



Sentula
MINING

Integrated annual report 2011



Contents

- 1 Overview
- 2 Five-year review
- 3 Strategic review
- 4 Capital expenditure
- 6 Group at a glance
- 8 Directorate
- 12 Chairman's report
- 16 Chief Executive Officer's report
- 22 Governance reports
- 32 Sustainability report
- 45 Annual financial statements
- 120 Shareholders' information
- 121 Shareholders' diary
- 121 JSE performance
- 122 Notice of annual general meeting
- 129 Form of proxy
- 131 Administration
- 132 Abbreviations

About Sentula

Sentula Mining Limited has been listed on the Main Board of the JSE since 1993. The Company is actively involved in opencast mining, exploration drilling and rehabilitation and is one of the major suppliers of outsourced mining services in the South African coal mining industry. Sentula has grown to become a leading mining services provider currently with operations in 16 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 stood it in good stead during recent challenging economic conditions.

Sentula is currently invested in six coal mining projects; three in South Africa, one in Botswana, one in Zambia and one in Mozambique.

Sentula has an interest in the Nkomati Anthracite colliery, an operating mine close to Komatipoort in eastern Mpumalanga. Anthracite is produced as a coke blend for domestic and export consumption, from opencast and underground operations.

Applications for mining licences have been lodged at Bankfontein and Schoongezicht in the Ermelo and Delmas regions respectively and it is estimated they should produce about 1.5 million tonnes per annum. The Company has an interest in the coal joint venture, Asenjo Energy, based in Botswana which encompasses three significant coal deposits, estimated to contain approximately 10 billion tonnes of *in-situ* coal. Sentula also has an interest in the Indongo mining project based in Zambia. These coal prospects have been earmarked for energy and power generation across the region and abroad.

Integrated reporting

This integrated annual report has been compiled in accordance with the integrated reporting principles contained in the Code of Corporate Practices and Conduct set out in the King Report on Corporate Governance for South Africa 2009 (King Code). We recognise, in line with the principles of King III, that companies should not only report on financial performance, but also on their sustainability, by disclosing social, environmental and economic issues. This report provides stakeholders with relevant financial and non-financial information to enable them to obtain a more balanced view of our business.

This is the first integrated report that we have produced and we acknowledge that local and international guidelines on integrated reporting are still at an early stage of development.

Overview

↓ 34%

CIFR reduced to 1,17

↑ 10%

Revenue increased to R2,4 billion

(2010: R2,2 billion)

↑ 43%

Operating profit increased to R185 million

(2010: R129 million)

↑ 9%

Cash generated from operating activities increased to R415 million

(2010: R380 million)

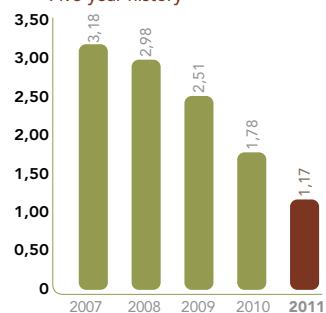
↓

Net debt to equity gearing ratio improved to

21%

Classified injury frequency rate*

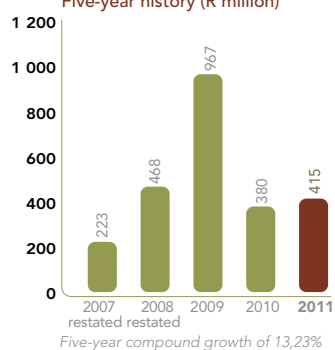
Five-year history



*Per million man-hours worked

Cash generated from operating activities

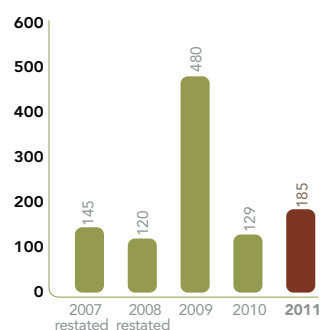
Five-year history (R'million)



Five-year compound growth of 13,23%

Operating profit

Five-year history (R'million)



Five-year compound growth of 5,0%

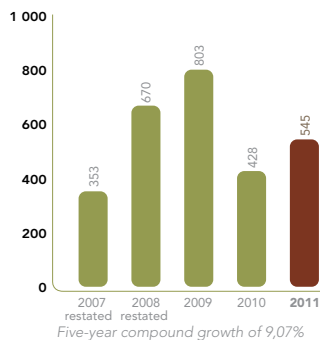
Five-year review

	2011	2010	2009	Restated 2008	Restated 2007
Revenue (R'000)	2 402 375	2 178 601	2 989 835	2 656 039	1 250 484
Operating profit (R'000)	184 903	128 986	479 669	120 013	144 849
Earnings before interest, tax depreciation and amortisation (EBITDA) (R'000)	544 514	427 655	803 069	669 846	353 000
Cash generated from operations (R'000)	415 311	380 086	967 385	468 063	223 487
Attributable earnings (R'000)	35 127	239 138	278 531	110 271	45 976
Earnings per share (cents)	6,0	55,8*	121,1	54,7	30,4
Headline earnings/(loss) per share (cents)	16,1	0,6	109,1	(26,5)	41,6
Tax rate (%)	57,9	16,0	17,7	23,9	32,9
Dividend per share (cents)	–	–	–	21,0	17,0
Dividend cover (times)	–	–	–	2,6	1,8
Net asset value per share (cents)	505	502	984	859	433
Total assets employed (R'000)	4 412 021	5 051 291	4 950 431	4 472 438	2 279 675
Return on shareholders' equity (%)	1,2	9,5	13,7	8,2	8,1
Gearing (%)	21	43	75	72	60
Liquidity					
– Current ratio	1,55	1,18	0,72	1,18	0,73
– Current ratio excluding current portion of long-term borrowings	2,02	2,18	1,48	2,31	1,09
– Acid test ratio	0,96	0,93	0,47	0,87	0,51
Safety					
– Classified injury frequency rate	1,17	1,78	2,51	2,98	3,18

*Weighted for December 2009 rights issue

EBITDA*

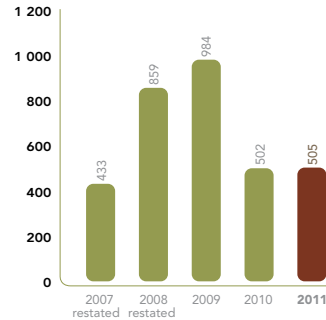
Five-year history (R'million)



Five-year compound growth of 9,07%

Net asset value per share

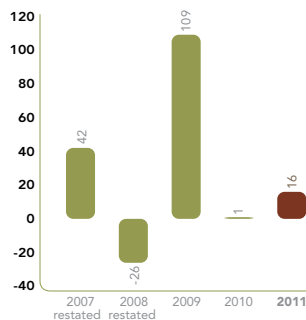
Five-year history (cents)



Five-year compound growth of 3,12%

Headline EPS

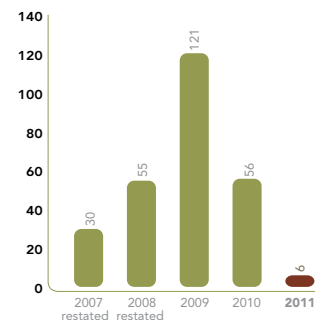
Five-year history (cents)



Five-year compound reduction of 17,29%

Basic EPS

Five-year history (cents)



Five-year compound reduction of 27,71%

*Adjusted for provision for unaccounted funds, impairments, amortisation of intangible assets, share-based payments and profit on disposal of subsidiaries.

Strategic review

Sentula, with its strengthened balance sheet and improved liquidity, remains well positioned to take advantage of contract mining services opportunities across southern Africa.

Sustainable growth will be further enhanced by the steady recovery in demand for resources, the limited ability for mid-tier miners to fund their own production capacity and the leverage gained through the provision of services in the development of its own coal assets.

Through Geosearch, Sentula has access to one of the larger exploration drilling companies in Africa.

Global demand for resources continues to recover, and Africa remains a source of new supply, driving the demand for exploration drilling expertise across the continent. The growing Geosearch footprint continues to provide insights and opportunities for the whole Group.

Sentula has the expertise to identify, develop and manage its own coal resources.

Through the development of the assets within its coal portfolio, Sentula will be in a unique position, enabling it to reach critical mass as a recognised coal producer with meaningful stakes in a balanced portfolio of coal assets and to unlock the value associated therewith.



Capital expenditure



R263 million net capex invested during the year under review

Megacube

Megacube invested net capex of R29,3 million, for the refurbishment of equipment.

Benicon

Benicon incurred net capex of R55,4 million, predominantly for the refurbishment of equipment, and to meet the requirements of the Anglo Coal "FRCP" installation programme.

CCT

Invested in equipment refurbishment, and the replacement of four ADTs, amounting to net expenditure of R23,5 million.

JEF Drill and Blast

The Group invested R3,2 million in refurbishment of drilling rigs and the acquisition of support equipment.

Geosearch

R77,2 million invested during the year to establish operations in the Ivory Coast and the ongoing upgrade and conversion of drilling capacity.

Ritchie Crane Hire

Investment in replacement cranes of R5,0 million.

Coal mining

R48,0 million, predominantly at Nkomati, for the development of the Madadeni opencast, and underground expansion.

Corporate services

R21,1 million, primarily for the purchase of the Jetpark and Middelburg properties for Geosearch and Megacube.

Planned capex for 2012

R216 million to be invested during the year, comprising R133 million replacement equipment and R83 million refurbishments.



Group at a glance

Subsidiaries/Divisions	Our companies	Acquired in	Revenue/ Operating results
Opencast mining	Megacube		R1 501 489 million R66 986 million
	Benicon Opencast Mining	June 2006	
	Classic Challenge Trading	October 2007	
Overburden drilling and blasting	JEF Drill and Blast	June 2007	R262 397 million R42 745 million
Equipment, spares and engineering	Benicon Sales	June 2006	R69 867 million R8 793 million
	Caston	January 1999	
Exploration drilling	Geosearch	October 2006	R678 269 million R71 600 million
Mobile crane hire	Ritchie Crane Hire	April 2007	R53 352 million R28 970 million
Coal mining investments	Mining operation: Nkomati Anthracite (SA)	March 2008	R107 298 million R11 439 million
	Near development and exploration: Sentula Exploration (SA) (formerly Merafe Coal)	April 2008	—
	Exploration: Mabapa Mining (SA)	April 2007	—
	Exploration: Jonah Coal/Aquila Resources (Botswana) – Asenjo Energy	September 2008	—
	Near development: Jonah Coal Indongo (Zambia)	April 2008	—
	Exploration: Carborifera de Changara (Mozambique)	July 2010	—



Operations and information	Major clients
Megacube was the first company established in the Group. The Company is capable of supplying the full range of opencast mining services.	Exxaro, Nkomati Anthracite, Optimum Coal, SA Coal Mine Holdings and Keaton Energy
Benicon provides a full range of opencast 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 management of mine rehabilitation programmes to EMPR specifications.	Anglo Coal
CCT is a hard rock opencast mining company with core competencies in chrome mining and opencast operations for customers in the ferrochrome industry.	Samancor
JEF Drill and Blast was established as a standalone entity in support of opencast mining contracts and to meet the shift towards outsourcing this function. This company is a specialised drilling and blasting entity, which uses 28 drilling rigs in the opencast mining sector, primarily in coal.	Services all of Sentula's opencast mining as well as an expanding external client base
Benicon Sales focuses on the global procurement of equipment and spares, for overhaul and deployment.	
Caston is a Pinetown-based engine rebuild facility for the Group's plant refurbishment requirements.	
Geosearch International is one of the largest African exploration drilling companies, owning 138 exploration drilling rigs. The Company employs approximately 1 200 permanent staff and contractors.	Anglogold Ashanti, Anglo Platinum, Billiton, Lonmin, Norilsk, Rand Gold, Impala Platinum and Vale
Ritchie Crane Hire utilises 20 medium to heavy-duty mobile cranes with capacities that range from 25 to 220 tonnes for the provision of crange services.	Anglo Coal, Eskom, Highveld Steel and Samancor Ferrochrome
<ul style="list-style-type: none"> – Large resource base in excess of 80 million tonnes – Robust market for anthracite from this region – Mpumalanga Economic Growth Agency – 40% minority shareholder 	
<ul style="list-style-type: none"> – Near development properties and exploration: Schoongezicht and Bankfontein. Combined annual sales of 1,5 million tonnes expected at full production – Exploration properties. Currently holds prospecting licences over a total of four properties 	
<ul style="list-style-type: none"> – Investment in an equity stake for the development of a potential coking coal prospect in Limpopo province – Currently a 15% stake which can be increased to a 75% stake for further development capital – Combined resources estimated to be 50 million tonnes 	
<ul style="list-style-type: none"> – Potential for high demand and growth in coal generated power and energy opportunities in the region – Exploration drilling has reached an advanced stage 	
<ul style="list-style-type: none"> – Target project area of approximately 5 000 ha in southern Zambia. The initial mining licence has been awarded 	
<ul style="list-style-type: none"> – Project area situated south of Tete in northern Mozambique 	

Directorate
Executive

Pat Modisane
Head of Transformation
and Human Resources



Robin Berry
Chief Executive Officer



Deon Louw
Chief Financial Officer



Robin Berry (49)

Executive director: Chief Executive Officer
Appointed: 2 January 2007

BSc (Mining) Engineering

Board committee membership

Attends various Board committee meetings *ex officio*.

Skills, expertise and experience

Robin joined the Company as Chief Operating Officer in January 2007, and was promoted to Chief Executive Officer with effect from 1 December 2007. Robin was formerly Chief Executive Officer of Operations at Anglo Coal SA, a division of Anglo American South Africa Limited. He has over 30 years' experience in the mining industry at both managerial and operational levels.

Deon Louw (49)

Executive director: Chief Financial Officer/Financial Director
Appointed: 1 August 2007

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

Board committee membership

Attends various Board committee meetings *ex officio*.

Skills, expertise and experience

Deon is a chartered accountant with extensive experience in mining finance. He joined Sentula on 1 August 2007 from Shanduka Coal, where he was responsible for the financial functions of the group, including the acquisition of a number of South African coal mines. Prior to Shanduka Coal, he was an independent finance adviser to the mining industry and prior to that headed the mining finance team at Investec Bank for a number of years.

Pat Modisane (50)

Executive director: Transformation and Human Resources
Appointed: 1 October 2008

BA (Hons)

Board committee membership

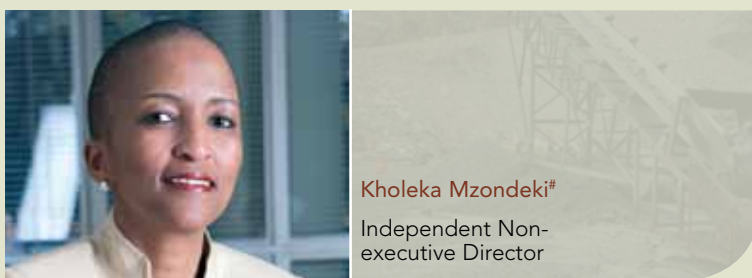
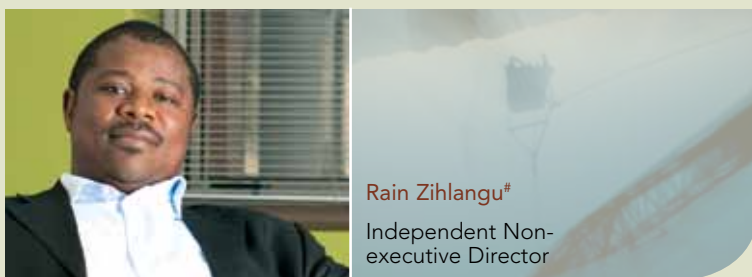
Attends various Board committee meetings *ex officio*.

Skills, expertise and experience

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.

Directorate *continued* Non-executive directors



#Appointed with effect from 1 July 2010

Jonathan Best (63)**Independent non-executive Chairman**

Appointed: 1 July 2007 (Director)/
28 February 2010 (Chairman)

ACIMA, ACIS, MBA

Board committee membership

Chairman of the Nomination Committee, Chairman of the Investment Committee and member of the Remuneration Committee.

Skills, expertise and experience

Jonathan has over 40 years' experience with companies associated with the mining industry. He brings strong financial expertise and experience from his previous role as Chief Financial Officer of AngloGold Ashanti Limited.

He is currently a non-executive independent director and Chairman of the Audit Committee of JSC Polymetal, a Russian-based mining company listed on the London Stock Exchange, an independent non-executive director and member of the Audit Committee of Metair Investments Limited, non-executive Chairman of Bauba Platinum Limited, a director of AngloGold Ashanti Holdings PLC (unlisted) and a director of Gulf Industrials Limited (Australia).

Rain Zihlangu (44)**Independent non-executive director**

Appointed: 1 July 2010

BSc (Mining) Engineering, MBA (Wits), SAIMM, ECSA, AMMSA

Board committee membership

Member of the Audit and Risk Committee and member of the Investment Committee.

Skills, expertise and experience

Rain obtained his first degree in Mining Engineering through the University of the Witwatersrand in 1989 to become the second black mining engineer in South Africa. He joined the Anglo American Corporation graduate training programme at Vaal Reefs Exploration and Mining Company and obtained his mine managers government certificate of competence.

Rain has worked in both government and the private sector and is well known in the mining industry having most recently served as CEO of Alexkor. He has extensive mining experience and has been involved in major transactions including a leading role in the implementation of the Exxaro Empowerment transaction. He is also a Board and Committee member of Exxaro Limited and Petro SA.

Cor van Zyl (64)**Independent non-executive director**

Appointed: 1 July 2010

CA(SA)

Board committee membership

Chairman of the Audit and Risk Committee and member of the Investment Committee.

Skills, expertise and experience

Cor is a chartered accountant with 22 years' experience in the auditing profession as a partner of Coopers and Lybrand, before moving into commerce for a further period of 14 years. This included five years as Financial Director of Afrox Healthcare Limited and six years as Financial Director of African Oxygen Limited until his recent retirement.

Kholeka Mzondeki (44)**Independent non-executive director**

Appointed: 1 July 2010

BComm ACCA (UK), Diploma in Investment Management (RAU)

Board committee membership

Member of the Audit and Risk Committee and member of the Nomination Committee.

Skills, expertise and experience

Kholeka is a Fellow of the Chartered Certified Accountants, United Kingdom. She has a Bachelor of Commerce degree and a Diploma in Investment Management. Her experience includes being a risk manager at Eskom, Director and General Manager of Finance responsible for sub-Saharan Africa at 3M, CFO and General Manager of Corporate Services at Mintek and Financial Director at Masana Petroleum Solutions.

