorfontein Coal Mine, to the purchaser, Optimum Coal Holdings Limited.

At your request, we present our Reporting Accountants' Report on the Report of Historical Financial Information of Siyanda Coal for the six months ended 31 August 2009 ("Interim Financial Information for the six months ended 31 August 2009") for the purposes of complying with the Listings Requirements of the JSE Limited (the "JSE Listings Requirements") and for inclusion in the circular to be dated on or about 15 March 2010 ("circular"). We are the independent auditors to Siyanda Coal.

RESPONSIBILITY OF THE DIRECTORS

The directors of Sentula are responsible for the compilation, contents and preparation of the circular in accordance with the JSE Listings Requirements and the Companies Act of South Africa. The directors of Siyanda Coal are responsible for the fair presentation in accordance with International Financial Reporting Standards of the Historical Financial Information contained therein to which this Independent Reporting Accountants' Report relates.

RESPONSIBILITY OF THE INDEPENDENT REPORTING ACCOUNTANTS

Our responsibility is to issue a review report on the Historical Financial Information included in Annexure 5 to the circular based on our review.

INTERIM FINANCIAL INFORMATION*Introduction*

We have reviewed the Interim Financial Information for the six months ended 31 August 2009 attached as Annexure 5 to the circular prepared in accordance with International Financial Reporting Standards.

Scope of review

We conducted our review of the Historical Financial Information for the six months ended 31 August 2009 in accordance with the procedures described in International Standard on Review Engagements 2410: Review of Financial Information Performed by the Independent Auditor of the Entity.

A review of interim financial information consists of making inquiries, primarily of people responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Interim Financial Information for the six months ended 31 August 2009 on the basis of our review.

Conclusion on Historical Financial Information for the six months ended 31 August 2009

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information for the six months ended 31 August 2009 included in Annexure 5 of the circular is not fairly presented, in all material respects, in accordance with the recognition and measurement requirements of International Financial Reporting Standards, the presentation and disclosure requirements of the International Financial Reporting Standard IAS 34: Interim Financial Reporting and in the manner required by the Companies Act and the JSE Listings Requirements.

Consent

We consent to the inclusion of this letter and the reference to our review report in this circular to be issued by Sentula in the form and context in which it appears.

Yours faithfully

KPMG Inc.

*Per: **Jacob le Roux***

Registered Auditors

Chartered Accountants (SA)

Director

Private Bag X9
Parktown
2193

EXECUTIVE SUMMARY OF THE COMPETENT PERSON'S REPORT

ES1 Purpose of Report

SRK Consulting (South Africa) (Pty) Limited has been commissioned by Sentula Mining Limited ("Sentula" or "the Company") to compile an Independent Competent Persons' Report ("CPR") on Koorfontein Mines:

- Operating Mine: Koorfontein Mines; and
- Infrastructure: Other infrastructure necessary for the production of the saleable products and necessary to meet compliance with environmental, health and safety, and social laws and regulations.

Sentula Mining holds a 49.998% stake in Koorfontein Mines.

ES2 Operation Outline

Koorfontein Mines are underground coal mines located on the Witbank Coalfield, some 40 kms south east of Witbank, in Mpumalanga Province, South Africa directly adjacent to Eskom's Komati Power Station.

Koorfontein Mines have been operating since 1948, with various nearby coal deposits being mined over the past 62 years. In 1964 the nearby Blinkpan Colliery was opened followed by the Haasfontein Export mine in 1970. These mines merged into Koorfontein Mines in 1987. In 1988 the project to expand the mine into the Gloria block commenced and the shaft was commissioned in 1991.

Table ES.2: Mining Outline

Property	Method	LoM (years)	LoM – RoM (Mt)
LoM Assets			
Coal – Koorfontein Mines	oc and ug	18	48,3

oc – open cast mining.

ug – underground mining.

LoM – Life-of-Mine.

RoM – Run-of-Mine.

Koorfontein Mines supplied the adjacent Komati Power Station from 1964 until the decision by Eskom to mothball the station in 1991.

Since the mothballing of Komati in 1991, Koorfontein Mines has focused on the mining of No. 2 Seam coal for the export market. In addition to the export coal, Koorfontein Mines has access to substantial resources of coal in the No. 4 Seam which may be used to supply Komati Power Station in terms of the Eskom Return to Service (RTS) program.

Table ES.1: Status of Mining Licence

Property	Mining Method	Status	Location (Magisterial District/ Province)	Licence		
				Type	Expiry Date	~Area
Koorfontein Mines	oc and ug	Granted	Hendrina, Mpumalanga	New Order Mining Right	24 October 2032	13 952 ha

In the 1970s the export thermal coal market was established and the No. 2 Seam of the Haasfontein property, which lies outside of the current Koorfontein Mines mining area, was developed as an export mine in conjunction with Anglo Coal, with the coal beneficiation infrastructure being at the Blinkpan area.

In 1999 Koorfontein Mines started reprocessing surface coal discard dumps to produce a middlings product. This coal is blended with fines and supplied to the Majuba Power Station. This coal is supplied under a contract agreement between BECSA and Eskom dating from the resolution of the Majuba Contract.

In 2007, BECSA sold Koorfontein Mines to a BEE consortium lead by Siyanda Resources (Pty) Limited and a consortium of banks, including Investec Bank Limited and Coronation Capital Limited. Sentula Mining Limited subsequently purchased the 49,9% share held by Investec Bank Limited and Coronation Capital Limited and became a co-shareholder with the BEE consortium in the operation.

As at the effective date, Sentula owned a beneficial 49,9% of Koorfontein Mines.

