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

**RIGHTS OFFER TERMS, CONDITIONAL SALE OF A 49.998% INTEREST IN KOORNFONTEIN COAL
MINE AND FURTHER CAUTIONARY ANNOUNCEMENT**

1. Introduction

Shareholders are referred to the announcement released on SENS on Tuesday, 6 October 2009, in which shareholders were advised that following the breach of the Company's debt service cover ratio in December 2008 and in anticipation of the imminent recapitalisation of the Company, the Company had restructured its senior debt facility of approximately R1.6 billion with its consortium of financiers ("the Funding Consortium"), and that the board of directors of Sentula ("the Board") had made significant progress with the proposed rights offer of approximately R500 million ("Rights Offer").

2. The possible sale of the Koornfontein Coal Mine interest

Subsequent to the announcement on 6 October 2009, the Board is pleased to announced that it has accepted a conditional offer from a consortium comprising Africa Commodities Group (Proprietary) Limited ("ACG") and Bravura Group ("Bravura") (collectively, "the Consortium") to acquire Sentula's 49.998% shareholding in, and shareholder loans and other claims against, Siyanda Coal (Proprietary) Limited, the company that operates the Koornfontein Coal Mine ("the Koornfontein Sale") for an aggregate cash consideration of R686 million ("the Purchase Consideration").

ACG is a 60% held South African subsidiary of Noble Group Limited ("Noble"), with the remaining 40% held by Altius Investment Holdings (Proprietary) Limited ("Altius"), a black-owned South African company. Noble is a Hong Kong based, Singapore listed company with a market capitalisation of approximately USD6.1 billion. Noble is an integrated commodities, logistics and supply group, with business interests including coal mines in Australia, Indonesia and South Africa. Noble's distribution network encompasses more than 100 offices in over 40 countries, across 5 continents. Altius is an investment company with investments in agri-businesses, commodities, technology and private equity.

Bravura is one of the leading independent equity, debt and advisory houses in South Africa, with offices in Cape Town and Johannesburg, Australia, Namibia and Mauritius. Dr Christo Wiese is the main external shareholder of Bravura.

The Board has considered the terms and conditions of the Koornfontein Sale and is of the opinion that the Purchase Consideration represents fair market value for Koornfontein and, on the basis that it is capable of implementation, is the preferred recapitalisation alternative.

In addition to normal regulatory conditions, the Koornfontein Sale and Purchase Consideration are conditional on, *inter alia*, the Consortium having successfully concluded a due diligence investigation ("Due Diligence") by no later than 30 October 2009. Should the Consortium identify any material issues during the Due Diligence, the Consortium may either amend the Purchase Consideration or, in the event the adjustment exceeds 10% of the Purchase Consideration, either party may withdraw from the Koornfontein Sale.

Given Sentula's obligation to make a payment of R400 million to the Funding Consortium by 30 November 2009 or incur significant penalties on its existing debt facility, the Board is cognisant of the risk inherent in the Due Diligence, the potential adjustments to the Purchase Consideration and the outstanding conditions to the Koornfontein Sale, as outlined in paragraph 3 below. To minimise the risk to Sentula, the Board has elected to secure the underwriting of the Rights Offer on the terms set out in paragraph 4 below. However, Sentula has until 30 October 2009 to terminate the Rights Offer, by which date the Due Diligence will have been concluded and other key conditions may have been fulfilled, which will allow Sentula to assess the implementation risk of the Koornfontein Sale. At such time Sentula will be in a position to decide whether to pursue the Koornfontein Sale exclusively, in addition to the Rights Offer or not at all.

3. Conditions to the possible sale of the Koornfontein Coal Mine interest

In addition to the successful conclusion of the Due Diligence and barring any meaningful adjustment to the Purchase Consideration by the Consortium, the Koornfontein Sale remains subject to, *inter alia*, the fulfilment or waiver (as applicable) of the following conditions:

- 3.1. the conclusion of the requisite legal agreements to give effect to the Koornfontein Sale;
- 3.2. the approval of the Koornfontein Sale by the Competition Authorities;
- 3.3. the approval of the Koornfontein Sale by Sentula shareholders and the Funding Consortium;
- 3.4. the receipt of irrevocable undertakings from Sentula shareholders holding no less than 35% of Sentula's issued share capital to vote in favour of the Koornfontein Sale; and
- 3.5. to the extent required, the approval of the Koornfontein Sale by JSE Limited, Exchange Control Department of the South African Reserve Bank and any other regulatory bodies.

4. The Rights Offer

Should Sentula not find itself in a position to exclusively pursue the Koornfontein Sale by 30 October 2009, Sentula will undertake a fully underwritten renounceable Rights Offer to raise R501 920 340. In terms of the Rights Offer 350 993 245 new ordinary shares of 1 cent each ("Rights Offer Shares") will be offered to Sentula shareholders at a subscription price of 143 cents per Rights Offer Share, in the ratio of 149 Rights Offer Shares for every 100 Sentula shares held. The Rights Offer price represents a 45.5% discount to the 20 day volume weighted average price as at the close of business on 9 October 2009.

The Rights Offer is subject to the fulfilment of the following conditions precedent:

- the JSE granting formal approval for the Rights Offer;
- the registration by the Companies and Intellectual Property Registration Office of all documents required to be registered in terms of the South African Companies Act (Act 61 of 1973), as amended, for the implementation of the Rights Offer; and
- the JSE granting a listing of the renounceable (nil paid) letters of allocation and the Rights Offer Shares to be allotted and issued pursuant to the Rights Offer.

Sentula has been able to secure an underwriting agreement in terms of which Investec Bank Limited, acting through its Investec Principal Investments division ("the Underwriter"), will underwrite the full Rights Offer. Sentula will pay to the Underwriter a fee of 5% of the committed R501 920 340, irrespective of whether the Rights Offer is launched.

The underwriting agreement is subject to the following conditions precedent:

- Sentula providing the Underwriter with a written notice on or before 12h00 on 30 October 2009 that it wishes to proceed with the Rights Offer;
- the finalisation date of the Rights Offer occurring on or before 6 November 2009; and
- the Underwriter not having given Sentula a cancellation notice, which cancellation notice shall only be given in the case where the FTSE/JSE General Mining Index (J154) has fallen by more than 20% from its closing level on 8 October 2009 and remains below such level over the 2 days preceding 30 October 2009; the employment of certain senior members of Sentula having been terminated by the Company; or Sentula has breached the provisions of the underwriting agreement which are normal for a transaction of this nature.

5. Further cautionary announcement

Shareholders are advised to continue to exercise caution when dealing in the Company's securities until a further announcement is made by Sentula on or about 30 October 2009, at which stage the shareholders will be advised whether the Koornfontein Sale or the Rights Offer will proceed.

Johannesburg
12 October 2009

Sponsor:
Merchantec (Proprietary) Limited

Adviser on the Koorfontein Sale:
RFA Consulting (Proprietary) Limited

Corporate adviser:
Investec Bank Limited

Underwriter:
Investec Principal Investments, a division of Investec Bank Limited

Joint Legal advisers:
Werksmans Inc.
Cliffe Dekker Hofmeyr Inc.