In summary Kholeka has over 20 years' experience in governance and financial management, holding executive roles of FD and CFO in various organisations including a Fortune 500 company. She sits on the Board and Audit Committee of Reunert, listed on the JSE Limited, among her other directorships. In 2008 she had the privilege of being a finalist in the Nedbank/BWA Business Women of the Year.

Hugh Stoyell (67)**Independent non-executive director**

Appointed: 30 September 2005

PR Eng BSc (Mining) Engineering, MBL, SAIMM (Fellow)

Board committee membership

Chairman of the Remuneration Committee, member of the Nomination Committee and member of the Investment Committee.

Skills, expertise and experience

Hugh is a professional engineer with over 40 years' experience in the South African mining industry.

Prior to retiring, he was Chairman and Managing Director of Duiker Mining (Proprietary) Limited, formerly one of South Africa's largest coal exporters. He has held directorships for a number of mining and related companies since 1976, including companies listed on the JSE Limited and London Stock Exchange, and is currently non-executive Chairman of Katanga Mining Limited, listed on the Toronto Stock Exchange, a non-executive director of KFL Limited (British Virgin Islands) and a non-executive director of Global Enterprises Corporate Limited (British Virgin Islands).

Chairman's report

Dear Shareholders

Having successfully recapitalised the business, through the rights offer in December 2009 and the sale of the Group's stake in the Koorfontein mine, in March 2010, the 2011 financial year was a watershed one with the Company having to consolidate and deliver improved operating results, especially at Megacube. As the global economy began to emerge from recession and demonstrated slow, but steady growth, the demand for mining services started to experience a rebound. While the full impact of the global economic crisis, from a South African perspective, was alleviated to some degree, by its hosting of the 2010 World Cup soccer event, a delay in the start of the recovery was also experienced. The overall operational performance for the year while on par with expectations, was significantly higher than the previous year, with some once-off costs impacting the financial results.

Macroeconomic environment

The demand for coal, the commodity to which Sentula has the greatest exposure, continued to grow in the domestic and export markets.

During the third quarter of 2010, Dollar-denominated export thermal coal prices rose sharply by some 40%, on the back of adverse weather conditions, which affected both supply and demand. While the export coal market has continued to be robust, the Rand price of coal was adversely impacted by the strong exchange rate. This negatively impacted South African producers' ability to capitalise on the increased pricing. The exchange rate also impacted adversely on Geosearch's 10 foreign African operations. The demand for domestic coal continued to grow, driven by Eskom requirements. The global demand for coal is expected to continue, increasingly driven by India with its power-generation programme on the western seaboard of the subcontinent, and also by Chinese consumption.

Despite the buoyant international coal environment, we are starting to see the profitability of some South African coal producers coming under pressure because of the strong Rand and rising costs. This has led to the cancellation of some mining contracts and a contraction in the number of contracts being put out to tender.

Group performance

The results for 2011 were mixed with revenue increasing to R2 402 million from R2 179 million, in the prior year. Operating profit increased to R185 million from R129 million mainly due to a positive contribution from Megacube. Basic earnings, while considerably reduced,

were impacted by an impairment of assets and a write-off of financial costs related to the restructuring of the Company's debt. In addition, last year's earnings included the one-off sale of Koorfontein.

Headline earnings per share, which is more representative of normal business conditions, rose from 0,6 cents per share to 16,06 cents per share. This was largely driven by a pleasing 43% increase in operating profit.

The anticipated turnaround at Megacube materialised during the second half of the financial year. Loss-making contracts were terminated during the first quarter, and replaced with profitable sites across a broader client base.

This unfortunately necessitated a large number of retrenchments and parking of idle equipment, as a result of a consolidation in the number of operating sites and improved equipment utilisation. This process was only completed in June 2010 and therefore the benefits of the turnaround strategy only materialised from the second quarter of the 2011 financial year.

The downturn in economic conditions affected most of the services provided by Sentula and disproportionately Geosearch's exploration business as customers cut back on discretionary spending. This initially occurred in its international business, however, as global exploration recovered, Geosearch began to experience cutbacks in domestic exploration expenditure. This resulted in a shift in drilling operations from predominantly South African to mostly foreign sites. While this shift in the operating footprint of the subsidiary stretched resources during the period under review, it now provides an opportunity to capitalise on this investment.

Given the current visibility of uncertain market conditions, the Board of Directors decided not to declare a dividend in respect of the year ended 31 March 2011.

Strategy

Sentula's commitment to be the diversified mining services company of choice across the African continent is unwavering. Through the resources, expertise and experience base of the collective Group, our overall goal is to unlock value for shareholders associated with our portfolio of coal investments.

The Board's primary objective for the year under review was, on the back of reduced debt levels, to support the turnaround strategy of Megacube. During the second half of the financial year, Megacube returned to operational profitability. The challenge that we now face is to

Our primary objective was to develop the entities within the Group into properly structured and appropriately managed operations.



Jonathan Best
Non-executive Chairman

restore the margins in this business to the levels being experienced by its peer group.

We will continue to contain costs and strategically position the Group for organic growth in the mining services business in conjunction with the development of its portfolio of proprietary coal assets.

Board and corporate governance

Recent legislation changes such as the new Companies Act and the strengthening of the Competition Act indicate a higher level of vigilance than ever before in South Africa.

The Board operates under the terms of a King III compliant Board charter, which regulates the roles and responsibilities of the directors.

We, as the Board, will ensure compliance with ethical conduct, best practice and the governance guidelines outlined in King III. We will ensure that the Group remains transparent and adheres to high levels of disclosure. To this end, the independence and complementary skills of the Board was recently strengthened by three new appointments.

At the commencement of the last financial year, the Board comprised executives Robin Berry (CEO), Deon Louw (CFO), Pat Modisane (Head of Transformation and Human Resources), while non-executive directors comprised Andy Kawa, Hugh Stoyell and myself, all of whom were independent.

With effect from 1 July 2010, Rain Zihlangu, Cor van Zyl and Kholeka Mzondeki were appointed as independent non-executive directors bringing complementary financial, mining and leadership skills to the Company. On 2 June 2011, Andy Kawa resigned from the Board, and I would like to take this opportunity to thank her for her valuable contribution over the last three years and wish her well.

The Board now comprises the following individuals:

Director	Designation
Jonathan Best	Chairman, independent, non-executive
Robin Berry	CEO, executive director
Deon Louw	CFO, executive director
Pat Modisane	Head of Transformation and HR, executive director
Rain Zihlangu	Independent, non-executive director
Cor van Zyl	Independent, non-executive director
Kholeka Mzondeki	Independent, non-executive director
Hugh Stoyell	Independent, non-executive director

Sustainability Transformation

Sentula is totally committed to empowerment and transformation as a strategic priority for the Group. We have made good progress against our plan and achieved an independently audited level 5 BBBEE rating according to the dti code in November 2010 and we are on track to be a level 4 contributor by 2012.

Chairman's report *continued*

However, this progress is not as fast as our clients would like, mainly on the issue of ownership, and we were unsuccessful in tendering for certain contracts as a result of this. While the mining services are governed by the dti codes, our exploration/mining assets are governed by the mining charter, where ownership is the critical measure. This has now become a strategic focus area for us.

Corporate social investment

Sentula views corporate social investment as a vital response to the socio-economic development which is an imperative in South Africa. Our intention is to empower previously disadvantaged individuals and uplift the communities in which we operate.

Safety, health, environment

Health and safety remain top priorities for the Board and the Group as a whole. Despite continued efforts and a positive trend in the frequency of serious incidents, the death of an employee on a subsidiary- managed site remains a tragic event. Our collective view continues to be that "one fatality is one too many" and we are all committed to enforcing compliance with the requirements of all South African health and safety legislation. Through renewed efforts, management remains dedicated to identifying potential hazards and reducing risks at all our operations.

Our efforts in addressing environmental issues are constantly developing and we are committed to protecting the environment. Baselines for emissions data are in the process of being established across the Group's operations.

Outlook

Looking at the broader picture, we see the southern African and worldwide demand for energy and coal remaining intact for the foreseeable future. With Geosearch's established footprint across the continent, new mining projects in Africa will continue to present opportunities for Sentula's mining service businesses. Positive coal price trends are underpinned by sustainable demand for SA thermal coal coming from China, India and Europe along with significant local demand underpinned by Eskom's expansion plans.

For the year ahead, given the base upon which to build, we believe that the Group will deliver sustainable growth across all subsidiaries. Notwithstanding the margin pressure felt by some of the South African coal producers we will continue to see modest growth in the demand for other mining services and the Group is

well positioned to take advantage of any recovery. We expect to achieve improved efficiencies and margins in the year ahead. With lower gearing and a stronger balance sheet, 2012 will be a year of building on the consolidated base that has been established post the volatility of the global financial crisis. While we anticipate steady but modest growth, the rate thereof will be determined by the recovery in the mining services sector as a whole. We anticipate that the Rand/ Dollar exchange rate will remain strong for as long as interest rates in the developed world remain at their current low levels and economic concerns prevail in the USA and Europe.

In addition to the operating environment above we need to urgently address our BBBEE status and unlock the dormant value on our balance sheet. The latter coming in the form of idle equipment and our mining/exploration assets.

We will continue to look for work for the larger strategically parked equipment, while monitoring the currently depressed secondhand market for opportunities to dispose of the equipment at reasonable prices.

We will also continue to look for opportunities to exploit our coal exploration/mining assets by taking them up the value curve and then mining or disposing of them.

Appreciation

I am grateful to the Board for their collective and individual contributions and extend my thanks to all for their hard work and continued commitment. I also wish to thank our customers and suppliers for their support and our advisers for their assistance throughout the year. Our thanks go to the management team, led by CEO Robin Berry and Financial Director Deon Louw who, together with Pat Modisane, have steered us through this year of consolidation.

Finally, I wish to express sincere appreciation to our shareholders and thank them for their continued support through difficult times.



Jonathan Best
Non-executive Chairman

16 September 2011



Chief Executive Officer's report

Introduction

As the global resource and energy sectors sustained growth during the past year, trading conditions, in the South African context, continued to show signs of further recovery. Having established the turnaround of Megacube, as a key objective for the year under review, I am satisfied that the results from this business have shown a positive operating profit trend, and a firm base to build on. The diverse nature of the Group's earnings, despite the impacts of political unrest in certain African jurisdictions, have continued to ensure that the underlying fundamentals support the Group's revenue base, and will remain intact, should further volatility in global resource markets be experienced. Subsequent to the finalisation of the annual financial statements, Shanduka shareholders withdrew their support for the Shanduka transaction (as disclosed in the directors' report), as announced on 28 June 2011. Notwithstanding termination of the said transaction, Sentula will continue to seek opportunities to unlock value within its current coal mining business. These opportunities should provide further leverage to our mining services businesses, while enhancing our overall strategy of unlocking the synergies between the complementary business units.

Financial review

- Revenue increased by 10% to R2 402 million (2010: R2 179 million)
- Results from operating activities increased by 43% to R185 million (2010: R129 million)
- Headline EPS increased to 16,06 cents (2010: 0,6 cents)
- Net asset value per share: 505 cents (2010: 502 cents)
- Tangible net asset value per share: 430 cents (2010: 428 cents)
- Net debt to equity gearing ratio improved to 21% (2010: 43%)

On a high level, and despite the substantially improved results for the full year reporting period ended 31 March 2011, the Group's earnings for the 2011 financial year were adversely impacted by the following:

- With the Group's new debt facility becoming effective in February 2011, unamortised pre-tax fees of R28 million had to be expensed during the year under review. These fees were incurred in

September 2009 when the Group's senior debt facility of R1,5 billion was rescheduled.

- The persistently strong exchange rate impacted Geosearch's foreign operations and pre-tax foreign currency losses of R17 million were recognised of which R14 million remained unrealised at year-end.
- Political unrest in the Ivory Coast, which resulted in Geosearch suspending mobilisation on a substantial drilling contract.
- Operating losses still being incurred by Megacube during the first half of the financial year as this business terminated loss-making contracts.
- The suspension of opencast mining operations at Nkomati in March 2011 due to regulatory and environmental issues.
- Forensic and legal fees of R7 million, pre-tax, associated with the civil and criminal actions instituted against members of previous management.
- An impairment charge, primarily relating to the Group's fleet of CAT 785 dump trucks of R71 million, pre-tax, as a consequence of the large variance between the carrying value of these items and their independently assessed market value and limited opportunities for their short-term deployment.

Group cash flows for the period under review improved dramatically following receipt of the Koorfontein sale proceeds of R670 million in April 2010. This has contributed to the Group reducing its senior debt levels to R700 million at year-end, resulting in a net debt to equity ratio of 21% at 31 March 2011.

The Group negotiated a new senior debt facility with a Standard Bank led consortium, which will provide the Group with a capital financing facility of up to R800 million over the next four years for the acquisition of new equipment. Peak debt levels will, however, not exceed R800 million at any point in time during the term of the facility. The new facility also provides for a principal debt redemption moratorium for two quarters which will enable the Group to utilise approximately R120 million of internally generated cash flow for ongoing refurbishment of the Group's existing fleet.

The new facility provides the Group with the capital funding to grow the businesses organically in a sustainable manner for the foreseeable future.



Having established the turnaround of Megacube, as a key objective for the year under review, I am satisfied that the results from this business have shown a positive operating profit trend, and a firm base to build on.



Robin Berry
CEO, Sentula Mining

Operational review

Sustainability

This integrated report includes a review of the Group's sustainable development performance during the reporting period. Building on the previous year's base, the Group has established targets and initiatives to reduce key environmental impacts, thereby enhancing the longer-term sustainability of its businesses.

Safety track record

The Group's classified injury frequency rate of 1,17 per million-man hours worked is a 34,2% improvement on the comparative prior period. Tragically, and in spite of continued efforts to identify hazards and reduce risks on our operations, Mr Glence Mohlala, a front-end loader operator with several years of experience, died of injuries sustained in an incident which occurred on a managed site in February 2011. Sentula remains proactive in establishing systems and structures to align its efforts in the area of safety with those of its clients and best practice. Sentula has identified the health and safety of its employees as one of its core values.

Transformation

During the period under review, Sentula has been independently verified as a level 5 contributor, in terms of the Department of Trade and Industry codes,

measuring Broad Based Black Economic Empowerment. The Group has plans in place to elevate its status to that of a level 4 contributor by the end of the current 2012 financial year.

Mining services

The provision of mining services remains the core of Sentula's business, with the four operating segments and the six underlying subsidiaries continuing to trade satisfactorily, despite improving but continuing volatile conditions being experienced in the sector.

Opencast mining operations

The year under review was characterised by growing demand, but exacting trading conditions, as margins remained under pressure across the opencast contracting sector.

Megacube, however, returned to profitability in the second half of the 2011 financial year as the business terminated loss-making contracts and improved operational efficiencies. The Company's results were adversely impacted by the impairment charge of R71 million, primarily on its CAT 785 rigid dump trucks. These items of plant and equipment were acquired in 2007 at the peak of the commodity cycle and at a time when the exchange rate was materially weaker than

Chief Executive Officer's report *continued*

the prevailing rates during the period under review. The intention is to refurbish this fleet over the next 12 to 18 months in support of Megacube and the Group's organic growth aspirations.

Benicon managed to negotiate improved rates for the 2012 financial year, and should see sustained revenue, but improved overall margins during this period.

CCT is well positioned to benefit from the ongoing sustained demand in the ferrochrome sector during the 2012 financial year, and is expecting real revenue growth, while improving margins to historic levels.

Overburden drilling and blasting

JEF Drill and Blast grew its revenue and profit base substantially during the past year and this business is now well positioned to continue delivering real growth, with sustained margins, for the foreseeable future.

Exploration drilling

The persistently strong exchange rate adversely impacted Geosearch's revenue and margins. Political unrest in the Ivory Coast also resulted in the suspension of operations in that jurisdiction. With stability returning to the Ivory Coast, drilling operations will recommence in the second quarter of the 2012 financial year. The Company's revenue split for the 2012 financial year is expected to be more balanced between domestic and foreign contracts, following the award of substantial drilling tenders in the domestic platinum group metal sector.

The significant investment in the geographical diversification of the Company's international businesses should provide a sustainable platform for real growth and operational efficiencies during the current financial year.

Crane hire

Ritchie continued performing well, notwithstanding a reduction in demand for mobile cranes post the 2010 Soccer World Cup. The Company is expected to maintain its profitability in the 2012 financial year given its mix of cranes, strong competitive position in the Witbank/Middelburg geographical area, and diversity of clientéle in coal mining, steel and power-generation industries.

Coal mining investments

In line with the strategy to develop a diversified portfolio of coal assets, the Group has continued to operate, develop and undertake exploration activities across its various coal projects in southern Africa. Sentula is currently invested in six projects (three in South Africa, and one in each of Botswana, Zambia and Mozambique). The projects can be broadly described as mining operations, comprising an operating mine, near development properties (those projects which can be operational within 18 months) and exploration areas.

Mining operations

Nkomati was awarded a new order mining right during the year and the mine commenced opencast operations in September 2010 with the Madadeni pit achieving full production in December 2010. Flooding of the opencast operation in December 2010, and the transport strike in early 2011, however, adversely affected production and sales from the mine. Operations at the Madadeni pit were unfortunately suspended in March 2011, due to regulatory and environmental issues. While these issues are being resolved, the underground operations have been placed on care and maintenance from the end of May 2011. Subsequent to the suspension of the opencast operation, the DMR approved the amended environmental management programme, and it is anticipated that the mine will recommence operations during the second half of the 2012 financial year.

Near development properties

Sentula, through its joint venture investments, has been granted new order prospecting rights over portions of the farms Bankfontein and Schoongezicht, in Mpumalanga. Exploration has been completed and mining right applications have been submitted for both of these properties.

Exploration drilling has been completed at the Mulungwa project in southern Zambia. The third and final phase of the feasibility programme, which included resource estimation, completion of the environmental impact assessment, technical/mining investigations and financial modelling, has also been completed. A small-scale mining licence has been awarded and planning is advanced to commence development during the second half of the 2012 financial year.

Exploration areas

The Asenjo joint venture with Jonah Capital and Aquilla Resources, situated in Botswana, has continued exploration on its tenements. The value of the large resource base is expected to be unlocked through the construction of rail infrastructure to port facilities in Namibia or Mozambique, the provision of which is enjoying renewed interest in the region.

Exploration on the Mabapa coking coal project remains on track to recommence during the second half of 2011, following the securing of an option on a neighbouring property. This will enhance the critical mass of the overall project. Ongoing recovery in steel markets, improving coke prices and the potential extension to the project area, may result in an economically viable project in the near future.