Koorfontein Mines are served by good tar roads and a rail siding for export sales located on the property. Koorfontein Mines consists of two sections namely Blinkpan where the process plants are located and Gloria where most of the coal is mined.

Coal is transported from the mining area to the plants by an overland conveyer system. The primary coal seams are the No. 4 Seam and the No. 2 Seam which are both relatively flat with some dolerite intrusions. The No. 2 Seam, situated at an average depth of approximately 99 m, is mined using bord and pillar mining methods with continuous miners.

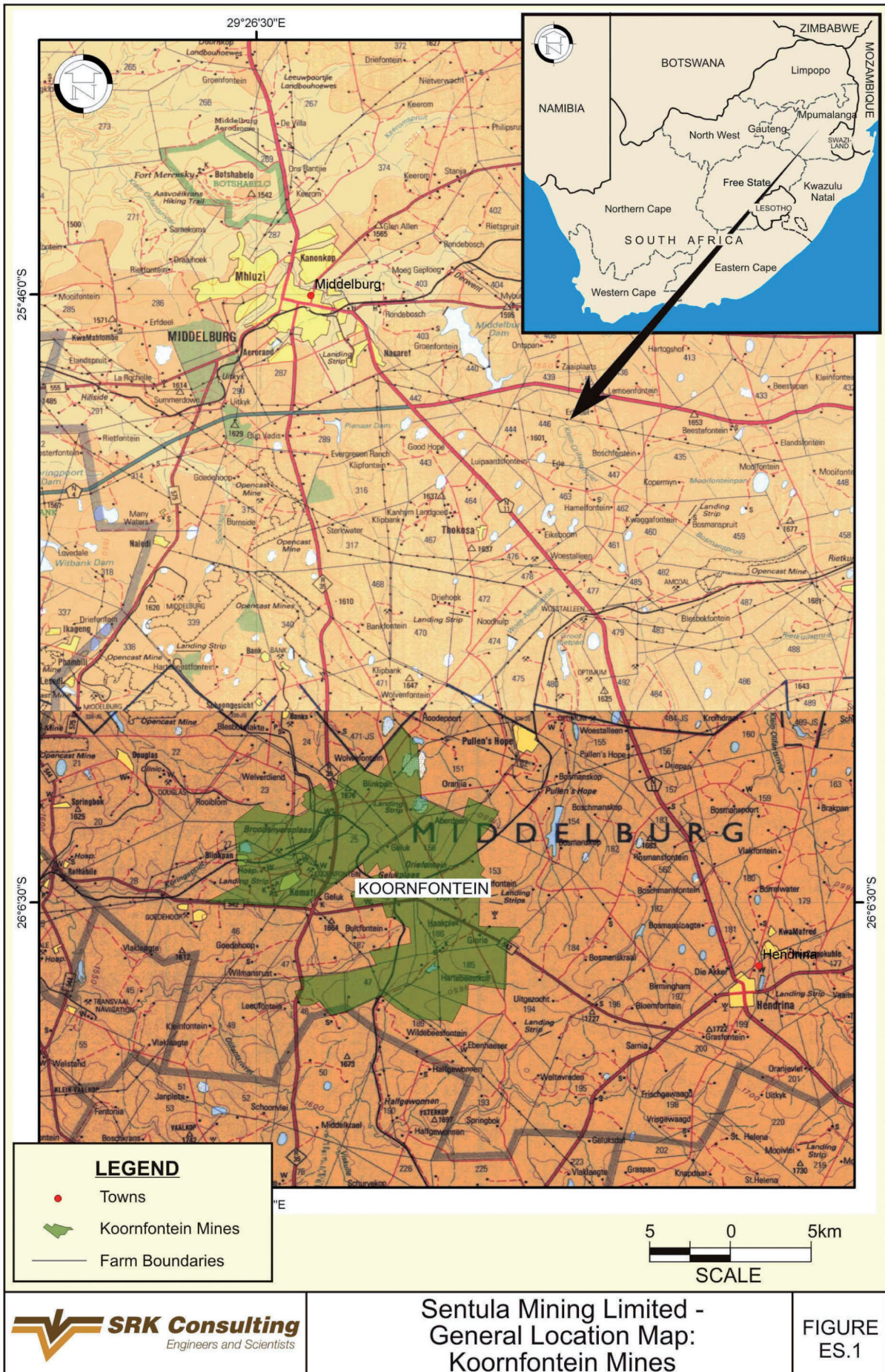
The company has been buying in coal from nearby producers to supplement its own production, where this is economical. The coal for the export market and Majuba is loaded onto trains at the existing rail load-out facilities at Koorfontein Mines.

The export coal is railed to RBCT, of which Koorfontein Mines is a shareholder with an allocation of 1,5 Mt of export entitlement, where it is loaded onto ships and transported to the market. All marketing is currently handled by BHP Billiton's marketing division through short-term contracts. The export coal is generally sold into the European market.

ES3 Location Map Indicating Area of Interest

The location map providing details of the location of Koorfontein Mines is provided in Figure ES.1.

Figure ES.1: General Location Map



ES.4 Legal Aspects and Tenure

SRK has verified the mineral title aspects of Koornfontein Mines, details of which are included in Table ES.1.

In consideration of all legal aspects relating to Koornfontein Mines, SRK has placed reliance on the legal representative of Sentula Mining Limited, Werksmans Attorneys.