During 2010, Sentula acquired an option to earn an interest, through exploration, in the Carborifera de Changara coal project, situated south of Tete in northern Mozambique. The first phase of the exploration drilling has been completed, and while an initial assessment of the drilling data is not encouraging, the Group is considering its options with respect to further exploration of the prospect.

Strategic review

Overview

The underlying Group strategy has been developed to support sustainable value creation for its stakeholders, through growth, by capitalising on the three-pronged competitive advantage gained from being an established large-scale bulk earthmoving contractor, the experience and knowledge base gleaned from operating across the African continent, and the flexibility created through the deployment of assets into the development of its proprietary coal assets. Our strategy will be brought to fruition through the exploitation of opportunities identified in both mining services and proprietary mining investments in southern Africa. This strategy will be further enhanced through the logistics infrastructure developed, and the insights and experience gleaned, as a result of Geosearch's broad geographic footprint, across southern, central and more recently west Africa, as it positions the Group to leverage off the mining

services offerings stemming from the development of new mineral resources in these regions.

Bulk earthmoving

Sentula's established foothold in the coal and energy sector, as a significant provider of large-scale bulk earthmoving services, sets it apart from its competitors, by being a leader in a commodity sector that experiences less demand volatility, through the economic cycle. As more mid-tier miners bring coal projects into production, in South Africa, in the short term, and in neighbouring Mozambique, Zambia and Botswana, in the medium term, Sentula is well positioned to utilise the capacity provided by these opportunities. This, coupled with the Group's growing exposure to mining in the non-coal sector, provides a degree of risk alleviation through its diversification of service offering, client base, mineral exposure and potential geographical spread, which will continue to provide a solid platform for developing the business into the future.

Sentula has already established a base in Mozambique, for the provision of bulk earthmoving services, to projects being established around Moatise in the Tete province. In addition, and on the back of the development of the Mulungwa project in southern Zambia, the Group sees an opportunity to develop a mining services presence in that part of the world.

Continental growth

Having invested in the requisite infrastructure, through Geosearch, to tap into opportunities utilising its hubs in Botswana, Mozambique, north-eastern Democratic Republic of the Congo and west Africa, growth opportunities now exist for the provision of a broader range of mining services in these jurisdictions, as exploration turns to mine development. Through the geographic reach created, Sentula has the ability to assess contracting opportunities throughout these regions of the continent, with the confidence of Geosearch's experience gained in these areas.

The establishment of an earthmoving presence in Moatise Tete was achieved on the back of the Aguaterria business, Geosearch's Mozambican subsidiary.

Chief Executive Officer's report *continued*

Investment in proprietary coal assets

Through its access to the resources, expertise and experience base of the collective Group, Sentula is well positioned to nurture the development and unlock the value inherent in its portfolio of coal investments. It will continue to follow the strategy of assessing the acquisition of coal properties that will enhance the value of these assets, and will provide flexibility and leverage to its mining services businesses, as they are developed and brought into production.

Prospects

Ongoing demand, fuelled by the continuing global economic recovery, for the type of mining services provided by Sentula, remains buoyant. While margins in the sector remain under pressure, it is envisaged that the requirement for new capacity, driven by continued growth, will bring about an upward correction in the medium term. This, coupled with Sentula's ability to deploy its strategically parked excess capacity, should result in improved asset utilisation, on increasing revenue, and higher resultant returns.

Aligned with the Group's strategy, the vision of developing the mining services business of choice across the African continent, with the prerequisite of sustainable

growth within the sector, remains core to the Sentula business model.

The ongoing turnaround of the Megacube business, and its return to acceptable levels of profitability, remains a key to the success of the Group's short-term strategy.

Thanks

I would like to take this opportunity to thank our management and their teams for their hard work, dedication and support during the year, resulting in the maintenance of the Group's performance-based objectives.

My thanks also to our clients and suppliers for their ongoing and invaluable support and service respectively.



Robin Berry

Chief Executive Officer, Sentula Mining

16 September 2011





Governance reports

The governance report section includes the following:

- Corporate governance report – page 22
- Audit Committee report – page 27
- Risk management report – page 27
- IT report – page 29
- Remuneration report – page 29

Corporate governance report

Introduction

The Board of Directors of Sentula and senior management across the Group are committed to the highest standards of corporate governance and take pride in their high moral and ethical business standards, accompanied by sound and transparent business practices.

As corporate governance is constantly evolving, Sentula continually focuses on seeking ways to improve on its corporate governance standards. The Board is committed to and already applies the majority of the principles contained in King III and, in so doing, continuously strives to achieve corporate governance best practice.

The Board, assisted by the Audit and Risk Committee, is responsible for overall corporate governance and monitors compliance with all applicable laws, rules, codes, standards and the Listings Requirements, and ensures ongoing improvement in the Group's adherence to the principles set out in King III. The Company Secretary is responsible for assisting the Board in monitoring compliance and the day-to-day management of corporate governance.

Board of Directors

Structure and role of the Board

The Board has a unitary structure and comprises eight members, the majority of whom are independent non-executive directors. The Board considers all of the non-executive directors to be independent. Determination of independence is guided by King III, the Companies Act, Listings Requirements and corporate best practice. The profiles of the Board of Directors are set out on pages 8 to 11 of this annual report.

The roles of the non-executive Chairman and the Chief Executive Officer are separated in accordance with the Board's policy of division of responsibilities. This ensures a balance of authority and precludes any one director from exercising unfettered powers of decision-making. In addition, the Board complies with the requirements of

King III insofar as the composition of its sub-committees is concerned.

A Board Charter, which is reviewed annually, has been adopted to guide the Board in governance issues and sets a framework within which the Board functions. The Board charter sets out the Board's duties and obligations, which include, *inter alia*, to:

- act as the focal point for, and custodian of, corporate governance by arranging its relationship with management, shareholders and other stakeholders of the Company along sound corporate governance principles;
- appreciate that strategy, risk, performance and sustainability are inseparable and to give effect to this by:
 - contributing to and approving the strategy;
 - satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management;
 - identifying key performance and risk areas;
 - ensuring that the strategy will result in sustainable outcomes; and
 - considering sustainability as a business opportunity that guides strategy formulation.
- provide effective leadership on an ethical foundation;
- ensure that the Company is and is seen to be a responsible corporate citizen by having regard not only to the financial aspects of the business of the Company but also to the impact that business operations have on the environment and the society within which it operates;
- ensure that the Company's ethics are managed effectively;
- ensure that the Company has an effective and independent Audit and Risk Committee;
- be responsible for the governance of risk;
- be responsible for information technology (IT) governance;
- ensure that the Company complies with applicable laws and considers adherence to non-binding rules and standards;
- ensure that there is an effective risk-based internal audit;
- appreciate that stakeholders' perceptions affect the Company's reputation;
- ensure the integrity of the Company's integrated report;
- act in the best interests of the Company at all times by ensuring that individual directors:

- exercise their fiduciary duties with the necessary care, skill and diligence;
 - adhere to legal standards of conduct;
 - practise objective judgement with regard to the affairs of the Company independently from management, but with sufficient information to enable a proper and objective assessment;
 - are permitted to take independent advice in connection with their duties following an agreed procedure;
 - immediately disclose real or perceived conflicts to the Board and deal with them accordingly; and
 - deal in securities only in accordance with the policy adopted by the Board.
- commence business rescue proceedings as soon as the Company is financially distressed;
 - elect a Chairman of the Board who is a non-executive director; and
 - appoint and evaluate the performance of the Chief Executive Officer.

The Board charter requires that non-executive directors have unfettered access to management at any time, and all directors are entitled, at the Company's expense, to seek independent professional advice on any matters pertaining to the Group where they deem this to be necessary, and are obliged to seek such advice in matters where they lack sufficient expertise to make an informed decision. When seeking independent advice, the directors must inform the Company Secretary and if it is relevant to Sentula or its operations, the Company Secretary will disclose the information to the Chief Executive Officer and the Board.

Executive directors are appointed by the Board to oversee the day-to-day running of the Company. Executive directors are held accountable through regular reporting to the Board, and their performance is measured against predetermined criteria.

Non-executive directors provide the Board with advice and experience that is independent of management and the executive. The presence of independent non-executive directors on the Board, and the critical role they play as Board representatives on key committees, ensures that the Company's interests are served by impartial views that are separate from those of management and shareholders.

For the financial year ended 31 March 2011 and subsequent thereto, the Board composition and resignation of directors is as follows:

Director	Appointed	Resignation
Hugh Stoyell (Independent non-executive)	30/09/2005	n/a
Robin Berry (Executive CEO)	02/01/2007	n/a
Jonathan Best (Independent non-executive Chairman)	01/07/2007	n/a
Deon Louw (Executive CFO)	01/08/2007	n/a
Andy Kawa (Independent non-executive)	11/09/2008	02/06/2011
Pat Modisane (Executive Director Transformation and HR)	01/10/2008	n/a
Kholeka Mzondeki (Independent non-executive)	01/07/2010	n/a
Cor van Zyl (Independent non-executive and Chairman of the Audit and Risk Committee)	01/07/2010	n/a
Rain Zihlangu (Independent non-executive)	01/07/2010	n/a

Executive directors have contracts of employment with the Company. No contracts between the executive directors and the Company, or any of its subsidiaries, are terminable at periods of notice exceeding six months or require payment of compensation on termination. Non-executive directors are in the process of entering into service contracts with the Company. Details on the remuneration of executive and non-executive directors are provided on page 96 of the annual report.

Changes to the Board

Three new independent non-executive directors were appointed with effect from 1 July 2010, namely Kholeka Mzondeki, Cor van Zyl and Rain Zihlangu. Andy Kawa resigned from the Board on 2 June 2011. The details of the directors are set out on pages 8 to 11 of the annual report.

Director appointment and retirement policies

The non-executive directors and Chairman are subject to retirement by rotation and re-election in accordance with the Company's Memorandum of Incorporation. At each annual general meeting, one-third of the non-executive

Governance reports *continued*

directors, or if their number is not a multiple of three, then the number nearest to, but not less than, one-third shall retire from office.

New appointments to the Board are made through a formal process and the Nomination Committee assists with the process of identifying suitable candidates to be proposed to the Board and to shareholders.

Board appointments are made with a view to ensuring an appropriate blend of skills and experience is maintained. All Board appointments are ratified by Sentula shareholders.

Board meetings

The Board meets at least four times a year with additional meetings held when necessary.

The attendance at the Board meetings held during this period is set out below:

Number of Board meetings during the year – seven

Director	Attended
Hugh Stoyell	7
Robin Berry	6
Jonathan Best	6
Deon Louw	7
Andy Kawa (resigned 02/06/2011)	5
Pat Modisane	7
Kholeka Mzondeki (appointed 01/07/2010)	4
Cor van Zyl (appointed 01/07/2010)	4
Rain Zihlangu (appointed 01/07/2010)	4

Board sub-committees

To enable the Board to properly discharge its duties and responsibilities, the Board is assisted by an Audit and Risk Committee, a Remuneration Committee, an Investment Committee and a Nomination Committee.

Directors play a critical role as Board representatives on the various Board committees and ensure that the Company's interests are served by impartial, objective and independent views that are separate from those of management and shareholders.

Each committee has a charter to guide the members in performing their duties and the members of the committees have access to management, Group records and external professional advice, if and when required. The chairpersons

of each committee, in line with the recommendations of King III, attend the annual general meeting.

Audit and Risk Committee

The Audit and Risk Committee is constituted as a statutory committee of Sentula in respect of its statutory duties in terms of section 94(7) of the Companies Act, 2008, and a committee of the Board in respect of all other duties assigned to it by the Board.

The duties and responsibilities of the members of the Audit and Risk Committee are governed by a charter which is reviewed annually. The charter sets out the committee's duties, which includes, *inter alia*:

- overseeing integrated reporting;
- ensuring that a combined assurance model is applied to provide a coordinated approach to all assurance activities;
- reviewing the expertise, resources and experience of the Company's finance function;
- considering and satisfying itself with the suitability of the expertise and experience of the financial director on an annual basis;
- overseeing internal audit;
- acting as an integral component of the risk management process; and
- being responsible for overall corporate governance and monitoring compliance with all applicable laws, rules, codes, standards and the JSE Listings Requirements, and ensuring ongoing improvement in the Group's adherence to the principles set out in King III.

In terms of the charter, the committee comprises a minimum of three independent non-executive directors, and the chairman of the committee may not be the chairman of the Board. Due to Jonathan Best being appointed as chairman of the Board with effect from 28 February 2010, while also being the chairman of the Audit and Risk Committee at the time, the Company did not comply with this requirement of the charter and King III. This was, however, rectified by the appointment of Cor van Zyl, who has vast financial expertise within the auditing profession and commerce, as chairman of the Audit and Risk Committee with effect from 1 July 2010.

The Audit and Risk Committee is now compliant with the requirements of King III, and the constitution of the committee is in accord with these guidelines. Accordingly, as mentioned above, the committee is now chaired by an independent non-executive director,

Cor van Zyl. The current composition of this committee is as follows:

Cor van Zyl (Chairman of the committee)	appointed 1 July 2010
Andy Kawa (member)	resigned 2 June 2011
Kholeka Mzondeki (member)	appointed 1 July 2010
Rain Zihlangu (member)	appointed 1 July 2010

The Chairman of the Board, Chief Executive Officer, Chief Financial Officer, other executives and the external and internal auditors attend Audit and Risk Committee meetings by invitation. The committee annually considers and recommends the annual financial statements for approval by the Board. Additionally, the committee approves the audit fees and all fees for non-audit services provided by the Group's auditors.

The Audit and Risk Committee confirms that it is satisfied with the appropriateness of the skills and expertise of Deon Louw, an executive director and Chief Financial Officer, who fulfils the role of Financial Director of Sentula, and the independence of the external auditor.

Audit and Risk Committee meetings held during the year – five

Director	Attended
Jonathan Best (Chairman up to 01/07/2010)	2
Cor van Zyl (Chairman as from 01/07/2010)	4
Andy Kawa (resigned 02/06/2011)	5
Kholeka Mzondeki (appointed 01/07/2010)	4
Rain Zihlangu (appointed 01/07/2010)	4

Remuneration Committee

The Remuneration Committee has adopted a charter, which is reviewed annually, which sets out its duties and obligations. The committee is responsible for ensuring that the directors and executive management are appropriately remunerated. The committee is also responsible for the formulation of proposals of the fees paid to the non-executive directors for the Board's consideration and shareholder approval.

During the year under review, the committee was chaired by independent non-executive director, Hugh Stoyell, and the committee entirely comprises of independent

non-executive directors, being Andy Kawa (resigned 2 June 2011) and Jonathan Best (appointed 1 July 2010).

The Chief Executive Officer and Executive Director HR and Transformation attend meetings by invitation, and are obliged to recuse themselves from discussions with regard to their own remuneration.

Remuneration Committee meetings held during the year – three

Director	Attended
Hugh Stoyell (Chairman)	3
Andy Kawa (resigned 02/06/2011)	3
Jonathan Best	2

Nomination Committee

The Nomination Committee was established during 2009, and has finalised its charter. The committee has been established to ensure a formal and transparent procedure for appointments to the Board. Although the appointment of directors is a matter to be deliberated upon by the Board as a whole, the committee assists the Board by identifying and recommending suitable candidates for appointment as well as establishing a succession plan for Board members.

The committee is chaired by Jonathan Best, and the current members are Hugh Stoyell and Kholeka Mzondeki, who was appointed as member with effect from 1 July 2010.

An attendance table for Nomination Committee meetings is set out below:

Nomination Committee meetings held during the year – one

Director	Attended
Jonathan Best (Chairman)	1
Hugh Stoyell	1
Kholeka Mzondeki (appointed 01/07/2010)	0

Investment Committee

The Investment Committee was established during 2007. The purpose of the Investment Committee is to consider and oversee Sentula's strategic investment processes and to evaluate investment projects relating to acquisition or disposal of Group assets.

The committee is chaired by independent non-executive Chairman, Jonathan Best, and the current committee members are Hugh Stoyell and Andy Kawa (resigned

Governance reports *continued*

2 June 2011). Cor van Zyl and Rain Zihlangu were appointed as members effective 1 July 2010.

During the year under review, the following Investment Committee meetings were held – two

Director	Attended
Jonathan Best (Chairman)	0
Andy Kawa (acting Chairperson) (resigned 02/06/2011)	2
Hugh Stoyell	2
Cor van Zyl	0
Rain Zihlangu	1

Code of ethics

Sentula's Code of Ethics ("the Code") places emphasis on integrating ethical practice and corporate governance throughout the Sentula Group. The Code pertains to all directors of the Company, and demands that they discharge their duties with honesty, due care and skill, and also requires that they ensure that they are familiar with all their duties and fiduciary responsibilities as directors of the Company, via:

- attendance at training sessions;
- compliance with laws and regulations;
- attendance at meetings;
- disciplined and courageous participation in meetings;
- continual monitoring of their performance;
- the separation of personal and Company transactions;
- maintenance of the confidentiality of Sentula's information; and
- acting in the best interests of the Company.

The Code provides a guide for determining whether an act or omission is considered to be unethical. Any violations of the Code are referred to the Board, and the relevant director may be removed from office if found to be in serious breach of the Code.

The Company complies with the code of ethics requirements of King III in all material respects.

Company Secretary

All directors have unrestricted access to the advice and services of the Company Secretary and to Company records, information, documents and premises. The Company Secretary minutes all Board and sub-committee meetings and maintains the registers required by statute. The Company Secretary is also responsible for keeping directors abreast of regulatory or legislative changes which may affect the Company. On 1 April 2010, Grace Chemaly replaced Morestat Corporate Services (Proprietary) Limited as the Company Secretary.

Share dealing and conflicts of interest

Directors and management with access to financial results and/or price-sensitive information are prohibited from dealing in Sentula shares during closed or prohibited periods, and clearance and approval procedures and processes are in place throughout the Group. At the holding company level, directors are required to obtain prior approval from the Chairman and Chief Executive Officer and to report any share dealing (including transactions in terms of the Schamin Share Incentive Trust) to the Company Secretary who, together with the Chief Executive Officer and sponsor, ensures the publication of the information on SENS. At subsidiary level, dealings are cleared by the Chief Executive Officer.

Directors are required to separate their personal transactions from the Company's transactions, and they are prohibited from accepting or soliciting gifts or benefits of any kind by virtue of their position on the Board. Annually, and thereafter at each Board meeting, directors are required to disclose to the Chairman any potential conflict of interest and any other directorships held by them. Directors who disclose a potential conflict of interest recuse themselves from discussion of the matter which may give rise to the conflict of interest.

Accounting and auditing

External audit

The Audit and Risk Committee is responsible for the oversight of the external auditors and for considering whether any non-audit services provided by the external auditors may impair their independence.