ES5 Geological Setting

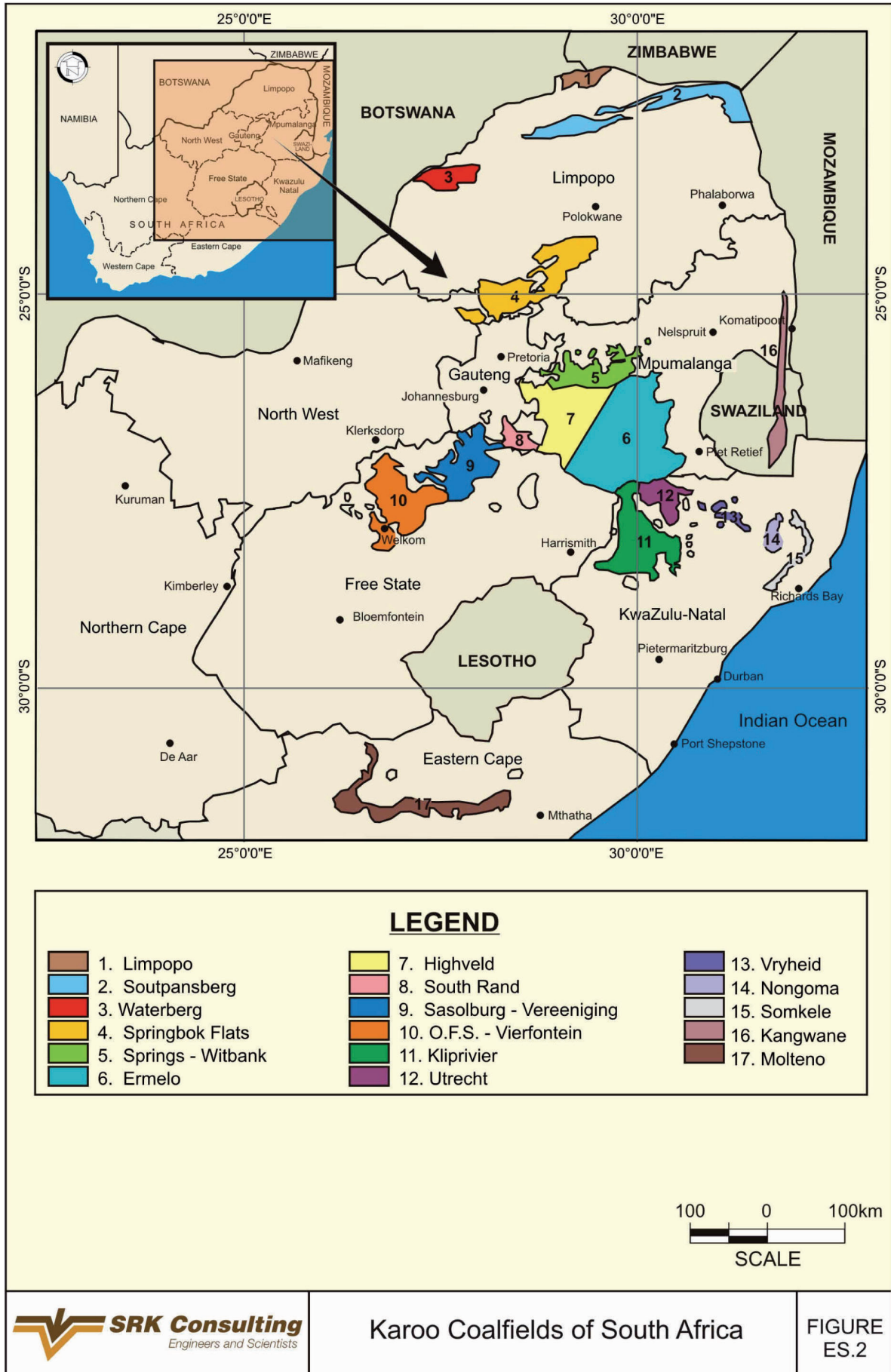
Koornfontein Mines is situated in the Springs-Witbank coalfield (Figure ES.2) in a sub-basin within the southern portion of the Bank paleo valley and immediately to the west of the narrow ridge that separates the Bank and Arnot Paleo Valleys.

The No. 5 Seam occurs over most of the property and is separated from the No. 4 Seam group by a 46 to 53 m thick succession of sandstone with subordinate shale bands. The No. 4 Lower and No. 2 Seams are between 26 and 30 m apart and are separated by a predominantly sandy unit with minor shales towards the base. Dwyka diamictites and reworked Dwyka grits and sandstones with subordinate varved shales underlie the No. 2 Seam.

ES6 Coal Resources and Key Modifying Factors

The No. 4 Lower Seam is well developed in the northern part of the Koornfontein mineral rights area and locally attains a thickness in excess of 6,0 m on the farm Aberdeen where the parting between the No. 4 Lower and No. 3 Seams is thin enough (<0,06 m) to allow the inclusion of the No. 3 Seam into the No. 4 Lower select horizon (S4LS). To the south a well developed coarse to gritty sandstone has eroded into the No. 4 Seam resulting in either the complete removal of the No. 4 Seam or a marked reduction in its thickness on the southern portion of the farm Gloria. The No. 4 Lower Seam thickness increases westward in the paleo valley on Leeuwfontein. In order to optimise No. 4 Lower seam coal quality a select horizon, No. 4 Lower Select horizon (S4LS) which excludes poor quality coal at the top and bottom of the seam has been defined within the seam. This results in a threefold division of the seam into a Floor Coal Zone (S4LF), a Select Coal Zone (S4LS) and a Roof Coal Zone (S4LR) as shown below. The No. 4 Lower Seam distribution across the property is generally shallower in the north west attaining depths of 7 m below surface and strip ratios of less than 4,5. The deepest portion of the No. 4 Lower Seam is around the middle of the property where the seam attains depths of around 160 m.