Internal audit

Sentula has an independent outsourced internal audit function, which is responsible for assisting the Board and management in the effective discharge of their duties, and reports directly to the Audit and Risk Committee. The scope of the internal audit function includes the assessment of the adequacy of internal controls, fraud prevention, risk management and safeguarding of assets. Unrestricted consultation is encouraged between the internal audit function, directors and management.

Internal controls

The Board is ultimately responsible for the Sentula Group's systems of internal control, assisted by the internal auditors and management who maintain comprehensive accounting records. In addition, the Audit and Risk Committee reports to the Board on internal controls, which it monitors.

Subsidiaries

Sentula's major subsidiaries are listed on page 6 of this annual report.

Sponsor

In compliance with the Listings Requirements, Merchantec (Proprietary) Limited acts as sponsor to Sentula.

Audit and Risk Committee report Internal financial controls

Based on the 2011 results of the independent internal audit review of the design, implementation and effectiveness of the Group's system of internal financial controls, considering information and explanations provided by management and discussions held with the external auditors on results of their audit, the committee is of the opinion that the Group's system of internal financial controls is adequate and effective and forms a basis for the preparation of reliable financial statements.

External auditor

The committee has satisfied itself that the external auditor, KPMG Inc. was independent of the Company, as set out in section 270A(5) of the Companies Act of 1973 (as amended), which includes consideration of compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors.

The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the 2011 financial year.

The committee has nominated, for approval at the annual general meeting, PricewaterhouseCoopers Inc. as the external auditor and PC Hough as the designated auditor, for the 2012 financial year.

Financial statements (including accounting practices)

The committee has reviewed the financial statements of the Company and the Group and is satisfied that they comply with International Financial Reporting Standards.

Going concern

The committee reviewed a documented assessment by management of the going concern premise of the Company and the Group before concluding to the Board that the Group is expected to be a going concern for the foreseeable future.

Expertise and experience of financial director and finance function

The committee has satisfied itself that the Financial Director of Sentula has appropriate expertise and experience.

The committee has considered and has satisfied itself of the overall appropriateness of the expertise and adequacy of resources of the Group's finance function and experience of the senior members of management responsible for the financial function which is reviewed annually.

Risk management report

The Board is responsible and accountable for ensuring that adequate procedures and processes are in place to identify, assess, manage and monitor key business risks. The Board recognises the importance of risk management and has conducted a review of the Group's risks to ensure that major risks are identified, rated and documented in the Company's risk register.

The risk management process is regularly reviewed by the Audit and Risk Committee and entails a formalised system to identify and assess risk, both macro and operational, with input from management and the Group's internal and external auditors. Once the major risks have been identified, risk mitigation mechanisms are identified and implemented to mitigate or reduce the residual risk to a manageable level.

The Board is assisted by the Audit and Risk Committee in assessing Group risk and ensuring that a culture of risk awareness is instilled throughout the Group. Day-to-day responsibility for risk identification, evaluation and management, however, resides with the subsidiary management and Executive Committee of the Group.

The major risks to which the business is exposed are reviewed on a monthly basis by the Executive Committee to ensure that the requisite responsibility is allocated and mitigating mechanisms are implemented and are effective in reducing the residual risk to an acceptable level.

The Group's internal audit plan is amended on an annual basis to ensure that the identified risk factors are being managed in a manner consistent with the guidelines determined by the respective subsidiary boards.

The Group's assets are insured against material loss with a credible insurer at predetermined values to ensure that asset losses as a result of disaster are reduced to levels acceptable to the Board.

Governance reports *continued*

A summary of the major risks and mitigating strategies that the Group is exposed to is presented hereunder:

Integrated risk	Operational mitigation
<i>Macro and market risk</i>	
Adverse foreign currency risk and commodity price risk	Cash flow and foreign currency risk is managed through a treasury policy and Audit and Risk Committee oversight. Transactional currency flows are hedged, where appropriate, using plain-vanilla hedging instruments.
Geopolitical risk	Diversification of operations across high-risk jurisdictions and counterparties. Reliance is also placed on the presence and knowledge of our local clients in these jurisdictions and ongoing risk monitoring using independent political risk agencies.
<i>Financial risk</i>	
Capital funding and working capital adequacy	The Group's sustainability and growth is funded through a consortium of financial institutions which provide capital funding and working capital facilities for this purpose. Liquidity is managed in terms of guidelines contained in a treasury policy and Audit and Risk Committee oversight.
Customer concentration – significant dependence on core group of customers	Diversification of the Group's customer base, development of niche services and cross-selling of the Group's service offering.
<i>Operational risk</i>	
Occupational health and safety	<p>A SHE forum is established at senior management (Exco) level to oversee:</p> <ul style="list-style-type: none"> • compliance to ISO 9000, 14000 and OSHAS 18000 standards and instituting behaviour-based training programmes; • strict enforcement of safety standards and to ensure that incident management processes are implemented; and • monitoring of conditions from a safety and operational perspective. <p>Management incentives are linked to the meeting of SHE objectives. Furthermore managed health programmes have been introduced across the Group.</p>
Adverse weather conditions – excessive rain, heat, fog and dust	<p>Contract flexibility and flexing of production targets enable the contractor to manage these risks in conjunction with the following operating activities:</p> <ul style="list-style-type: none"> • maintaining drainage and pumping systems on mines; and • ensuring that haul roads and ramps are constructed to ensure good drainage and durability. <p>Adequate working capital over the festive and rainy season is maintained to ensure that working capital deficits can be bridged.</p>
Skills retention and succession planning	Effective retention strategies for all key disciplines have been implemented and regular benchmarking of incentives is undertaken. Furthermore, comprehensive training, apprentice and learnerships, job-based skills training and mentoring is conducted across the Group. Succession planning programmes are in place in all major subsidiaries and ongoing market research on the availability of scarce category skills is undertaken to identify skills from within the mining sector.
Cost increases and reliability of key consumables	<p>Contract mining rates are linked to input cost indexes and provision is made for inflation-linked cost escalation to ensure that operating margins are being maintained. Furthermore, executive level relationships with key suppliers are developed and strengthened to ensure the continuity of component supplies at competitive rates. Strategic procurement, through the Group's sales division, also contributes to ensuring that cost increases are curtailed.</p> <p>Maintaining flexible business models with regard to fleet configurations, termination periods and employment conditions also contribute to mitigating this risk if cost escalations cannot be offset by rate increases.</p> <p>Employee costs are a major component of the Group's costs and relationship building processes, transparency and openness in the Company's approach towards organised labour and long-term agreements on collective bargaining is pursued.</p>

Integrated risk	Operational mitigation
Legislative and regulatory risk	
Regulatory and compliance risk	<p>The Group conducts its business in a highly regulated environment and is compelled to comply with all regulations on an ongoing basis to ensure that its operations are not suspended or its licences revoked. To ensure that this risk is mitigated, safety and operational compliance is prioritised across the Group through a number of processes and independent reviews of the licensing processes to ensure security of tenure of the priority coal investments are conducted on a regular basis.</p> <p>The Group is required to be compliant with the BBBEE criteria of the Mining Charter and dti codes.</p> <p>In this regard, the Group is pursuing a number of initiatives to ensure compliance.</p>

Information technology report (IT)

The Board of Directors has, through delegation to the Audit and Risk Committee, identified the areas within the business that are dependent upon IT solutions, and the business risk associated therewith has been assessed. Taking cognisance of the nature of the Group's current business offering and strategy, an IT governance framework has been established and policies formulated, under the direction of the Group IT Steering Committee. The Group IT Steering Committee has also been mandated to guide the Group's IT strategy, in line with business imperatives.

Given the nature of the Group's current business mix, the physical safeguarding of IT assets, securing of data and disaster management and recovery, have been identified as the core of Sentula's IT management philosophy.

As a standing item on the Group's Audit and Risk Committee agenda, the Group's Internal Auditors have been appointed to provide assurance to the committee on the IT function.

Remuneration report Remuneration Committee

Role of the Remuneration Committee and Terms of Reference

In particular the Remuneration Committee is responsible for:

- the determination and periodic review of the remuneration packages for executive directors and other members of the Executive Committee of the Company including, but not limited to, basic salary, performance-based short and long-term incentives, pensions and other benefits;
- the design, operation and administration of the Company's performance-based incentives and awards made under the share-based incentive schemes;

- the development of a succession plan that identifies suitably experienced individuals, within the organisation, who can step into key roles, should the need arise; and
- assisting the Board with the determination of the remuneration to be paid to the non-executive directors.

Membership of the committee

Hugh Stoyell – Chairman
Andy Kawa – resigned 2 June 2011
Jonathan Best

Remuneration policy on executive director and senior executive remuneration

The Company's dual strategy is to be the leading contract mining and mining services company in Africa as well as a developer of coal mineral deposits in southern Africa. In order to achieve this, the Company must be in a position to attract the right talent available in the industry and its remuneration package must therefore be comparable to those of its competitors.

The remuneration policy is to attract and retain high-calibre executives and to motivate them to develop and implement the Company's business strategy in order to optimise long-term shareholder value.

The following principles are applied to give effect to the remuneration policy and to determine executive remuneration:

- Executive remuneration is benchmarked against a comparator group of South African small and mid-cap JSE-listed entities, mining services and junior mining companies. The most recent benchmarking exercise conducted by independent consultants indicates that the total remuneration of the executive directors, with one exception, is close to or below the median.

Governance reports *continued*

- To ensure the appropriate balance between short, medium and long-term incentives, with salary comprising between 35% to 45% of annual remuneration if the bonus and share-based incentive targets are achieved in any given year.
- To align the behaviour and performance of executives with the Company's strategic goals, all incentive plans align performance targets with shareholder interests. The quantum of the short-term incentive and related bonus is determined with respect to performance in a given financial year, while the vesting of the share-based incentive awards is determined with respect to conditions related to Company performance over the five years following the date of grant.

At the annual general meeting of shareholders to be held on 27 October 2011, shareholders will be asked to endorse the policy as outlined in this report and that the Board of Directors does all such acts as may be necessary to implement the remuneration policy for 2012 as summarised herein.

Elements of executive director and senior executive remuneration

Remuneration mix

Each executive's total remuneration consists of a basic salary and benefits, defined as the employment cost to the Company, an annual performance-linked bonus, and a combination of share-based incentive schemes. An appropriate balance is maintained between fixed and performance-related remuneration and elements linked to short-term performance and those related to longer-term growth in shareholder value.

The potential maximum bonus achievable in a given year, expressed as a percentage of cost to company package, is shown in the table below, if 100% of all the budgeted annual targets are met:

Chief Executive Officer	56%
Executive directors	48%
Executive management	40%
Other management	40%

Basic salary

This is the total guaranteed annual employment cost to the Company associated with the employment of an executive. It is structured, at the individual's election, but in accordance with applicable legislation, to include a basic wage, a travelling allowance, a medical aid contribution and a pension fund contribution. A cost

of living increase in the basic salary is considered by the Remuneration Committee on an annual basis and implemented from 1 July in the applicable year. For the year under review, increases ranged from 0% to 12%, with a weighted increase in the executive wage cost of 7,95%.

Performance bonus

This is a short-term incentive plan under which award levels are determined with reference to the achievement of a set of stretched Company and individual performance targets for a given year. For the 2011 financial year, 100% of the bonus would have been payable if 110% of all targets were achieved. At the 100% level, the criteria comprised a matrix-based scorecard, incorporating financial, safety, transformation and personal objectives.

The weighted average percentage of the Group objectives scored was 52,5%, which was applied to the applicable level of basic salary, resulting in a performance bonus equal to a percentage of the individual's basic salary. The bonus is paid in cash at the end of the month following the month in which the presentation of the Group's annual financial results is made.

The criteria and scorecard weighting for the financial year ending 31 March 2012 has been established by the Remuneration Committee, as follows:

%	Safety	Trans-formation	Financial	Personal
Chief Executive Officer	17,8	17,8	44,4	20,0
Chief Financial Officer	15,6	15,6	38,8	30,0
Transformation and HR Director	15,6	15,6	38,8	30,0
Other executives	13,3	13,3	33,4	40,0

The weighted average percentage of score achieved has been applied to the following percentages of cost to company package:

Chief Executive Officer	70%
Chief Financial Officer	60%
Transformation and HR Director	60%
Other executives	50%

Share-based incentives

Deferred bonus scheme

Selected executives and employees of the Group will in lieu of a discretionary bonus or a percentage thereof, be offered the right to receive a cash award equal to the sum of the market value of a number of notional Sentula issued ordinary shares as at the expiry of a specified employment period and a multiple thereof to be determined by the Board at the time of offer of the deferred bonus award and the aggregate of all dividends paid per Sentula ordinary shares over the employment period and the number of bonus shares comprising the deferred bonus award.

Notional shares awarded under this scheme are offered at a price determined by the 30-day Sentula VWAP on the day that the Remuneration Committee makes the award. An award of 126 295 nominal shares was made during August 2010, to Robin Berry, with an employment period of five years and a multiple of two.

Share Appreciation Rights Scheme

This is a scheme whereby senior and middle management (the "employees") of Sentula are incentivised by means of the award of options, of which the offer price is determined as the 30-day VWAP on the offer date and the employees can exercise the said

options in five equal tranches annually from the first to the sixth anniversary of the offer date, subject to them remaining in the employment of Sentula. The awards made under the scheme are cash settled on the exercise date. The award and allocation of options under the scheme is governed by Sentula's Board. A total of 32 771 500 options was awarded during the financial year ended 31 March 2011, 13 221 500 to participants as a result of the dilution impact of the December 2009 rights offer and 18 150 000 new awards, priced at R2,23 and an award of 1 400 000 at R2,77.

Long-term incentive plan

Selected executives and employees of Sentula and its subsidiaries receive a conditional right to receive a cash award (the "LTIP") equal to the market value of a number of notional Sentula issued ordinary shares on the date the award becomes unconditional. The LTIP award is to be applied towards the obligatory subscription and/or purchase of Sentula ordinary shares. This is a cash-settled scheme. During the 2011 financial year, 17 957 280 LTIP awards were made, 4 805 280 to participants as a result of the dilution impact of the rights offer and 13 152 000 new awards. As the conditionality for the 2010 tranche of the LTIP awards was not met, no awards vested during the financial period under review.

Sustainability report

Message from the CEO

This, our second sustainability review, reinforces Sentula's commitment to sustainable business practice. To be truly sustainable, we have to listen to each and every interested and affected party in order to gauge our impacts and contribution to society. This year we aim to expand and improve on last year's review as well as report on the progress made with regard to the targets set in the 2010 annual report.

Good reporting is essential to this process. Last year we introduced a sustainable development template that enabled us to start measuring ourselves. This year we are further expanding our template and strive to meet the reporting standards advocated by King III as well as the guidelines of the JSE.

We have also employed a dedicated Sustainability Coordinator to facilitate Sentula's journey into integrated sustainability reporting and sustainability management in all aspects of our business.

Furthermore, we believe that to be sustainable, we must add value – economically, socially, environmentally and by operating with integrity and with sound, ethical business practices. I invite you to read about the progress we have made – and continue to make – on our journey, and welcome your comments.

Report overview

Last year, Sentula embarked on the first annual review of its performance in the field of sustainable development. This, our second review, represents the next step in the process to fully integrated reporting as advocated by King III as well as the requirements of the JSE.

This report covers Sentula's 2011 financial year (April 2010 to March 2011) and aims to give our stakeholders a broad picture of our current activities and performance in the areas of governance, transformation, health, safety, environment and our interaction with local communities.

The review process is currently focused primarily on our activities in South Africa, where the majority of our operations are based, but does include limited coverage outside its borders. In addition to South Africa during the year under review, we operated in Botswana, Cameroon, the Central African Republic, Chad, the Democratic Republic of Congo, Ethiopia, Kenya,

Malawi, Mozambique, Namibia, Zambia and Tanzania. Operations in the Ivory Coast were suspended pending the resolution of political stability in that country. In the future, we hope to provide more information on our sustainable development performance in these geographical areas.

This review has been compiled using the principles for integrated sustainability reporting as outlined in King III, the Integrated Reporting Committee's discussion document of April 2011 and the Global Reporting Initiative G3 sustainability reporting guidelines.

In last year's report, we identified the key areas we wished to focus on in the short to medium term to demonstrate our journey towards sustainability. This year, we report on our progress and highlight new focus areas for the coming year. We also state the KPIs that give a high-level overview of our sustainable development performance. Last year, we set targets for these KPIs and in this review we report on our performance against these targets as well as set new targets for the next reporting period. We have also included a summary of the transformation of our business, as measured against the dti BEE scorecard.

Governance

Sentula is committed to building a clean reputation and credibility as the preferred mining services company on the African continent.

As a company listed on the JSE, we embrace King III which advocates integrity in all aspects of business. This means that we need to be able to account for and demonstrate ethical, credible and transparent business conduct in everything we do and in our relationships with all our stakeholders. Sentula strives to be acknowledged as a service provider with integrity.

We strive to meet all legal requirements to ensure our credibility and sustainability. We will not tolerate any form of bribery or unethical business conduct, especially as we commence exploration and mining in new areas throughout the continent. The Group philosophy of zero tolerance of any form of corruption, fraud, abuse or unethical business practice means that we will not hesitate to take disciplinary action against any employee believed to have transgressed these ethics.

As a responsible business entity, we seek to promote the observance of human rights in the countries in which we operate and support the principles set forth in the Universal Declaration of Human Rights. Sentula complies with the International Labour Organisation's Conventions and does not employ people below the age of 18. No political donations or in-kind contributions were made during the reporting year.

Nkomati has experienced a number of environmental legislative challenges. The mine has been in operation since the 1980s and has changed hands a number of times during this time. In March 2011, following a directive from the DMR relating to the opencast section's Environmental Management Programme, production at this section was suspended. Both legacy and recently arising challenges exist, however, Sentula remains committed to legal compliance and ethical practices. In demonstration of this commitment, in May 2011 Nkomati was placed on care and maintenance pending the finalisation of all environmental applications.

Code of business conduct

Sentula's Code of Ethics is guided by our values and sets out the standards that direct our business activities. Our code of conduct has been rolled out to all subsidiaries, and employees are expected to be familiar with it. Management is committed to ensuring these values and our Code of Ethics are properly understood and observed. A "Business Conduct Quick Test" is available to assist employees if they are in any doubt about what to do or when to speak up.

Whistle-blowing

Sentula makes use of a dedicated, independent whistle-blowing facility that is available 24 hours a day and 365 days a year to report workplace dishonesty and inappropriate behaviour. This is available by email (sentula@tip-offs.com) or on FreeCall (0800 21 31 33). All reported incidents are fully investigated and employees or contractors implicated in irregular activities are dealt with appropriately.