Figure ES.2: Karoo Coalfields of South Africa



The No. 2 Seam has been extensively mined over the entire area. It is a very variable seam and various selected mining horizons were identified and subsequently mined. The following primary mining selections based on a combination of coal quality and roof stability considerations were utilised:

- Gloria Area – Mining horizon from floor up leaving poor quality coal and shale in the roof;
- Leeuwfontein Area – Mining horizon from roof down with poor quality coal left in the floor;
- Aberdeen – Driefontein Area – The mining horizon in this thick seam area (up to 13 m) is mid seam with poor quality coal left in the roof and floor;
- Roodepoort Area – Mining horizon is above the carbonaceous shale close to the floor; and
- Wilmansrust, Hartebeeskuil and Dunbar areas – Between 1,0 and 2,2 m of poor quality coal left in floor.

The No. 2 Coal Seam (Indicated Resource) is only considered in the Leeuwfontein area where the potential exists to extract the remaining portions of the seam along with the No. 4 Seam in an opencast operation.

Two major coal seams are presented and named No. 4 Lower, and No. 2. The lateral extent of the No. 4 Lower, and No. 2 Seams is topographically controlled. In certain areas, both the No. 4 Lower and No. 2 Seams may represent open-cut mining targets at economically acceptable stripping ratios. The No. 5 Seam is also present in the property but in most parts it seldom exceeds a thickness of 1,0 m.

The intrusion of dolerite sills and dykes results in the upliftment and displacement (the displacement usually being equal to the thickness of the sills. Each uplifted area constitutes a separate structural block and the extent of each structural block together with the burnt coal on the edges (as defined by dry ash free volatile matter distribution) has been used to define individual resource blocks on both the No. 2 and No. 4 Seams.

The Coal Resources for the No. 4 Lower Seam have been estimated per mining area and the potential No. 2 Seam remnants, found only in the Leeuwfontein north and south mining areas, have been estimated separately. Parameters or assumptions used in the estimations are listed below:

- Seam thicknesses and stripping ratios for each seam/mining area are arithmetic averages;
- Average coal qualities for each seam/mining area are weighted by seam thickness and relative density;
- In the case of the deep areas with no opencast potential the seam thickness cut off was taken as 1,50 m;
- The TTIS (Total Tons In Situ) resource is the coal discounted for geological factors and in the case of the No. 2 Seam only coal left in pillars and virgin areas;
- The resources in the area underlain by the No. 2 seam pillars where the fire activity has been estimated separately due to the high risk;
- Mineable seam height cut-off = 1,80 m;
- Assumed relative density of 1,6 for coal;
- Coal qualities are raw air dry basis (“adb”);
- Geological losses of 5% for Measured and 10% for Indicated Resources were applied;
- No allowance made for “contamination”; and
- All available boreholes were used to compute average seam thicknesses and stripping ratios.

Based on borehole density, the resource classification ranges from measured to indicated (Table ES.3). Further evaluation and/or infill drilling on the No. 2 Seam, in the Leeuwfontein, will be needed to elevate resource categories to levels suitable for mine planning purposes.

Table ES.3: SAMREC Classification (SANS 10320:2004 Guidelines)

SAMREC Classification	Drill Density: Borehole/ hectare	Approximate Drill Grid Size
Measured	> 8/100ha	< 350m x 350m
Indicated	4 – 8/100ha	350m x 500m
Inferred	1 – 4/100ha	500m x 1000m

Table ES.4: Coal Resources

Block name	SAMREC category	Seam	Seam thickness (m)	Block area (ha)	<i>In situ</i> tonnes (Mt) GTIS	Cover to roof (m)	Geological discounts (Mt)	<i>In situ</i> tonnes (Mt) TTIS
Blinkpan North	Measured	S4L	3,43	1 375,70	26,23	77,49	1,42	24,81
Blinkpan South	Measured	S4L	3,76	328,65	7,40	79,81	0,40	7,00
Arberdeen	Measured	S4L	4,80	1 109,10	38,02	77,68	2,05	35,97
Gloria-South	Measured	S4L	4,37	1 265,73	34,91	114,63	1,88	33,02
Gloria Fire	Measured	S4L	5,83	230,93	8,58	135,78	0,46	8,12
Leeuwfontein North	Measured	S4	5,01	343,74	9,43	35,84	0,70	8,74
Leeuwfontein South	Measured	S4	4,63	260,90	7,67	58,65	0,60	7,07
Total measured				4 914,75	132,24			124,73
Komati	Indicated	S4L	2,47	150,59	5,69		0,30	5,39
Leeuwfontein North	Indicated	S2	7,56	439,41	16,28	15,84	1,19	10,43
Leeuwfontein South	Indicated	S2	6,50	353,54	11,49	13,80	0,90	8,26
Total indicated				943,54	33,46			24,08
Total inferred				–	–			–

- (1) Coal Resources have been reported in accordance with the classification criteria of the South African Code for the Reporting of Mineral Resources and Mineral Reserves (the SAMREC Code).
- (2) Coal Resources are inclusive of Coal Reserves.
- (3) Coal Resources are not Coal Reserves and have not been evaluated for economic viability.
- (4) Coal Resources are reported on an air-dried, uncontaminated basis (ad, uc).
- (5) GTIS – Gross Tonnes *In situ*, TTIS – Total Tonnes *In situ*.

Table ES.5 shows No. 4 Lower Seam raw coal quality parameters for the different mining areas. The figures represent averages weighted by thickness and relative density.