Policies and principles

Group policies that our people need to be aware of and adhere to in their daily responsibilities have been rolled out. All subsidiaries are required to adopt and follow these policies or adapt them to their particular requirements.

Operating context

Issues and trends

"Sustainability is the primary moral and economic imperative of the 21st century. It is one of the most important sources of both opportunities and risks for businesses. Nature, society, and business are interconnected in complex ways that should be understood by decision-makers. Most importantly, current incremental changes towards sustainability are not sufficient – we need a fundamental shift in the way companies and directors act and organise themselves."

King III – King Code of Governance for South Africa 2009

Sentula operates throughout Africa but with the majority of operations based in South Africa. The South African context includes the historical legacy of the apartheid system. As such, Sentula uses legislation as a positive framework in which to facilitate transformation, black economic empowerment, preferential procurement, community social investment and enterprise development. We believe that transformation is not just a legal requirement but a strategic investment in South Africa.

The environmental impacts of mining are becoming increasingly highlighted as the effects of acid mine drainage become more apparent. There is increasing pressure on mining companies and contractors to ensure that the impacts of their operations are quantified and mitigated as far as possible. Sentula remains committed to responsible mining and we are currently reviewing all our environmental monitoring procedures to ensure compliance to environmental best practice.

South African legislation requires that a number of specialist studies and impact assessments are carried out before environmental management plans are approved. In addition, water resources are protected through the licensing of water uses, particularly in industries such as mining. These and other legislative requirements dictate the manner in which Sentula is able to operate in the South African context.

We are not yet required to reduce our emissions, however, as the effects of global warming become more apparent, pressure to do so will likely increase. Sentula has begun to monitor the carbon emissions of the entire organisation. This year a baseline carbon emission level was established and a target-based strategy for reducing our overall emission is being implemented.

Sustainability report *continued*

Although there is a shift towards a low-carbon economy, in the South African context the coal industry remains solid on the back of local and global demand for the resource. Locally, national power utility Eskom remains one of the chief clients of the coal industry, with demand set to increase as new power stations come online.

Engaging with our stakeholders

Our relationships with our stakeholders define the way we conduct our business. Our stakeholders give us our licence to operate and without them we would not be able to build a sustainable future.

At Sentula our primary stakeholder groups include, among others, local communities, customers and host mines, shareholders and investors, suppliers, trade unions or organised labour, employees and contractors, business partners, local and national authorities, the media, non-governmental organisations, industry associations, our competitors and relevant mining and mineral authorities. Sentula remains involved in the local chamber of mines and various other mining associations in South Africa and across its borders.

We believe that open and transparent dialogue should form the basis of our interaction with our various stakeholder groups. From this solid basis we continue to involve them, wherever applicable, in all matters of our business, both at an everyday functional level and at a higher strategic level. Sentula realises that without constructive input from our stakeholders and commitment from them to uphold our business principles and values, we cannot build a sustainable business that can add value to society.

This holds particularly true at our Nkomati operation. Although there have been a number of challenges with regard to stakeholder engagement at this operation, Sentula remains committed to improving relationships at a community level. To this effect, Nkomati has appointed a stakeholder management consultant and has established a community forum to improve and encourage stakeholder engagement.

Relationships with governments

Sentula strives to establish good relationships with governments at national, regional and local levels in all the regions in which we operate. We are committed to meeting all the legal requirements of these countries to ensure the sustainability of our business in these areas.

Although Nkomati experienced a number of legislative challenges during the reporting period, including pre-compliance directives from the MDEDET, the DWA, as well as a directive from the DMR. We are committed to our legal obligations and will continue to seek compliance through transparency and cooperation with the relevant government departments.

Working together

We engage in transparent and constructive consultation with employees and their representatives. Our relationship with formalised trade unions is strong and regular meetings are held between union representatives and management to encourage mutually beneficial outcomes to labour relations issues.

Our employees are represented by a range of unions, including the National Union of Mineworkers, the Workers Equality Support Union of South Africa, the El Shadaai Workers Union of South Africa and the Association of Mineworkers and Construction Union.

Communicating with our stakeholders

Good corporate governance, as dictated by the Integrated Reporting Committee, promotes interactive communication processes to address the legitimate interests and expectations of stakeholders. As such, Sentula remains committed to providing all stakeholders with relevant, transparent and timely communication through the most appropriate medium and in the most appropriate manner.

Communication mediums include the press (local and national newspapers), corporate reports and publications, formal meetings and forums, informal information sharing, marketing channels and the internet. Our Group website (www.sentula.co.za) provides relevant news and information about Sentula. Our formal business language is English but, where applicable, communication may be provided in other languages. We aim to explore the role of the social media platform in our business during the coming year.

Strategic objectives

Overview

Sentula aspires to be recognised as a responsible, ethical organisation. Our sustainable development goals are in line with this aspiration and through this ongoing process of review we aim to consistently improve our performance in the areas of sustainability and responsible mining.

We have identified the following focus areas for improvement going forward:

- Stakeholder engagement
- Environmental licensing
- Monitoring procedures

By means of monthly sustainability reports, we aim to improve the quality of our sustainable development data. We have also started monitoring carbon emissions with the goal of reducing our overall emissions.

Organisational competencies

To reach our sustainable development goals, a dedicated Group Sustainability Coordinator has been appointed with effect January 2011. In addition, a range of consultants are used throughout the business to supplement the skills of Sentula employees. These

consultants not only assist with the more specialised aspects of projects, including specific environmental work, civil engineering and safety systems, but provide us with an independent viewpoint.

Nkomati has engaged the services of a specialised social and community consultant in order to assist with stakeholder engagement at the operation.

Our performance

Key performance indicators

To monitor our progress in the field of sustainable development, KPIs are used to highlight our annual performance. During the last review, targets were set for those KPIs identified and in the following table we reflect our performance against these targets.

SUSTAINABLE DEVELOPMENT – KEY PERFORMANCE INDICATORS

Key performance indicator	Measure	Target set for 2011	Quick measure	Obtained in 2011
Safety	CIFR	1,75	✓	1,17
	TIFR	9,5	✓	7,16
	Fatalities	Zero	✗	1
Health	New cases of occupational disease	Zero	✗	5
	Percentage of employees undergoing HCT	30%	±	23,8%
Environment	Obtaining or retaining ISO 14001 certification	Subsidiaries obtain or retain	±	Benicon and Geosearch certified to date
	Number of monetary fines or sanctions related to non-compliance with environmental legislation	Zero	✗	1 sanction
	Number of environmental incidents	Zero	✓	Zero
Procurement	Percentage procurement spend with South African Department of Trade and Industry compliant suppliers	50%	±	46,7%
Employment equity	Number of HDSAs in management	55%	✓	60%
	Female participation in management	12%	±	10%
	Percentage female employees in Sentula	8%	±	6%

* Per one million man-hours worked.

✓ Achieved.

✗ Not achieved.

± Partially achieved.

Sustainability report *continued*

Safety first

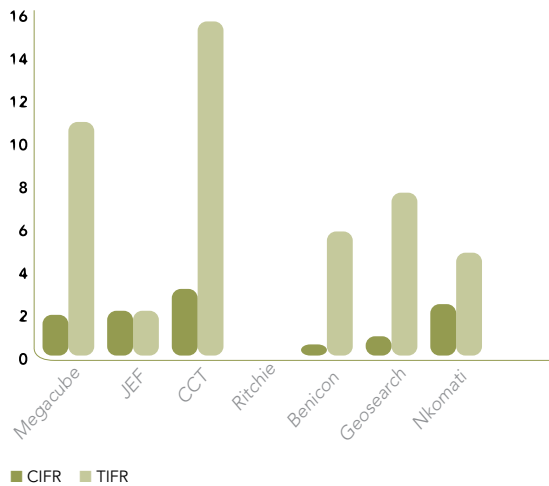
The safety of our people is non-negotiable and we have implemented a range of systems and standards to drive progress in this central aspect of our business.

Sentula set targets of 1,75 and 9,5 (per million man-hours worked) for the CIFR and TIFR respectively. We are pleased to report an achieved CIFR of 1,17 and TIFR of 7,16 during the reporting period.

We regret that one fatality occurred within our organisation during the period under review. CCT employee Glerce Mohlala was fatally injured at Samancor's Tweefontein chrome mine. He had been employed at CCT as an operator with several years of experience. In addition to an internal investigation, an official inquiry was conducted by the DMR. All learnings from this incident have been incorporated into our safety strategy and a number of improvements have been instituted at the mine.

Safety

Per million man-hours



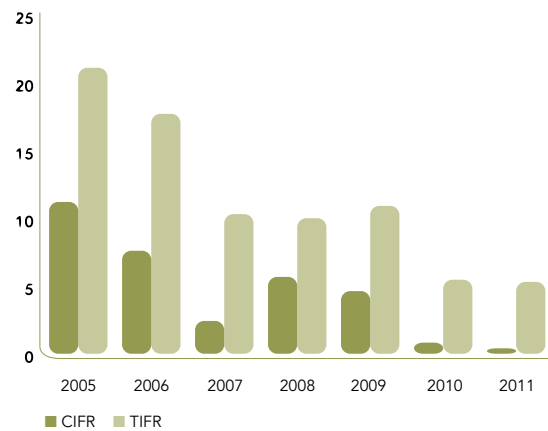
A fatal accident or severe injury in the workplace is a source of considerable distress, not only to employees and their families, but to Sentula as a responsible employer. Apart from the human considerations, an unacceptable history of safety-related incidents brings with it a destruction of confidence held by clients and

regulatory authorities in a contract mining company's ability to conduct its operations in a safe and professional manner. Safety is quite literally our licence to operate.

Over the past year, an enormous amount of effort has been invested in a drive to develop our own safety standards and to address the historical reliance on those set by corporate clients. By doing so, we are developing our own set of best practices which not only include input from our clients but draw heavily on our own operational experience. These practices can only be developed and supported through the maintenance of a strict reporting discipline that records all incidents and near misses and communicates these in a way that involves all levels of the Company. Through a process of dissemination and discussion, not just on the incident itself but on how to eliminate the causes and implement the appropriate strategies, we have gained valuable learnings, which are shared to prevent repeats.

Benicon safety history

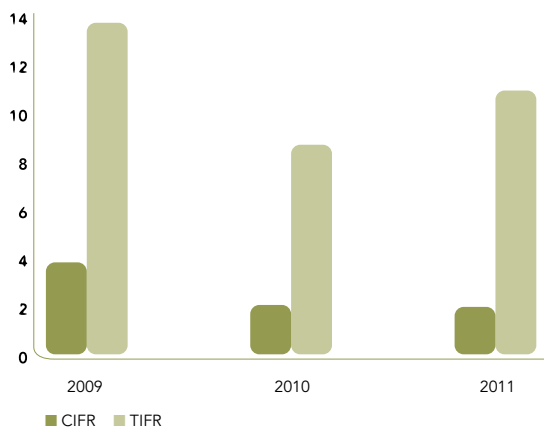
Per million man-hours



Benicon and Geosearch have both achieved OHSAS 18001 certification. Although in last year's review we had set a target to be certified across the Group in this reporting period, not all subsidiaries achieved this goal. The ISO certification process can be a lengthy one and we continue to work towards obtaining certification at each subsidiary. Both Megacube and JEF are on track for certification during 2012.

Megacube safety history

Per million man-hours



We are proud to note that Ritchie once again achieved a zero incident rate. Ritchie attributes this success to a zero tolerance approach, solid training and the successful management of fatigue and associated risks.

Safety improvement initiatives

We firmly believe that our drive towards safety and ultimately zero harm is a realistic and achievable goal that cannot unfortunately be accomplished in a single giant leap, but rather a succession of small steps, each one taking us closer to our objective.

Many of these steps take the form of safety initiatives our individual companies stage which, in many instances, relate directly to their own sphere of operations. Not only are they effective in encouraging and improving safe working practices within their own organisations, but the cross-pollinisation gained from their learnings is added to the collective safety wisdom of our Group.

Many of these initiatives involve training, particularly increasing the capacity of supervisors to manage safety through the use of risk assessments and standard operating procedures. A great deal of attention is given to increasing occupational skills that will have a direct benefit on safety outcomes. These include courses on collision avoidance, working with hazardous substances, working at heights and building knowledge on mine standards and procedures.

Our research has shown that the majority of injuries occur in lifting and materials handling activities, especially when specifications are not adhered to.

This year, Benicon introduced fatal risk standard equipment to all its vehicles. This includes rollover protection, GPS systems, cameras, railings and lights. In addition, Benicon ran a competition for safety representatives in which adherence to and knowledge of safety legislation was rewarded.

Megacube has instituted a programme of “visible felt” leadership involving walkabout audits and inspections conducted regularly on site by management, often at unusual hours. In addition, Megacube continues to encourage innovation within its ranks. One such innovation involves the development of a safety bracket which can be fitted to certain vehicles as a lifting support device. The bracket, which was developed following an incident, has been certified and is manufactured for use not only by Megacube but also by its host mines. Megacube has launched an individualised learning matrix for each employee to ensure that training objectives remain learner-specific.

At Geosearch, a target was set for 2011 to encourage sites to report all incidents, no matter how minor. Going forward, the objective is to reduce these incidents by conducting site inspections and increasing the number of SHE officers to assist with the implementation of the SHE programme. The Company has placed this programme on its website to make it more accessible to drill sites and to provide employees with updated procedures, no matter how remote their locations.

The safety of our people remains fundamental to our business, and we will continue to strive for improvements and achieve our safety goals through collective responsibility, commitment and ongoing focus.

Health

The health of our employees has a direct bearing on their ability to perform safely and productively in the workplace.

We maintain strict adherence to the provisions of the Occupational Health and Safety and Compensation for Occupational Injuries and Diseases acts. The prevention and monitoring of occupational illnesses is accomplished through the ongoing assessment of workplace risks, strict adherence to the use of personal protective equipment and regular medical surveillance.

Risks include exposure to dust and noise as well as diseases such as malaria and access to clean drinking water at some of our more remote exploration sites.

Sustainability report *continued*

At our Nkomati operation, we follow the DMR guidelines relating to dust and noise. Opencast operational dust is monitored throughout the mining area by means of dust buckets. Monitoring of underground dust also takes place daily. Noise is also monitored on an ongoing basis and a proper maintenance programme is followed on all equipment to ensure that levels do not increase unnecessarily.

Working in remote areas

Drill crews operating away from home in other African countries are provided with proper camp facilities which are well-planned and maintained by sufficient numbers of support staff.

Drinking water is sourced and tested as part of the camp establishment and employees receive training on the prevention of malaria. They are also provided with mosquito repellents and medication. Pre- and post-medical check-ups are conducted, and inspections and audits are regularly undertaken.

In addition to taking the necessary precautions to prevent accidents and illness, Geosearch also purchases comprehensive medical insurance for all employees working in remote areas. This insurance not only covers standard medical procedures and care but also includes 24 hour emergency evacuation to the nearest appropriate facility and return to country of origin for employees who require in-hospital treatment. In the case of emergency evacuations, hotel and travelling costs of one other person to accompany the patient are included.

Wellness

We acknowledge our responsibility to provide a safe and healthy working environment and to nurture the wellness of our employees who undergo an annual medical fitness examination. Apart from ensuring fitness for work, these medical assessments assist with the early identification and treatment of chronic illnesses such as diabetes, hypertension and tuberculosis, and give employees an additional opportunity to undergo HCT. During these examinations, advice on healthy eating, fitness and weight management is provided.

We are currently engaging with our employees on the introduction of a medical benefit scheme.

HIV/Aids

As a company whose sphere of operations is entirely based on the African continent, we cannot ignore the effects of HIV/Aids on our employees, clients and the communities that surround our own and our clients' operations.

Where it is practically possible, we aim to minimise the social, economic and developmental consequences of the disease by taking considered measures to prevent the

spread of the virus. These measures include education, the provision of condoms and HCT.

One of the keys to restricting the spread of the disease and its consequences is the creation of awareness – awareness of how it is transmitted, the damage it can cause to those infected and their families and, most importantly, the fact that it can be treated with a significant degree of success. This flow and interchange of information is supported with the distribution of print material, including banners, posters, flyers and brochures not only to promote HIV/Aids awareness, but to encourage our employees to embrace a healthy lifestyle.

An HCT campaign has been launched across the business with the aim of reaching all subsidiaries and sites by the end of the next review period. Testing has for the most part been facilitated and supported by local municipal medical facilities. Early results show that testing uptake varies markedly across businesses and the areas in which we operate. In general, we have had a positive response to testing. A more detailed report of the status of our workforce will be included in next year's review.

Benicon has formalised its own HIV/Aids policy which was signed in August 2010. This policy was developed with the aim of balancing the needs of infected and sick employees with those of the Company. In addition, a memorandum of understanding has been signed with the local health department to facilitate relationship-building and support.

Minimising our environmental footprint

We are committed to sound environmental practice and aim to minimise our impact in the areas in which we operate. We recognise the importance of lessening our consumption of natural resources and reducing the generation of waste.

While we strictly adhere to the environmental policies and standards our host mines have in place, we are developing our own more stringent environmental framework and are working towards ISO 14001 certification at all our sites. Our original intention was to achieve this goal by 2011; however, we now aim to obtain certification by March 2012. Benicon and Geosearch have already been awarded certification and a number of our other subsidiaries are well on the way to achieving this goal.

It is our responsibility to comply with all environmental legislation to build a clean and credible reputation as the mining services provider of choice. We therefore co-operate with and support local, regional and national authorities in achieving their own environmental goals. We are currently developing operating policies to include the integration of pollution control, waste management and rehabilitation activities into our operating procedures.

Nkomati was issued with pre-compliance notices from the DWA and the MDEDET as well as a compliance notice from the DMR. The compliance notice from the DMR was accompanied with an order to stop mining at the Madadeni opencast section. This was subsequently lifted following the approval of an Environmental Management Programme amendment for the site. Sentula took the decision to place Nkomati Anthracite on care and maintenance pending the resolution of all legislative requirements at the operation.

Nkomati has been in close communication with government departments and independent consultants regarding environmental licensing at the operation. A number of applications are in progress. These include an Integrated Water Use Licence Application and a Section 24G rectification for activities around the opencast section.

We have a comprehensive SHE policy and intend reporting more regularly on our SHE performance. Regular audits are conducted to ensure compliance to the environmental standards we have in place and, where applicable, our subsidiaries make use of the "Red Card Incident Identification System". Employees are issued with a red card which they are encouraged to use to indicate situations contrary to proper environmental practice. Site supervisors are responsible for the recording of these occurrences.

Resource management

We fully recognise the importance of responsible water usage and are committed to protecting, managing and conserving water resources, both at our own mines and at our client sites.