Table ES.5: No. 4 Seam Raw Coal Qualities (adb)

Block name	Seam	RD	CV MJ/kg	IM %	Ash %	VM %	TS %	DAF %
Blinkpan North	S4L	1,62	18,58	2,14	37,66	19,93	1,33	33,42
Blinkpan South	S4L	1,61	20,38	2,17	32,07	21,64	1,30	33,37
Arberdeen	S4L	1,65	17,27	2,38	40,29	18,93	0,89	33,39
Gloria-South	S4L	1,67	16,00	2,20	42,64	18,72	1,01	34,46
Gloria Fire	S4L	1,73	13,87	2,07	48,51	18,47	0,88	38,88
Komati	S4L	1,58	22,20	2,90	27,70	19,40	0,93	28,00
Leeuwfontein South	S4L	1,71	16,38	2,42	42,46	18,28	1,30	33,60
Average		1,67	17,12	2,31	40,74	18,70	1,14	33,49

The No. 4 Lower Seam exhibits inferior qualities to the No. 2 Seam. The No. 4 Lower Seam has calorific values ranging between 14 and 22 MJ/kg with an average of 17MJ/kg. Ash is a little bit on the high side ranging between 28 and 49% and averaging 41%.

Even though there are numerous dolerite intrusions in the property the high ash and low CV in the No. 4 Lower Seam do not seem to have been caused by the devolatilisation but by the presence of inorganics which resulted in high relative density averaging 1,7. The high DAF figures also seem to support the less affect of dolerites. Sulphur content is on average 1,1%.

Table ES.6 shows No. 2 Seam raw coal qualities for the north and south mining areas of Leeuwfontein where the remnants of the extensively mined out No. 2 Seam are found. The figures represent averages weighted by thickness and Relative Density.

Table ES.6: No. 2 Seam Raw Coal Qualities (adb)

Block name	Seam	RD	CV MJ/kg	IM %	Ash %	VM %	TS %	DAF %
Leeuwfontein North	S2	1,47	25,14	2,91	19,09	24,90	1,30	31,80
Leeuwfontein South	S2	1,51	24,30	2,76	21,76	23,70	0,89	31,43
Average		1,48	24,75	2,84	20,34	24,34	1,11	31,62

The No. 2 Seam exhibits superior qualities to the No. 4 Lower Seam. The No. 2 Seam has relatively low ash ranging between 19 and 22% and averaging 20% with calorific values of between 24 and 25 MJ/kg and an average of 25 MJ/kg. Relative Density averages 1,5.

ES7 Brief Description of Key Environmental Issues

This section includes comment on the environment, social, health and safety and human resource aspects associated with the material assets. Specifically, information is included on the following: current legislation; industrial relations; human resource policies and safety policies.

Environmental issues

Table ES.7 sets out the key outstanding environmental issues for Koornfontein Mines.

Other issues

The mining method undertaken at the operation has led to the limited formation of sinkholes as old working collapse, with these sinkholes propagating to surface. It is understood that a review of the rock mechanics of the mine indicate that approximately 1 200 ha of underground workings are classified as high risk areas where working may fail, however, the operation is of the opinion based on limited sinkhole formation, that the formation of significant areas covered by sinkholes is unlikely. It must be noted that SRK has not had the opportunity to substantiate this finding. Sinkhole formation represents both an operational and closure liability, with strategies required to ensure that sinkhole formation does not represent a risk to health, safety or the environment. Although there are areas indicated as high risk, the probability of failure has not been quantified, therefore, it is not possible to attach a liability to subsidence and this remains a risk to the operation.

Occupational health and safety and human resources

Systems and policies are in place at Koornfontein Mines to address these issues, but SRK did not have the opportunity to assess legal compliance.

Risks associated with non-compliance

As indicated above, there are a number of instances where compliance with the environmental legislation in South Africa is not currently achieved by Koornfontein Mines.

This situation is not unique to the colliery, with most coal and other mines in South Africa not able to demonstrate complete compliance. Based on discussions with the operational staff at the colliery, SRK is of the opinion that the staff is generally aware of the non-compliance and has considered mitigation measures to address these non-compliances in the form of an action plan.

Water Treatment

The requirement to treat water approximately 25 years after closure has been highlighted in environmental investigations that have been undertaken to date. Assuming that technology currently available is used to treat the water the NPV would vary from ZAR70 – 250 million.

Golder and Associates, in their closure assessment for the operation, estimates that the water treatment NPV to be between ZAR70 – 125 million. Based on SRK's understanding of the model used to determine these costs, the model has not included the handling of brine generated during the treatment cost. As the brine solution is likely to be considered hazardous under current legislation, it is likely that the brine would then have to be treated as hazardous waste and thus additional costs would be incurred for the hazardous lagoons required to manage the brine.

Liabilities

The liability and risk costs for Koornfontein Mine's are presented in the Table ES.8.

Table ES.7: Environmental Issues

Act	Issue	Financial Implication
National Environmental Management Act (Act 107 of 1998) and associated regulations (R385, R386 and R387)	Insufficient information was available to confirm that all activities listed in terms of the regulations that have commenced since 2006 have been authorised. Section 24G applications will need to be made to rectify these non-compliances, if they exist.	Preparation of necessary application – Cost range 1 Possible fines for non-compliance – Cost range 1
	In terms of Section 28 (duty of care and remediation of environmental damage), the mine is taking steps to reduce its environmental impacts, for example, through the environmental action plan. However, the recent EMP performance assessment did highlight areas of non-compliance with EMPs.	Preparation of necessary review – Cost range 2 Preparation of necessary review – Cost range 2
	The mine cannot demonstrate compliance to Section 29 of the Act (protection of workers refusing to do environmentally hazardous work).	
Mineral and Petroleum Resources Development Act (Act 68 of 2002) and associated regulations (R527)	The compliance audit highlighted some non-compliances with the approved Environmental Management Programme Reports (EMPRs) (regulation 55).	Cost range 2
	The mine has not yet realigned all of its EMPRs with the requirements of the MPRDA and there is a risk that it could be issued with a directive by the DMR.	It is considered unlikely that the colliery will lose the right to mine
	In terms of regulations 64 – 71, there are a number of additional specialist investigations that need to be undertaken to generate sufficient information to complete an impact assessment.	Cost range 1
	Regulation 73 sets out the requirements for the assessment of impacts from mine residue stockpiles and deposits. Some additional test work and classification is required to fully comply with the regulation.	Cost range 1

Act	Issue	Financial Implication
National Water Act (Act 36 of 1998) and associated regulations (GN704)	The activities of the mine are causing or could cause pollution of water resources.	Cost range 3
	Section 21 of the Act requires the mine to obtain a licence for all water uses listed in the section. Koorfontein Mines submitted an integrated water use licence application in 2009. It is recognised that delays in the issuing of licenses is a widespread problem for mines in South Africa.	Considered unlikely that the mine will be fined
	GN704 sets out minimum requirements for the use of water for mining and related activities. Exemptions from certain conditions can be obtained, but the request must be included in the licence application, which is the case at the mine. The mine has commissioned a GN704 audit to assist it in identifying areas of non-compliance.	Cost range 3
National Environmental Management Act: Air Quality Act (Act 39 of 2004)	Koorfontein Mines undertakes dust deposition monitoring, but no other ambient air quality monitoring in terms of Schedule 2 of the Act. Ambient PM10s (respirable dust) should be included in the monitoring programme as the authorities consider this a priority pollutant because of the potential impacts on community health.	Updating of monitoring programme – Cost range 2

Table ES.8: Environmental Liabilities and Risks (ZAR million)

	Liability ¹		Risk ²		Funding mechanism	
	Mine ³	SRK ⁴	Mine ³	SRK ⁴	Type	Amount
	(ZARm)	(ZARm)	(ZARm)	(ZARm)		(ZARm)
Koorfontein Mines	125	125	125	175	Trust fund	177

1. – Liability is an eventuality to which a monetary value can be assigned with some degree of certainty.

2. – Risk is an eventuality to which a monetary value can be assigned with limited certainty.

3. – Mine – liabilities assessment undertaken by mine (excludes water treatment, which is considered a risk).

4. – SRK opinion of likely liability (excludes water treatment, which is considered a risk).

ES8 Coal Reserve Statement

The Coal Resource statement has been included in Section ES9 as they are required in this section in order to understand and contextualise the discussion on the modifying factors. Therefore, this section includes a discussion on the Coal Reserve statement only.

Koorfontein Mines has undertaken a technical feasibility study to exploit the No. 4 and No. 2 Seams present at Leeuwfontein. Although the Measured Coal Resources at Leeuwfontein indicate mineable underground No. 4 Seam Coal Resources in both the north and south blocks, the restrictions imposed on over mining the area and shallow mining criteria would result in a significant reduction in mineable resources. When the No. 4 Seam is combined with the residual No. 2 Seam pillars, the blocks have economic potential as opencastable areas. A stripping ratio of 4:1 has been determined for the combined blocks.

It is envisaged that the initial development will take place through the establishment of box cuts in the shallow western boundaries of the North and South blocks and utilising the existing underground No. 2 Seam Wilmansrust infrastructure to convey the RoM to the Gloria infrastructure.

All production at a rate of 1,7 Mtpa RoM is sourced from Gloria Shaft No. 2 Seam but the mine is currently developing a new mining area on the No. 4 Seam at Gloria. Coal from the current underground No. 2 Seam workings is conveyed to the beneficiation plant to produce approximately 1,4 Mtpa of saleable export quality steam coal. In addition, RoM coal is purchased from nearby producers when economically feasible to buy from these sources.

Table ES.9: Coal Reserves

GTIS	MTIS		RoM	Saleable
Mt	Mt		Mt	Mt
		Proved reserves		
–	–	Underground	–	–
–	–	Opencast	–	–
–	–	Total	–	–
		Probable reserves		
120,8	96,7	Underground	26,3	
44,9	35,9	Opencast	20,2	
165,7	132,6	Total	46,5	30,7
165,7	132,6	Total Reserves	46,5	30,7

(1) Coal Reserves have been reported in accordance with the classification criteria of the South African Code for the Reporting of Mineral Resources and Mineral Reserves (the SAMREC Code).

ES9 Competent Person Validation

The persons responsible for the compilation of this report are indicated in Table ES.10.

Table ES.10: Competent Persons/Valuator

Name	Address	Membership/s
Hilton Ashton	SRK, 265 Oxford Road, Illovo, 2196	IASSA [No. IAS04860] SAIMM [No 35784]
Ebrahim Takolia	SRK, 265 Oxford Road, Illovo, 2196	SAIMM [No.703945] AIMMM (UK) [No.450808] IASSA [No. IAS06364]
Grant van Heerden	SRK, 265 Oxford Road, Illovo, 2196	Pr.Sci Nat [No. 400076/03], SACNASP
Mark David Wanless	SRK, 265 Oxford Road, Illovo, 2196	Pr.Sci Nat [No. 400178/05], SACNASP

Pr.Sci.Nat – Professional Natural Scientist.

SACMA – South African Coal Managers Association.

SACNASP – The South African Council for Natural Scientific Professions.

SAIMM – The Southern African Institute of Mining and Metallurgy.

IMMM (IOM3) – The Institute of Materials, Minerals and Mining (UK).

IASSA – The Investment Analysts Society of Southern Africa.

This executive summary is a true reflection of the CPR. The consultants mentioned in Table ES.10 have the requisite experience and qualifications to act as Competent Persons.