This year, we are able to report on our water usage from municipal sources across the Group. A consumption figure of 40 263,6 kL was measured during this reporting period and this will be used as our baseline going forward. Although not all of our boreholes are currently being measured, we aim to install flow meters on these sources during this coming year to facilitate reporting and resource conservation efforts going forward.

It is an undeniable fact that we are operating in an energy-challenged era that is unlikely to change in the foreseeable future. In recognition of this, we have committed ourselves to identifying new ways of optimising our energy consumption and reducing our greenhouse gas emissions.

Our carbon emissions are now being monitored through the measurement of power and diesel consumption. This financial year, we have measured our electricity usage across the Group at 6 208 452,7 kWh. This figure will be used as our baseline against which we will measure

energy consumption going forward. Although much of our diesel usage takes place on our host sites and is therefore not material to this review, we are mindful of the impact of our activities in all aspects of business and the environment.

CASE STUDY

Geosearch – Environmentally responsible drilling

Geosearch uses biodegradable chemicals for its exploration drilling projects. However, the disposal of contaminated soil poses an environmental challenge for any exploration business and drilling contractor. As long as contaminated soil is untreated, it remains the exploration company's liability.

Geosearch has a programme of good housekeeping, which focuses on protecting the environment at the contamination source. Measures taken include the placement of plastic sheeting and oil absorbent mats at strategic positions to trap undesirable materials where leakages are most likely to occur.

Conventional practice for dealing with drilling waste is to dispose of it at an approved hazardous waste facility to prevent environmental contamination. This method of disposal is inherent with problems such as transport costs and dump site availability.

In accordance with the good housekeeping programme, a new method of handling contaminated drilling waste has been implemented. This methodology involves the *in-situ* treatment of waste at the drilling site.

In-situ waste treatment process

On completion of exploration drilling, the borehole is capped and the drill rig removed from the site. The sumps are treated with a solution which facilitates the removal of the petro-hydrocarbon footprint from the ground. This reduces the chemical oxygen demand, de-emulsifies polymers and oxidises petro-hydrocarbons. The mixture poured into the sump begins to work immediately, oxygenating and lifting suspended solids to the surface. Oxidised oil and polymers are then drawn off the abandoned sump ready for disposal at a waste disposal site.

The sump lining and drill fines are then removed before a dual-purpose oil absorbent and bio-degrader is added to the contaminated soil. This product uses natural, non-pathogenic bacteria and enzymes to biodegrade the contaminants to harmless by-products. Once the process is completed, the soils are returned to the sump, levelled off and watered.

The rehabilitation of contaminated soil takes approximately 30 days. Finally, the site is inspected by Geosearch management and the client before rehabilitation is signed off.

Sustainability report *continued*

Transformation

Sentula recognises the importance of broad-based black economic empowerment, not only for historically disadvantaged South Africans, but for the development of sustainable growth in all our countries and regions of operation.

In South Africa, we fully support the principles of transformation and use the dti scorecard as the main mechanism with which to measure our progress. As our clients are required to meet the various requirements of the Mining Charter, we endeavour to uphold similar standards in the way we run our business.

As a level 5 BBBEE contributor, we aim to consistently improve our performance in this arena. Our transformation planning is an ongoing process and considerable energy is invested into this aspect of our business. Sentula is on track to reach level 4 status in 2012. In addition, we embrace a balanced approach to the dti scorecard, in that all the pillars of transformation are considered.

Procurement

In accordance with Sentula's preferential procurement policy and strategy, the Group has implemented a preferential approach with particular emphasis on small and medium-sized enterprises and we actively seek out new black empowered businesses that can be linked into our supply chain.

In addition, we consider enterprise development and job creation opportunities for qualifying small enterprises in the delivery of support services such as security, wash bays, accommodation, transport and catering.

Of our discretionary spend during the past financial year, 5,6% was spent with black-owned suppliers, of which 0,9% are black women-owned. This is a marked improvement from the 3,2% spend on black-owned suppliers in the last reporting period.

This year, our discretionary spend with level 4 BBBEE contributors declined from 18% to 16%. As the majority of the capital equipment and machinery we use to carry out our business is not manufactured in South Africa, preferential procurement can present a challenge. Wherever possible though, we make a determined effort to source goods and services from accredited BBBEE suppliers and service providers.

At our operations, both in and outside South Africa, we make every effort to uplift local communities by supporting surrounding businesses and hiring local people.

Management control and employment equity

For us, employment equity is a strategic business imperative and we believe that its implementation is central to good human resource management and excellent customer service to a broad and diverse stakeholder base.

Sentula is an equal opportunity employer and does not tolerate any form of discrimination. We seek to instil a genuine culture of transformation within our organisation and are committed to increasing the number of HDSAs in management positions. Management control in the day-to-day running of the Group is conducted by executive directors with a minimum of 30% black representation. At 31 March 2011, four of our nine Board members were HDSAs, two of whom are women.

Our management structure comprises 56% HDSAs and 6% of our organisation is made up of women¹. To sustain and support this trend, preference is given to women and HDSA candidates in our recruitment process. Employment equity committees meet regularly to discuss employment equity policy, vacancies, promotions, training and skills development. To better reflect the demographics of the areas in which we operate, we make every effort to promote black employees, particularly females, from junior to middle and senior management positions. We have also increased the number of learnerships for black employees.

Skills development and training

Learning and development forms an integral part of our employment strategy and to assist in the transformation of our business, we have compiled a skills development expenditure and learnership matrix at subsidiary level.

A total of 63 002 hours of training took place across the Group during the review period, and emphasis was placed on the training of HDSAs.

We retain the services of several training and skills development institutions and meet our succession planning objectives by facilitating the advancement of employees within the organisation through formal

¹ Excludes Geosearch International and Buenti employees.

training initiatives developed to provide the feedstock for future management. In future, Sentula hopes to create a centralised in-house training facility.

The Benicon in-house training academy was launched during the reporting period, with two groups of a total of 20 employees training as bulldozer operators.

Further education is encouraged at Sentula and to support employees, subsidies for further higher education are made available. We encourage employees to attend courses that will improve their competencies at work in the immediate and mid-term future.

Enterprise and socio-economic development

The Sentula Transformation Trust was set up to regulate and coordinate our approach to socio-economic and enterprise development and to allocate funding for approved projects in these areas. This is conducted in line with the dti's Codes of Good Practice.

The trust supports local development projects in close proximity to the Group's operations, preferably within communities where Sentula employees and their families reside. It aims to aid the development of projects that are complementary to existing institutions or initiatives by government agencies, private investors, community-based and non-governmental organisations. In line with good corporate governance, the trust differentiates between community activities that are largely philanthropic in nature and those that have a more direct business benefit.

During the reporting period, the trust invested 4% of Sentula's net profit after tax into community development projects, including donations to the Raise the Bar Sports Academy and a small, medium and micro-enterprise training academy run by Deloitte.

In addition to the trust's activities, Benicon developed a number of small enterprises around its business. This included the purchase and donation of a vending machine to a local orphanage. The vending machine is placed at the Benicon offices and is serviced by the orphanage. All proceeds go directly to the home.

Benicon has also developed an association with the Witbank Society for the Physically Disabled. Shredded waste paper is donated to the organisation which benefits

from the proceeds of recycling. A local enterprise which delivers parts to Benicon premises has been developed. This venture makes use of a Benicon vehicle, free of charge, and invoices the Company for deliveries made.

In last year's report, it was stated that a goal of the trust was to establish a coal briquette-making enterprise, to be situated close to one of Benicon's mining sites. Subsequently, a decision was taken to transfer this project to the care of Nkomati Anthracite. Preliminary work is currently under way to implement this project.

Our people

Sentula has an organisational culture that is built on the foundations of diversity, equality and dignity for all its employees.

Our South African workforce comprises approximately 3 500 people who work at our head office in Johannesburg and at our eight subsidiaries located primarily in the Mpumalanga and Limpopo provinces of South Africa².

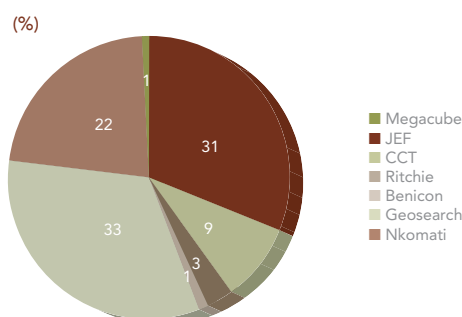
Employee statistics

As of 31 March	2011	2010
Number of employees	3 585	4 367
Number of trainees and apprentices	119	89
Employee turnover (%)	22%	15%

Note: These figures apply to South African operations.

The total number of employees has been reduced from last year as a result of consolidation in the Megacube and Geosearch businesses.

Our people



² Excludes employees of Geosearch International and Geosearch Buenti.

Sustainability report *continued*

Staff retention

To maintain consistently high working and safety standards, we aim to attract and retain the best in the industry, and make every effort to employ people from the communities that surround our operations.

Staff retention in our organisation, particularly in scarce technical skills such as crane operators, artisans and drill assistants, remains a challenge. Large skills shortages in these areas lead to intense competition. To ensure staff is retained, competitive market-related salaries are offered and some of our subsidiaries provide bonuses for those employees in possession of scarce skills.

Our vision is to become an employer of choice and we strive to achieve this by providing a creative, challenging and dynamic working environment. Training opportunities are offered to assist in the development of our people, and salaries are reviewed annually to ensure that they remain competitive.

In 2010, an organisational development intervention was launched at two of our subsidiaries, JEF Drill and Blast, and Ritchie Crane Hire. The aim of this intervention was to investigate role profiling, job evaluation and remuneration, a performance management system and the talent management framework. The effectiveness of this intervention will be assessed in 2011 and, if successful, may be rolled out across all subsidiaries.

Women in mining

Our workforce currently comprises 6% female employees, and 10% of management positions are occupied by women. We seek to improve this by actively engaging women in our recruitment processes and setting targets for our subsidiaries. We also prioritise women in our training initiatives and ensure that they gain the exposure they need to play an increasingly important role in our business.

To attract and retain female employees, it is our responsibility to provide a working culture that ensures women are treated with respect. We have a policy in place to ensure that all our employees can work together in an atmosphere free of all forms of harassment and intimidation, including those of a sexual nature. There is also no discrimination or unequal treatment in matters of remuneration and benefits.

Our female employees also benefit from the Women in Mining initiatives of our host mines and at our own operations we continue to make considerable progress in the provision of a working environment that is suitable

for women. These include the introduction of mobile toilets in opencast mines as well as improved change-house facilities.

Learning and development

Learning and development is seen as an integral part of our business. It not only increases the skills of our workforce and empowers employees; it allows us to plan for the future skills needs of our organisation.

To create a diverse, safe and highly productive workforce, we enlist the services of several accredited skills development and training providers. Benicon has an in-house training division to develop new operators and we are currently investigating the feasibility of establishing a Group in-house academy that would cater for the learning and development needs of all our subsidiaries.

We provide a range of formal learnerships – with particular emphasis on historically disadvantaged men and women – to ensure that as an organisation, we present a true reflection of the diverse populations of the countries in which we operate.

At Sentula, our focus is to develop our people internally, and only to advertise posts externally if we do not have the necessary skills and expertise within our organisation. We encourage employees to develop themselves and subsidise their attendance of courses that will improve their competencies at work in the immediate and medium term.

We meet our succession planning objectives by facilitating the advancement of all employees through formal training initiatives to create the feedstock required for a developing organisation. Our employees also participate in company-specific induction training at our operational sites.

Performance management

A performance management policy is in place to develop a results-driven organisational culture, to recognise and reward good and excellent performance and to establish a sound basis for identifying employees' developmental needs. In line with this policy, we have developed and rolled out a performance management system within the Group. Phase one of this system was rolled out to business heads during the previous financial year and in this reporting period it has been expanded to include senior managers. The long-term goal is to include middle and junior management and finally all employees.

Employee relations

In South Africa, our employees have the right to freedom of association in terms of the South African Constitution and the Labour Relations Act. Approximately 50% of our South African workforce is affiliated to a recognised trade union, with the majority belonging to the National Union of Mineworkers and smaller numbers belonging to other unions.

Through ongoing consultation, we enjoy a sound relationship with these unions and in 2011 we successfully concluded wage negotiations at Ritchie, JEF, and Megacube. There was no industrial action relating to wage negotiations during the reporting period.

A total of 27 people were retrenched as a result of the cessation of operations at Nkomati Anthracite's opencast section during this reporting period. Section 189 of the South African Labour Relations Act was strictly adhered to throughout this process.

Disciplinary and grievance procedures

In compliance with the Labour Relations Act, we have a disciplinary code and procedures that detail the corrective actions to be followed. These procedures were reviewed during the reporting period and the changes have been embraced by our unions. During the period under review, there were 52 Commission for Conciliation, Mediation and Arbitration referrals resulting in 10 monetary settlements, amounting to R41 894. No labour court cases were instituted.

Housing

Our policy is to encourage sustainable accommodation and homeownership for all employees in the areas in which we operate. Hostel accommodation continues to be phased out and replaced with a housing allowance.

To facilitate this changeover, Benicon offered its employees an interest-free loan to facilitate the purchase of building materials. This loan is paid back monthly by way of a housing allowance allocated to employees.

Community

BBBEE enterprise development and the creation of sustainable employment are the focus areas of Sentula's community development programme, which seeks to uplift the people who reside in all our areas of operation.

Our social footprint in South Africa includes the communities of eMalahleni, Middelburg and Komatipoort region in Mpumalanga as well as Steelpoort in the Limpopo province. In addition, through Geosearch, our

footprint is extended across 12 countries on the African continent.

Corporate social investment

Many of the communities that reside around our operations are faced with a multitude of socio-economic challenges, including poverty, unemployment and HIV/Aids. Apart from the Sentula Transformation Trust's contribution to socio-economic development, the Group invests financial and human capital into various charitable causes as well as into awareness creation on HIV/Aids.

Benicon supports the non-profit organisation Faith at Work, which provides employees, their families and members of the Witbank community with counselling and support for a range of social issues. In addition, it invested approximately R308 000 in community social investment, including donations to Witbank for Christ, Life Abundance Church and Rotary.

Ritchie has a policy of assisting local schools. In accordance with this policy, it has assisted Greendale School on a number of occasions, both financially and by providing the school with coal. JEF donates monthly to the Middelburg Hospice and other charities.

Nkomati assists the local community on an *ad hoc* basis. This includes the grading of roads and the provision of bursaries for local people. It is in constant communication with the local municipality regarding community investment.

Community engagement

Our Nkomati mine is situated in close proximity to the Kwa-Lungelane, Mawewe and Motsamu traditional authorities and we employ almost exclusively from these communities. We also make a concerted effort to ensure that our activities do not negatively impact the people living in this area.

Nkomati is in the process of applying for various environmental authorisations. As part of the application process, a number of meetings were held with the various communities in order to facilitate information sharing. The majority of meetings held were successful; however, gatherings in certain areas continue to be a challenge due to community violence.

In its processing activities, the mine produces around 2 000 tonnes of slurry per month. As there is a limited market for this by-product, roughly half of it is placed in a designated area for the exclusive use of the community which uses it for heating and cooking purposes. Once

Sustainability report *continued*

operations resume, a portion of the slurry will be donated for the purpose of making briquettes. These briquettes will be sold as part of an enterprise development programme.

Environmental and social complaints

A number of complaints regarding our blasting activities within South Africa were received during the period under review. Although they occurred on host mines' sites, we view them in a very serious light and appropriate action is taken to mitigate these effects.

At Nkomati, a complaint regarding blasting damage to houses was received. An independent investigation was conducted and it was concluded that the damage to the houses resulted from poor construction rather than blasting effects.

Complaints received with regard to Nkomati Anthracite have been responded to and, where appropriate, action taken. Complaints regarding environmental issues such as blasting effects, access, and communication were all recorded. We continue to engage the community and the relevant authorities to resolve these issues.

Community relocations

No grave or community relocations took place in this review period.

Looking forward

To monitor our progress in the field of sustainable development going forward, additional KPIs have been introduced including water and electricity usage, training hours and stakeholder complaints. For certain KPIs, where targets were not set in the previous review, a baseline measure was recorded.

SUSTAINABLE DEVELOPMENT – KEY PERFORMANCE INDICATORS

Key performance indicator	Measure	Obtained in 2011	Target 2012
Safety	CIFR*	1,17	1,1
	TIFR*	7,16	7,0
	Fatalities	1	Zero
Health	New cases of occupational disease	5	Zero
	Percentage of employees undergoing HCT	23,8%	50%
Environment	Total energy use	6 208 452,7 kWh	5% reduction
	Obtaining or retention of ISO 14001 certification	Benicon and Geosearch certified to date	Retention at Benicon and Geosearch. JEF and Megacube to be certified
	Number of monetary fines or sanctions related to non-compliance with environmental legislation	1 sanction	Zero
	Number of environmental incidents	Zero	Zero
Black economic empowerment	Total water use	40 263,6 kl**	5% reduction
	Percentage procurement spend with South African Department of Trade and Industry compliant suppliers	46,7%	50%
Employment	Number of HDSAs in management	60%	62%
	Female participation in management	10%	12%
	Percentage female employees in Sentula	6%	8%
Training	Number of training hours undergone by employees and contractors	63 002 hours	70 000 hours
Stakeholders' complaints	Number of issues raised by stakeholders	19	30% reduction

* Per one million man-hours worked.

** From municipal sources, excludes borehole water.

Annual financial statements

for the year ended 31 March 2011

Contents

- 46 Directors' responsibility statement
- 46 Declaration by Company Secretary
- 47 Independent auditors' report
- 48 Directors' report
- 53 Consolidated income statement
- 54 Consolidated statement of comprehensive income
- 55 Consolidated statement of financial position
- 56 Consolidated statement of cash flows
- 57 Consolidated statement of changes in equity
- 58 Operational segment reporting
- 60 Notes to the consolidated financial statements
- 99 Company statement of financial position
- 100 Company income statement
- 100 Company statement of comprehensive income
- 101 Company statement of changes in equity
- 102 Company statement of cash flows
- 103 Notes to the Company financial statements

Directors' responsibility statement

The directors are responsible for the preparation and fair presentation of the Group annual financial statements and separate annual financial statements of Sentula Mining Limited, comprising the statements of financial position at 31 March 2011, the income statements, the statements of comprehensive income, changes in equity and cash flows for the year ended 31 March 2011, 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 and in the manner required by the Companies Act of South Africa.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the Company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead. The auditor is responsible for reporting on whether the Group annual financial statements and separate annual financial statements of the Company are fairly presented in accordance with the applicable financial reporting framework.