The Competent Person with overall responsibility for the reporting of Coal Reserves is Mr Hilton Ashton, who has more than 35 years' experience as a mining engineer.

The Competent Person with overall responsibility for the reporting of Coal Resources is Mr Grant van Heerden, who has 14 years' experience as a coal geologist.

The Competent Valuator with overall responsibility for the valuation is Mr Ebrahim Takolia, who has 8 years' experience as a valuator of mining companies and mineral properties.

ES10 Risks and Mitigation

Table ES.11 provides details of the risks identified and the mitigation measures for the identified risks.

Table ES.11: Risks and Mitigation Measures

Risks	Mitigation Measure/s
Technical Risk	Technical Risk
Coal LoM plans and targets not achieved	Management have significant experience in the mining of coal deposits. Mining at the primary asset, Optimum Collieries, has been undertaken for many years
Expenditure required to mine PGM assets	SRK have applied relevant discount factors to these assets
Environmental/Social Compliance risk	SRK have quantified the risks associated with environmental and social compliance
Economic Risk	Economic Risk
Coal Price Risk (Reserve Risk) – Revenue	SRK has assessed the Coal Prices using various sensitivities (-30% to +30%) SRK has used consensus market prices for coal
Macro-economic Factors Risk (Reserve Risk)	SRK has used consensus market forecasts for the macroeconomic parameters applied in the financial models
Economic Viability Risk (Reserve Risk) – Operating Costs	SRK has assessed the Operating Costs using various sensitivities (-15% to +30%)
Economic Viability Risk (Reserve Risk) – Capital Expenditure	SRK has assessed the Capital Expenditure using various sensitivities (-15% to +30%)
Political Risk	Political Risk
Legislative Risk	Awareness of key changes and drivers of South African legislation and the effect on the business of OCH

ES11 Valuation

The effective date (the “Effective Date”) of this CPR is deemed to be 1 December 2009.

A summary valuation for Koornfontein Mines is based on an aggregation of the following:

- The Primary and Secondary Valuation approaches in terms of the SAMVAL code;
- The Present Value of unallocated corporate expenses valued on the basis of a DCF approach for the duration of the LoM; and
- Balance sheet adjustments to account for the debt and cash position.

In considering the valuation ranges derived herein, SRK notes the sensitivity of Koornfontein Mines to the coal price forecasts. Non-achievement of the forecast coal prices will have a significant effect on the valuation of Koornfontein Mines. The views expressed by SRK in this CPR have been based on the fundamental assumption that the required management resources and proactive management skills will be focused on meeting the LoM plans and production targets as set out in the TEMs.

SRK has conducted a comprehensive review and assessment of all material issues likely to influence the future operations of the assets based on information available up to 1 December 2009. The LoM plans as provided to and taken in good faith by SRK, have been reviewed in detail for appropriateness, reasonableness and viability. Where material differences were found, they were discussed with Koornfontein Mines and adjusted where considered appropriate.

The final valuation is for the 49,998% attributable to Sentula. SRK considers that the resulting in the value range of ZAR483 to ZAR630 million (Table ES.12) is based on sound reasoning, engineering judgement and technically achievable plans, within the context of the specific risks mentioned in Table ES.11 and the general risks associated with the South African mining industry.

Table ES.12: Valuation

Material asset	Value attributable to Sentula Primary Valuation Method	Value attributable to Sentula Secondary Valuation Method
	ZAR m	ZAR m
Koornfontein Mines	630	483
Value of Koornfontein Mines	630	483

Per **Andy Birtles**
Partner and Principal Consultant

Per **Hilton Ashton**
Principal Consultant

1 December 2009

VENDORS

1. MATERIAL ACQUISITIONS BY SENTULA

There have been no material acquisitions by Sentula or its subsidiaries during the past three years, as determined according to the size of the transaction relative to the market capitalisation and/or the total net asset value of Sentula at the effective date of the transaction.

2. MATERIAL ACQUISITIONS BY SIYANDA COAL**Acquisition by Siyanda Coal of the Koornfontein Coal Mine**

Vendor	Business address	Consideration paid R'000
BECSA	6 Hollard Street, Marshalltown, Johannesburg, 2001	279 000

Notes:

- The vendor has guaranteed the book debts and/or other assets and "normal" warranties have been given.
- No restrictions or restraints of trade have been imposed on the vendor.
- The liability for accrued taxation or any apportionment thereof to the date of acquisition will be settled by the vendor.
- Reconciliation showing the difference between the amounts paid for the securities and the proportionate value of the net assets of that company attributable to such securities acquired are set out in the table below:

	R'000
Purchase price	279 000
Net value of assets acquired	615 362
Negative goodwill on acquisition	(336 352)

- The assets acquired have been transferred into the name of Siyanda Coal.



Sentula Mining Limited

Incorporated in the Republic of South Africa
(Registration number 1992/001973/06)
Share code: SNU ISIN: ZAE000107223
("Sentula" or "the company")

NOTICE OF GENERAL MEETING

If you are in any doubt as to what action you should take in respect of the following ordinary resolutions, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, attorney, accountant or other professional adviser immediately.