Approval of annual financial statements

The Group annual financial statements and the separate annual financial statements of Sentula Mining Limited, as identified in the first paragraph, were approved by the Board of Directors on 13 June 2011 and are signed on its behalf by:



Jonathan Best
Chairman



Robin Berry
Chief Executive Officer



Deon Louw
Finance Director

13 June 2011

Declaration by Company Secretary

In my capacity as Company Secretary, I declare that for the year ended 31 March 2011 the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act, 1973 (Act 61 of 1973), as amended, and that all such returns are to the best of my belief true, correct and up to date.



Grace Chemaly
Company Secretary
Johannesburg

16 September 2011

Independent auditors' report

TO THE MEMBERS OF SENTULA MINING LIMITED

We have audited the Group and separate annual financial statements of Sentula Mining Limited, which comprise the statements of financial position at 31 March 2011, and the income statements, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year 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, as set out on pages 48 to 119.

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal

control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Sentula Mining Limited at 31 March 2011, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

KPMG Inc.

Registered Auditor



Per Kobus Volschenk

Chartered Accountant (SA)

Registered Auditor

Director

13 June 2011

85 Empire Road, Parktown, 2193

Directors' report

The directors have pleasure in submitting their report for the 2011 financial year.

Nature of business

The Group derives its income from mining services, comprising opencast contract mining, rehabilitation, earthworks, exploration drilling, crane hire and the mining of coal from Nkomati. The CEO's report details the nature of each major subsidiary and the Group's coal investments. Sentula Mining Limited ("the Company") is the Group holding company.

Financial results

Turnover increased by 10% from R2,2 billion to R2,4 billion and profit from operations increased by 43% from R129 million to R185 million. Net profit after tax, however, decreased by 87% from R231 million to R31 million. The reduction in the 2011 financial year net profit was due to the profit from the sale of the Company's interest in the Koorfontein mine being included in the 2010 financial year results, an asset impairment charge of R71 million and a bank facility fee of R28 million included in the current year results.

The sale of the Company's interest in the Koorfontein mine generated a pre-tax profit of R329 million and R31 million was accrued in the form of equity-accounted earnings from this investment in the 2010 financial year. The proceeds from this disposal were utilised to redeem senior debt and replenish the Group's working capital.

The Group's cash generation improved with cash generated from operations increasing by 9% from R380 million to R415 million. Basic earnings per share decreased by 89% from 55,8 cents per share to 6,05 cents per share and headline earnings per share increased from 0,6 cents per share to 16,06 cents per share.

The Group redeemed senior term debt of R634 million during the year under review, comprising principal instalments of R560 million and interest of R74 million. Furthermore, the Group invested a net R263 million in new and refurbished plant, equipment, vehicles for the mining

services operations and workshop premises. The Group also spent a further R7 million on exploration as the Group continued to develop its portfolio of coal mining assets.

Forensic investigation and litigation

The forensic investigations into the misappropriation of funds in the 2008 financial year have been completed and civil judgments of R88 million and R171 million, and interest thereon of R124 million, were granted against Casper Scharrighuisen during the year under review, bringing the total civil judgments against him to R383 million. An order for the provisional sequestration of Scharrighuisen's estate was granted on 20 May 2011 in the Western Cape High Court. The sequestration of Jason Holland's estate is proceeding and an interim distribution of R4,9 million was received during the year under review and a further R5 million after year-end.

While the Company continues to support the National Prosecuting Authority in the criminal cases, with the granting of the provisional sequestration order against Scharrighuisen, the Company's legal and forensic fees should reduce materially in the 2012 financial year.

Going concern

The Group's senior debt facility was refinanced in February 2011 with a consortium comprising Standard Bank, HSBC and Sanlam Capital Markets ("the Standard Bank facility"). The refinance comprises a full amortisation of the existing debt of approximately R700 million over a four-year term, resulting in materially reduced debt obligations and more competitive terms and conditions. The facility also provides finance for new equipment of up to R800 million over a four-year period. Senior debt principal instalments for the 2012 financial year amount to only R140 million, relative to R603 million for the prior financial year.

The overdraft facility balance of R184 million at 31 March 2010 was also fully redeemed during the year under review and the Company reverted to a surplus cash position of R88 million at year-end.

The Board has reviewed the Group's cash flow projections for the next 12 months and is satisfied that the substantially reduced debt levels and debt instalments and improved operational cash have significantly strengthened the Group's liquidity position and, based on the forecast cash flows, the directors are satisfied that the Group has adequate financial resources to continue operating for the foreseeable future and accordingly has continued to adopt the going concern basis in preparing the financial statements.

Share capital

Full details of the authorised and issued share capital of the Company are set out in note 21 to the annual financial statements. No new shares were issued during the year under review. Unissued shares are not under the control of the directors.

Dividends to shareholders

In light of the prevailing global economic conditions and the Company's cash requirements for generic growth, the directors have considered it prudent not to declare any dividends for the 2011 financial year.

Directorate

The following changes to the Board of Directors took place during the year under review:

Resignations

There were no resignations during the year under review.

Appointments

Cor van Zyl, Kholeka Mzondeki and Rain Zihlangu were appointed as independent non-executive directors of the Company effective 1 July 2010.

Cor van Zyl was appointed as Chairman of the Audit and Risk Committee of the Company.

The directors of the Company and abridged *curriculum vitae* for each director are set out on page 8 of this report.

Directors' remuneration and shareholding

Details of the directors' remuneration are set out in note 35 to the annual financial statements and details of directors' shareholdings are set out under "Shareholders' information" on page 120.

Directors' interests in contracts

No material contracts, in which directors have an interest, were entered into during the year, other than the transactions detailed in note 32 on page 94.

Company Secretary and registered office

The Company appointed Ms GM Chemaly as full-time Company Secretary during the year effective 1 April 2010. At the date of this report, she was still the Company Secretary.

The Company's registered address is:

Ground Floor, Building 14, The Woodlands Office Park, Woodmead, Gauteng, South Africa.

The Company's postal address is:

PO Box 76, Woodmead, 2080, South Africa.

Acquisitions

There were no acquisitions during the 2011 financial year.

Directors' report *continued*

Employee share incentives

The Group operates employee share incentive schemes. The following changes took place during the year under review:

	Directors	Staff	Total
Awards/options at the beginning of the year	5 500 000	14 600 000	20 100 000
Options granted during the year	12 627 000	20 144 500	32 771 500
LTIPs granted during the year	2 792 000	15 165 280	17 957 280
Lapsed options	(320 000)	(2 110 000)	(2 430 000)
Options exercised and delivered	–	–	–
Awards/options balance at the end of the year	20 599 000	47 799 780	68 398 780

Historical information regarding directors' unexercised options at 31 March 2011 is as follows:

Director	Share options at 1 April 2010		Share options granted during the year		Share options exercised and taken delivery of		Share options at 31 March 2011	
	Number	Strike price (R)	Number	Strike price (R)	Number	Strike price (R)	Number	Strike price (R)
RC Berry	1 600 000	10,00	—	—	—	—	1 600 000	10,00
			3 200 000	2,23	—	—	3 200 000	2,23
			1 400 000	2,77	—	—	1 400 000	2,77
GP Louw	2 000 000	20,00	—	—	—	—	2 000 000	20,00
			4 000 000	2,23	—	—	4 000 000	2,23
			2 980 000	15,53	—	—	2 980 000	15,53
PP Modisane	300 000	14,28	—	—	—	—	300 000	14,28
			600 000	2,23	—	—	600 000	2,23
			447 000	12,23	—	—	447 000	12,23
	3 900 000		12 627 000		—		16 527 000	

Historical information regarding directors' unexercised LTIPs at 31 March 2011 is as follows:

Director	LTIPs at 1 April 2010	LTIPs granted during the year	LTIPs exercised	LTIPs lapsed	LTIPs at 31 March 2011
	Number	Number	Number	Number	Number
RC Berry	700 000	1 228 000	–	(140 000)	1 788 000
GP Louw	600 000	1 060 000	–	(120 000)	1 540 000
PP Modisane	300 000	504 000	–	(60 000)	744 000
	1 600 000	2 792 000	–	(320 000)	4 072 000

The Group's employee incentive schemes are detailed in note 7 to the annual financial statements.

Borrowing powers

In terms of article 34 of the articles of association, the Company has unlimited borrowing powers.

The Standard Bank facility provides the Group with funding for new equipment of up to R800 million over a four-year period which should satisfy the Group's new equipment funding requirement for the foreseeable future. The Standard Bank facility also provides for a six-month capital redemption moratorium which contributes to the Group's capacity to refurbish existing plant from internally generated cash flows.

Funding of approximately R133 million for new equipment and R83 million for refurbishment capital is required in the 2012 financial year. The new capital will be funded from the Standard Bank facility and the refurbishments from internally generated cash flows.

Senior principal debt instalments amount to R140 million for the 2012 financial year, relative to R603 million for the 2011 financial year, and the Company's existing general banking facility of R140 million is fully available to bridge any working capital deficits during the 2012 financial year.

The continued availability of the Standard Bank facility, on its current terms and conditions, is dependent upon the ongoing compliance with, *inter alia*, a number of financial covenants.

The future growth of the Group is dependent on the continued availability of capital funding for capital acquisitions and the development of its coal assets. In this regard, the Company maintains relationships with a number of financial institutions to secure the requisite funding for ongoing capital expenditure and the development of the Group's coal portfolio. The terms and conditions of the Group's indebtedness are detailed in note 22 to the annual financial statements.

Subsequent events

Shanduka Resources transaction

In April 2011, Sentula and Shanduka Resources (Proprietary) Limited ("Shanduka") entered into an exchange of shares agreement ("exchange agreement"). In terms of the exchange agreement and subject to the fulfilment or waiver of the conditions precedent set out in paragraph 4.6 of the SENS release, Sentula will acquire from Shanduka Resources, a wholly owned subsidiary of the Shanduka Group, a leading black-owned and managed investment holding company:

- 29,94% of the issued share capital of Shanduka Coal (Proprietary) Limited ("Shanduka Coal"); and
- 100% of the issued share capital of Shanduka Coal Investments (Proprietary) Limited ("Shanduka Investments") which owns 29,93% of the issued share capital of Kangra Coal (Proprietary) Limited ("Kangra Coal").

The number of new Sentula ordinary shares to be issued to Shanduka Resources of 626 905 938 in exchange for its shareholding in Shanduka Resources' Coal Assets is based on a valuation of R2.066 billion and following their issue, on the effective date, will constitute 51,9% of the issued share capital of Sentula.

Sentula anticipates, that subject to fulfilment of the conditions precedent, the transaction will be concluded by 31 August 2011.

Directors' report *continued*

Resignation of director

A Kawa tendered her resignation effective 2 June 2011.

Risk management

In April 2011, Sentula entered into an interest rate swap on the following terms and conditions:

- Notional amount: R350 million
- Trade date: 1 April 2011
- Effective date: 1 April 2012
- Termination date: 31 March 2015
- Cap rate: 8,57%
- Floating rate option: ZAR – JIBAR-SAFEX
- Reset dates: Calendar quarters

This facility immunised approximately 50% of the Group's existing senior interest-bearing debt from increases in JIBAR in excess of 8,57%.

Suspension of operations at Nkomati mine

A new order mining right was received during the year and the mine commenced opencast operations in September 2010. Opencast operations were suspended in March 2011 due to environmental and regulatory-related issues. Pending the resolution of these issues, the underground operations have been placed on care and maintenance from the end of May 2011. Subsequent to the suspension of the opencast operation, the approval for the amended EMP was received from the DMR, and it is anticipated that the mine will recommence operations in the second half of the financial year.



Robin Berry
Chief Executive Officer



Deon Louw
Director

13 June 2011

Consolidated income statement

for the year ended 31 March 2011

	Note	2011 R'000	2010 R'000
Revenue	4	2 402 375	2 178 601
Cost of sales		(1 899 286)	(1 836 590)
Gross profit		503 089	342 011
Other income		27 684	21 899
Impairment of property, plant and equipment	5	(71 476)	(7 315)
Recovery of unaccounted funds	6	–	18 934
Administrative expenses		(274 394)	(246 543)
Results from operating activities	5	184 903	128 986
Finance expense	8	(114 262)	(225 152)
Finance income	8	3 211	3 822
Fair value adjustment	28	–	6 920
Profit from sales of equity-accounted investment	9	–	329 300
Income from investment in associate (net of tax)	9	–	31 331
Profit before taxation		73 852	275 207
Taxation	11	(42 780)	(44 164)
Profit for the year		31 072	231 043
Attributable to:			
– Equity holders of the Company		35 127	239 138
– Non-controlling interest		(4 055)	(8 095)
Basic earnings per share (cents)	12	6,05	55,80
Diluted earnings per share (cents)	12	6,05	55,80
Headline earnings per share (cents)	12	16,06	0,60
Diluted headline earnings per share (cents)	12	16,06	0,60

Consolidated statement of comprehensive income

for the year ended 31 March 2011

	2011 R'000	2010 R'000
Profit for the year	31 072	231 043
Other comprehensive income		
Foreign currency translation differences for foreign operations	(19 350)	(56 598)
Other comprehensive income for the year, net of income tax	(19 350)	(56 598)
Total comprehensive income for the year	11 722	174 445
Attributable to:		
– Equity holders of the Company	15 777	182 540
– Non-controlling interest	(4 055)	(8 095)

Consolidated statement of financial position

at 31 March 2011

	Note	2011 R'000	2010 R'000
Assets			
Non-current assets			
		3 463 573	3 508 856
Property, plant and equipment	14	2 595 426	2 641 957
Mineral rights	15	410 761	412 183
Intangible assets	16	23 347	17 621
Goodwill	16	408 338	411 148
Restricted investment	24	8 693	4 322
Deferred tax	27	17 008	21 625
Current assets			
		948 448	1 542 435
Inventories	17	361 827	328 267
Trade and other receivables	18	446 446	1 118 174
Cash and cash equivalents	19	88 380	80 435
Assets classified as held-for-sale	20	37 779	15 559
Current tax receivable		14 016	–
TOTAL ASSETS		4 412 021	5 051 291
Equity			
Total equity attributable to equity holders of the Company		2 857 534	2 835 258
Share capital	21	5 866	5 866
Share premium	21	2 014 438	2 014 438
Treasury shares	21	(25 898)	(25 481)
Reserves		(10 977)	3 649
Retained earnings		874 105	836 786
Non-controlling interest		75 301	79 356
TOTAL EQUITY		2 932 835	2 914 614
Liabilities			
Non-current liabilities			
		868 635	827 824
Loans and borrowings	22	560 000	534 959
Finance lease obligations	23	–	4 406
Rehabilitation provision	24	65 004	56 292
Deferred revenue	25	–	5 495
Deferred tax	27	243 631	226 672
Current liabilities			
		610 551	1 308 853
Trade and other payables	26	427 984	403 063
Loans and borrowings	22	140 000	602 740
Finance lease obligations	23	4 415	11 230
Deferred revenue	25	–	9 354
Other financial liabilities	28	7 506	7 506
Bank overdraft	19	148	184 008
Taxation payable		30 498	90 952
TOTAL LIABILITIES		1 479 186	2 136 677
TOTAL EQUITY AND LIABILITIES		4 412 021	5 051 291
Net asset value per share (excluding treasury shares) (cents)		505	502
Tangible net asset value per share (excluding goodwill, intangible assets and excluding treasury shares) (cents)		430	428
Shares in issue at the end of the year – excluding treasury shares ('000)		581 005	581 005
Shares in issue at the end of the year ('000)		586 559	586 559

Consolidated statement of cash flows

for the year ended 31 March 2011

	Note	2011 R'000	2010 R'000
Cash flows from operating activities			
Profit for the year		31 072	231 043
<i>Non-cash flow items:</i>			
Depreciation	5	269 432	292 941
Recovery of unaccounted funds	6	–	(18 934)
Amortisation of intangible assets	5	460	1 902
Amortisation of mineral rights	5	1 422	6 227
Impairment of property, plant and equipment	5	71 476	7 315
Impairment of trade receivables	31	4 964	–
Scrapping of assets	5	2 369	2 257
Net unrealised foreign exchange movement	5	14 404	14 109
Fair value adjustment		–	(6 920)
Insurance recovery		–	(25 179)
Finance income	8	(3 211)	(3 822)
Finance expense	8	114 262	225 152
– Paid/accrued		109 275	218 900
– Unwinding		4 987	6 252
Equity-settled share-based payment expense	5	5 117	9 218
Cash-settled share-based payment expense	5	5 025	–
Long-term incentive plan	5	6 679	–
Income from investment in equity-accounted associate (net of tax)	9	–	(31 331)
Reversal of scrapping of assets	5	(4 174)	–
Profit on disposal of equity-accounted associate	9	–	(329 300)
Change in rehabilitation provision	5	(9 512)	(15 166)
Net loss on disposal of property, plant and equipment	5	9 363	11 658
Net movement in foreign currency translation reserve		(12 219)	(48 402)
Income tax expense	11	42 780	44 164
Cash flows from operating activities before changes in working capital and provisions		549 709	366 932
Change in inventories		(88 010)	(5 697)
Change in trade and other receivables		(46 555)	63 344
Change in trade and other payables		15 016	(39 849)
Change in deferred revenue		(14 849)	–
Change in rehabilitation costs incurred		–	(4 644)
Cash generated from operating activities		415 311	380 086
Income taxes paid		(95 674)	(52 121)
Interest paid	8	(80 360)	(218 900)
Net cash from operating activities		239 277	109 065
<i>Cash flows from investing activities</i>			
Interest received	8	3 211	3 822
Purchase of property, plant and equipment	14	(318 618)	(261 064)
Proceeds from disposal of property, plant and equipment		55 962	102 822
Capitalised exploration expenditure	16	(7 074)	(8 959)
Proceeds from sale of investment in equity-accounted associate	9	670 000	–
Cash received from investment in equity-accounted associate	9	–	23 856
Increase in restricted investment	24	(4 371)	–
Net cash from/(used in) investing activities		399 110	(139 523)
<i>Cash flows from financing activities</i>			
Proceeds from rights issue	21	–	501 920
Proceeds from sale of rights in treasury shares		–	6 734
Payment of transaction costs related to rights issue		–	(39 769)
Repurchase of own shares		(417)	–
Loans repaid		(1 148 920)	(579 448)
Loans raised		700 000	–
Net cash used in financing activities		(449 337)	(110 563)
Net increase/(decrease) in cash and cash equivalents		189 050	(141 021)
Cash and cash equivalents at the beginning of the year		(103 573)	37 448
Exchange gains on cash and cash equivalents		2 755	–
Cash and cash equivalents at the end of the year	19	88 232	(103 573)

Consolidated statement of changes in equity

for the year ended 31 March 2011

R'000	Share capital	Share premium	Employee share incentive reserve	Treasury shares	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 31 March 2009	2 356	1 557 680	33 878	(25 666)	22 545	585 777	2 176 570	87 451	2 264 021
Profit for the year	-	-	-	-	-	239 138	239 138	(8 095)	231 043
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	-	(56 598)	-	(56 598)	-	(56 598)
Total other comprehensive income	-	-	-	-	(56 598)	-	(56 598)	-	(56 598)
Total comprehensive income for the year	-	-	-	-	(56 598)	239 138	182 540	(8 095)	174 445
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Shares issued for cash	3 510	498 410	-	-	-	-	501 920	-	501 920
Sale of treasury share rights	-	-	-	-	-	6 734	6 734	-	6 734
Rights issues transaction costs	-	(39 769)	-	-	-	-	(39 769)	-	(39 769)
Share-based payments	-	-	9 218	-	-	-	9 218	-	9 218
Share options exercised	-	(1 883)	-	185	-	1 628	(70)	-	(70)
Share options forfeited	-	-	(5 394)	-	-	3 509	(1 885)	-	(1 885)
Total contributions by and distributions to owners	3 510	456 758	3 824	185	-	11 871	476 148	-	476 148
Balance at 31 March 2010	5 866	2 014 438	37 702	(25 481)	(34 053)	836 786	2 835 258	79 356	2 914 614
Profit for the year	-	-	-	-	-	35 127	35 127	(4 055)	31 072
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	-	(19 350)	-	(19 350)	-	(19 350)
Total other comprehensive income	-	-	-	-	(19 350)	-	(19 350)	-	(19 350)
Total comprehensive income for the year	-	-	-	-	(19 350)	35 127	15 777	(4 055)	11 722
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Own shares acquired	-	-	-	(417)	-	-	(417)	-	(417)
Share-based payments	-	-	5 117	-	-	1 799	6 916	-	6 916
Share options forfeited	-	-	(393)	-	-	393	-	-	-
Total contributions by and distributions to owners	-	-	4 724	(417)	-	2 192	6 499	-	6 499
Total transactions with owners	-	-	4 724	(417)	-	2 192	6 499	-	6 499
Balance at 31 March 2011	5 866	2 014 438	42 426	(25 898)	(53 403)	874 105	2 857 534	75 301	2 932 835

Operational segment reporting

for the year ended 31 March 2011

Operating segments

The Group has six reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different services within the mining industry and are managed separately due to different equipment, technology and skills requirements. The following summary describes the operations in each of the Group's reportable segments:

Opencast mining and earthmoving

Includes the movement and management of all aspects of overburden removal and coal extraction and chrome mining to specified production budgets.