Notice is hereby given that a general meeting of shareholders of the company will be held in the boardroom of Merchantec Capital, 2nd Floor, North Block, Hyde Park Office Towers, Corner 6th Road and Jan Smuts Avenue Hyde Park, 2196 at 10:00 on Tuesday, 30 March 2010, for the purpose of considering, and, if deemed fit, passing, with or without modification, the following ordinary resolutions:

ORDINARY RESOLUTION NUMBER 1 – DISPOSAL BY SENTULA OF ITS 49.998% INTEREST IN AND SHAREHOLDER CLAIMS AGAINST SIYANDA COAL (PROPRIETARY) LIMITED

"Resolved that the disposal by Sentula Mining Limited ("Sentula") to Optimum Coal Holdings Limited ("Optimum Coal") of Sentula's 49.998% interest in and shareholder claims against Siyanda Coal (Proprietary) Limited, the company that operates the Koorfontein Coal Mine, for an aggregate cash consideration of R670 million, in terms of the agreement entered into between Optimum Coal and Sentula on 12 February 2010, a copy of which agreement has been tabled at this meeting and initialled by the chairperson for purposes of identification, be and is hereby approved."

ORDINARY RESOLUTION NUMBER 2 – AUTHORITY GRANTED TO DIRECTORS

"Resolved that each director of Sentula Mining Limited be and is hereby individually authorised to sign all such documents and do all such other things as may be necessary for or incidental to the implementation of the ordinary resolution to be proposed at the general meeting."

VOTING AND PROXIES

A shareholder entitled to attend and vote at the general meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company. For the convenience of registered members of the company, a form of proxy is attached hereto.

The attached form of proxy is only to be completed by those shareholders who:

- hold Sentula shares in certificated form; or
- are recorded on the electronic sub-register in "own name" dematerialised form.

Shareholders who have dematerialised their shares through a CSDP or broker without "own name" registration and who wish to attend the general meeting, must instruct their CSDP or broker to provide them with the relevant Letter of Representation to attend the general meeting in person or by proxy and vote.

If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Forms of proxy should be forwarded to reach the transfer secretaries, Link Market Services, at least 48 hours, excluding Saturdays, Sundays and South African public holidays, before the time of the general meeting.

By order of the Board

Janet Salmon
Company Secretary

Johannesburg
15 March 2010

Registered address

Ground Floor, Building 14
Woodlands Office Park
Woodmead, Johannesburg, 2080
(PO Box 76, The Woodlands Office Park, Woodmead, 2080)

Transfer secretaries

Link Market Services South Africa (Proprietary) Limited
16th Floor, 11 Diagonal Street, Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)



Sentula
MINING
Sentula Mining Limited

Incorporated in the Republic of South Africa
(Registration number 1992/001973/06)
Share code: SNU ISIN: ZAE000107223
("Sentula" or "the company")

FORM OF PROXY

For use only by shareholders who:

- hold shares in certificated form ("certificated shareholders"); or
- have dematerialised their shares ("dematerialised shareholders") and are registered with "own-name" registration,

at the general meeting of shareholders of the company to be held in the boardroom of Merchantec Capital, 2nd Floor, North Block, Hyde Park Office Towers, Corner 6th Road and Jan Smuts Avenue Hyde Park, 2196 at 10:00 on Tuesday, 30 March 2010 and any adjournment thereof.

Dematerialised shareholders holding shares other than with "own-name" registration, who wish to attend the general meeting must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the general meeting and request their CSDP or broker to issue them with the relevant Letter of Representation to attend the general meeting in person or by proxy and vote. If they do not wish to attend the general meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. **These shareholders must not use this form of proxy.**

I/We

(full name/s in BLOCK LETTERS)

of (address)

Telephone work ()

Telephone home ()

being the holder/custodian of shares of the company, hereby appoint (see note):

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the Chairperson of the general meeting,

as my/our proxy to attend and act for me/us on my/our behalf at the general meeting of the company convened for purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each postponement or adjournment thereof, and to vote for and/or against such resolutions, and/or to abstain from voting for and/or against the resolutions, in respect of the shares registered in my/our name in accordance with the following instructions:

	Number of shares		
	For	Against	Abstain
Ordinary resolution number 1 Disposal by Sentula to Optimum Coal Holdings Limited of Sentula's 49.998% interest in and shareholder claims against Siyanda Coal (Proprietary) Limited			
Ordinary resolution number 1 Authority granted to directors			

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.

A member entitled to attend and vote at the general meeting may appoint one or more proxies to attend and act in his/her stead. A proxy so appointed need not be a member of the company

Signed at _____ on _____ 2010

Signature _____

Assisted by (where applicable) _____

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, speak and vote in place of that shareholder at the general meeting.

Please read the notes on the reverse hereof.

Notes:

1. The form of proxy must only be used by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in "own name".
2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the general meeting must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
3. A shareholder entitled to attend and vote at the general meeting may insert the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space provided, with or without deleting "the Chairperson of the general meeting". The person whose name stands first on this form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of such proxy(ies) whose names follow.
4. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
5. A vote given in terms of an instrument of proxy shall be valid in relation to the general meeting, notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than 48 (forty-eight) hours before the commencement of the general meeting.
6. If a shareholder does not indicate on this form of proxy that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the general meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.
7. The chairperson of the general meeting may reject or accept any form of proxy which is completed and/or received, other than in compliance with these notes.
8. A shareholder's authorisation to the proxy including the Chairperson of the general meeting, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the general meeting.
9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
10. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer secretaries or is waived by the Chairperson of the general meeting.
11. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the company.
12. Where there are joint holders of shares:
 - any one holder may sign this form of proxy;
 - the vote(s) of the senior shareholders (for that purpose seniority will be determined by the order in which the names of shareholders appear in the company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
13. Forms of proxy should be lodged with or mailed to Link Market Services South Africa (Proprietary) Limited:

Hand deliveries to: 16th Floor, 11 Diagonal Street, Johannesburg, 2001	Postal deliveries to: PO Box 4844, Johannesburg, 2000
--	---

to be received by no later than 10:00 on Friday, 26 March 2010 (or 48 (forty-eight) hours before any adjournment of the general meeting which date, if necessary, will be notified on SENS).
14. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.