Exploration drilling

Includes the exploration drilling operations across the African continent.

Overburden drilling and blasting

Includes drilling and blasting operation which uses specialised drilling rigs in the opencast mining sector, primarily in the coal industry.

Crane hire

Includes the hiring of 20 medium to heavy-duty mobile cranes with capacities that range from 25 to 220 tonnes.

Equipment trading and spares

Includes the global procurement of used equipment and spares, for overhaul and deployment within the Group and includes the engine rebuild facility situated in Pinetown.

Coal mining

Includes the mining operations within the Group of which the largest contributor is in the anthracite industry.

Other operations is largely the head office operations.

The accounting policies of the reportable segments are described in notes 2 and 3.

Information regarding the results of each reportable segment is included below. Performance is measured based on the segment results as included in the internal management reports that are reviewed by the Group's CEO on a regular basis. Segment results are used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Intersegment pricing is determined on an arm's length basis.

Reportable segments

2011 (R'000)	Opencast mining and earthmoving	Exploration drilling	Overburden drilling and blasting	Crane hire	Equipment trading and spares	Coal mining	Other	Total
Total segment revenue	1 501 489	678 269	262 397	53 352	69 867	107 298	-	2 672 672
Intersegment revenue	(67 251)	(932)	(142 190)	(256)	(56 827)	(2 841)	-	(270 297)
External revenue	1 434 238	677 337	120 207	53 096	13 040	104 457	-	2 402 375
Total segment results	138 462	71 600	42 745	28 970	8 793	11 439	(45 630)	256 379
Impairment of property, plant and equipment	(71 476)	-	-	-	-	-	-	(71 476)
Results from operating activities	66 986	71 600	42 745	28 970	8 793	11 439	(45 630)	184 903
Total segment finance income	2 257	451	1	2 904	10	325	124 736	130 684
Intersegment finance income	(1 459)	(306)	-	(2 899)	-	-	(122 809)	(127 473)
External finance income	798	145	1	5	10	325	1 927	3 211
Total segment finance expense	(78 952)	(9 155)	(8 505)	(422)	(2 293)	(27 858)	(114 550)	(241 735)
Intersegment finance expense	76 889	8 460	8 483	405	2 270	22 859	8 107	127 473
External finance expense	(2 063)	(695)	(22)	(17)	(23)	(4 999)	(106 443)	(114 262)
Total segment assets	2 051 337	860 629	187 337	101 191	76 328	634 740	469 435	4 380 997
Unallocated assets								31 024
Total assets								4 412 021
Total segment liabilities	241 718	136 768	32 093	3 476	9 604	71 538	709 860	1 205 057
Unallocated liabilities								274 129
Total liabilities								1 479 186
Capital expenditure	148 715	77 679	3 741	5 047	196	47 994	35 246	318 618
Depreciation	203 808	28 849	20 683	2 170	482	10 830	2 610	269 432

Reportable segments

2010 (R'000)	Opencast mining and earth-moving	Exploration drilling	Over-burden drilling and blasting	Crane hire	Equipment trading and spares	Coal mining	Other	Total
Total segment revenue	1 439 074	505 753	204 046	55 852	63 588	72 141	114	2 340 568
Intersegment revenue	(25 645)	(2 125)	(87 288)	(830)	(44 831)	(1 248)	–	(161 967)
External revenue	1 413 429	503 628	116 758	55 022	18 757	70 893	114	2 178 601
Total segment results	52 414	66 233	31 018	30 571	10 323	(8 165)	(65 027)	117 367
Impairment of property, plant and equipment	(7 315)	–	–	–	–	–	–	(7 315)
Recovery of unaccounted funds	18 934	–	–	–	–	–	–	18 934
Results from operating activities	64 033	66 233	31 018	30 571	10 323	(8 165)	(65 027)	128 986
Total segment finance income	3 357	10 730	–	2 709	7	350	202 261	219 414
Intersegment finance income	(2 556)	(9 161)	–	(2 709)	–	–	(201 166)	(215 592)
External finance income	801	1 569	–	–	7	350	1 095	3 822
Total segment finance expense	153 852	14 948	15 577	2 846	7 315	28 937	217 268	440 743
Intersegment finance expense	(141 955)	(11 996)	(15 565)	(2 833)	(4 798)	(22 668)	(15 776)	(215 591)
External finance expense	11 897	2 952	12	13	2 517	6 269	201 492	225 152
Total segment assets	2 367 249	666 820	204 915	97 809	104 474	522 098	1 066 301	5 029 666
Unallocated assets								21 625
								5 051 291
Total segment liabilities	300 679	68 985	24 101	3 840	6 489	57 369	1 357 590	1 819 053
Unallocated liabilities								317 624
Total liabilities								2 136 677
Capital expenditure	215 904	24 427	4 188	9 698	49	5 477	1 321	261 064
Depreciation	226 278	33 597	20 374	2 129	388	9 255	920	292 941

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers. Segment assets are based on the geographical location of the assets.

(R'000)	2011			2010		
	South Africa	Rest of Africa	Consolidated	South Africa	Rest of Africa	Consolidated
Revenue from external customers	1 870 321	532 054	2 402 375	1 850 126	328 475	2 178 601
Non-current assets	3 351 958	94 607	3 446 565	3 420 579	66 652	3 487 231
Current assets	604 859	329 573	934 432	1 355 453	186 982	1 542 435
Capital expenditure	277 057	41 561	318 618	238 577	22 487	261 064

Notes to the consolidated financial statements

for the year ended 31 March 2011

1 Reporting entity

Sentula Mining Limited ("the Company") is a company domiciled in the Republic of South Africa. The address of the Company's registered office is Ground Floor, Building 14, Woodlands Office Park, Woodmead. The consolidated financial statements of the Company as at and for the year ended 31 March 2011 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in a manner required by the Companies Act of South Africa, No 61 of 1973, as amended, and the AC 500 series.

The Group and Company annual financial statements were authorised for issue by the Board of Directors on 13 June 2011.

(b) Basis of measurement

The Group's financial statements are prepared on the historical cost basis except for the revaluation of certain financial instruments which are measured at fair value, as appropriate, and incorporate the following principal accounting policies which have been consistently applied.

(c) Functional and presentation currency

Transactions included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in South African Rand, which is the presentation currency and functional currency of the majority of the operations within the Group.

All amounts in the financial statements, reports and supporting schedules are stated to the nearest thousand (R'000) except where otherwise indicated.

(d) 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 reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The use of estimates and judgements are further disclosed in 3.19.

(e) Change in accounting policies

(i) Accounting for business combinations

From 1 April 2010 the Group has applied IFRS 3 *Business Combinations (2008)* in accounting for business combinations. The change of accounting policy has been applied prospectively and has had no impact on earnings per share.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Acquisitions on or after 1 April 2010

For acquisitions on or after 1 April 2010 the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the income statement. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past service, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. The determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between 1 April 2004 and 1 April 2010

For acquisitions between 1 April 2004 and 1 April 2010 goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 April 2004

There were no acquisitions prior to 1 April 2004.

(ii) Accounting for acquisitions of non-controlling interest

From 1 April 2010 the Group has applied IAS 27 *Consolidated and Separate Financial Statements (2008)* in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively and has had no material impact on earnings per share.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which 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 the transaction.

3 Significant accounting policies

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

Where necessary, comparative figures have been reclassified to conform with current year presentation.

3.1 Basis of consolidation

3.1.1 Subsidiaries

Where the Group has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. The results and cash flows of subsidiaries are included from the date that control commences until the date that control ceases. Inter group transactions and balances between Group companies are eliminated in full. The accounting policies of the subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

With the acquisition of a non-controlling interest, the transactions are accounted for with the owners in their capacity and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interest are based on a proportionate amount of the net assets of the subsidiary.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

In the financial statements of the Company, investments in subsidiaries are measured at cost less accumulated impairment losses.

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2011

3 Significant accounting policies *(continued)*

3.1 Basis of consolidation *(continued)*

3.1.2 Special purpose entities

A special purpose entity is consolidated, if based on an evaluation of the substance of its relationship with the Group and the entity's risks and rewards, the Group concludes that it controls the special purpose entity. Special purpose entities controlled by the Group are established under terms that impose strict limitations on the decision-making powers of the special purpose entity's management and that result in the Group receiving the majority of the benefits relating to the special purpose entity's operations and net assets, are exposed to risk incident to the special purpose entity's activities, and retain the majority of the residual or ownership risks relating to the special purpose entity or its assets.

3.1.3 Associates

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are accounted for using the equity method and are initially recognised in the consolidated statement of financial position at cost. The Company's share of post-acquisition profits and losses is recognised in the consolidated income statement, from the date significant influence commences until the date significant influence ceases, except that losses in excess of the Company's investment in the associate are not recognised unless there is an obligation to make good those losses. Significant influence is presumed to exist when the Group holds between 20 and 50% of the voting power of another entity.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. The carrying amount of the investment in an associate is subject to impairment assessment at each reporting date.

In the financial statements of the Company, the investment in an associate is measured at cost, less accumulated impairment losses.

3.1.4 Jointly controlled operations

Joint ventures are contractual agreements whereby the Group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control. These joint ventures may take the form of jointly controlled operations such as exploration and mining activities or companies.

Joint ventures are accounted for by means of the proportionate consolidation method whereby the Group's share of the assets, liabilities, income, expenses and cash flows of joint ventures are included on a line-by-line basis in the consolidated financial statements.

The results of joint ventures are included for the period during which the Group exercises joint control over the joint venture.

If a joint venture uses accounting policies other than those adopted in these consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

Where the Group transacts with its jointly controlled operations, unrealised profits and losses are eliminated to the extent of the Group interest in the joint venture, except where unrealised losses provide evidence of an impairment of the assets.

3.1.5 Business combinations

The Group has changed its accounting policy with respect to the accounting for the business combinations. See note 2(e)(i).

3.2 Foreign currency

3.2.1 Foreign transactions

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in the foreign currency that are measured in terms of historical costs are translated using the exchange rate at the transaction date. Foreign currency differences arising on retranslation of available-for-sale equity investments, a financial liability designated as a hedge of the net investment in a foreign currency operation that is effective, or qualifying cash flow hedges, are recognised in other comprehensive income.

3.2.2 Foreign operations

The results and the financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position are translated at the closing rate at the reporting date;
- Income and expenses for each income statement account are translated at exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income and presented as a separate component of equity (in the foreign currency translation reserve).

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of the net investment in a foreign operation and are recognised in other comprehensive income and presented in the foreign currency translation reserve.

3.3 Intangible assets

3.3.1 Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets.

The measurement of the initial recognition of goodwill has been disclosed in note 2(e)(i), under change in accounting policy as IFRS 3 *Business combinations (2008)* became effective from 1 April 2010.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of the goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

3.3.2 Other intangible assets

Other intangible assets relate to customer contracts and relationships acquired in subsidiaries. The intangible asset relating to these contracts and relationships is expected to be amortised over two to five years from the date of acquisition. Other intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The carrying amounts of other intangible assets with a definite useful life are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, then the recoverable amount is estimated.

3.3.3 Exploration for and the evaluation of mineral resources

Exploration assets include expenditure incurred after the award of the legal licence, to explore a specific area for mineral resources, has been obtained. Pre-licence costs are recognised as an expense in profit or loss as incurred. Exploration and evaluation costs are capitalised as exploration assets on a project-by-project basis pending determination of the technical feasibility and commercial viability of the project. Exploration assets include costs of acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource.

Administration and other general overhead costs, which are not directly attributable to the specific exploration assets, are expensed as incurred. When a licence is relinquished or a project is abandoned, the capitalised expenditure is recognised in profit or loss immediately.

Exploration assets are measured at cost less impairment losses.

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2011

3 Significant accounting policies *(continued)*

3.4 Property, plant and equipment

3.4.1 Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment and depreciated separately.

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.

3.4.2 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 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 day-to-day servicing of the property, plant and equipment are recognised in profit or loss as incurred.

3.4.3 Depreciation

All mining assets are depreciated using the units-of-production method where the mine operating plan calls for production from well-defined mineral reserves over proved and probable reserves. The calculation of the units-of-production rate of depreciation could be impacted to the extent that actual production in the future is different from current forecast production based on proved and probable mineral reserves. This would generally arise when there are significant changes in any of the assumptions used in estimating the mineral reserves.

These factors could include changes in proved and probable mineral reserves and differences between actual commodity prices and commodity price assumptions.

Depreciation is recognised in profit or loss on a systematic basis over the estimated useful lives of each part of an item of property, plant and equipment (except for mining assets), since this most clearly reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Residual value is the amount that the entity could recover for the asset at the reporting date if the asset was already of the age and in the condition that it will be in when the entity expects to dispose of it. The estimated residual value is based on similar assets that have reached the end of their useful lives at the date that the estimate has been made. If the residual value of an asset increases to an amount equal to or in excess of the asset's carry value, then the asset's depreciation charge will be zero. Depreciation will resume when the asset's residual value falls below the asset's carrying value.

Where the unit-of-production methodology is used, the estimate of future production is reviewed and revised, if necessary, at each reporting date in accordance with the requirement to review the asset's expected useful life.

A change in the useful life, in the unit-of-production method or in the residual value of an asset, will result in a change in estimate.

The estimated useful lives for the current and comparative periods are as follows:

• Buildings	50 years
• Mining assets	Over the anticipated life of mine
• Plant and equipment	5 to 10 years
• Motor vehicles	5 years
• Furniture, fittings and equipment	10 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted, if appropriate.

3.5 Impairment of non-financial assets

The carrying amount of the Group's assets, other than inventories and deferred tax assets, is reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, the asset's

recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less the cost to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. When the carrying value of an asset exceeds its recoverable amount, the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit.

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 cash-generating unit, and then to reduce the carrying amounts of the other assets in the cash-generating unit on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

Impairment charges are disclosed separately on the consolidated income statement, except to the extent that they reverse gains previously recognised in the consolidated statement of changes in equity.

3.6 Non-current assets held-for-sale

Non-current assets that are expected to be recovered primarily through sale or distribution rather than through continuing use, are assets classified as held-for-sale or distribution. Immediately before classification as held-for-sale or distribution, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale or distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment, once classified as held-for-sale or distribution, are not amortised or depreciated.

3.7 Inventories

Inventories are consumables and spares held in the ordinary course of business consumed in the production process or in the rendering of services in the mining operations. Finished goods are assets held-for-sale in the coal operations. Inventories are measured at the lower of cost and net realisable value using the first-in-first-out method. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and costs necessary to make the sale.

3.8 Provisions

Provisions are recognised when the Group has a present obligation, whether legal or constructive for liabilities of uncertain timing or amount that have arisen as a result of past events and are discounted at a pre-tax rate reflecting current market assessments of the time value of money and the risks specific to the liability. In accordance with the applicable legal requirements, a provision for rehabilitation of land and the related expense is recognised when the damage occurs, it is probable that a restoration expense will be incurred and a reasonable estimate of the costs can be made.

3.9 Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group has become a party to the contractual provisions of the instruments.

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2011

3 Significant accounting policies *(continued)*

3.9 Financial instruments *(continued)*

Financial assets and financial liabilities are set-off and the net amount presented in the statement of financial position, when the Group has a legal right to set-off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held-to-maturity or designated any instruments at fair value through profit or loss.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the instruments, and are subsequently carried at amortised cost using the effective interest method, less impairment losses.

Impairment losses are recognised when there is objective evidence that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a loss being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable discounted at the original effective interest rate. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For trade receivables, which are reported net, such losses are recorded in a separate account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectible, the gross carrying value of the asset is written off against the allowance account. From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities immediately available, and bank overdrafts. Bank overdrafts held at the same financial institution are set off against favourable bank balances reflected in current assets. It is the Group's policy not to allow overdraft facilities at subsidiary companies. Such facilities are provided to the subsidiaries by the central treasury.

These balances are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost.

All short-term cash investments are invested with a major financial institution in order to manage credit risk.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangement entered into and the purpose for which the asset was acquired and include the following:

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest while the liability is outstanding.

Trade payables and other short-term monetary financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

3.10 Taxation

Income tax comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for:

- The initial recognition of goodwill;
- The initial recognition of assets and liabilities that affect neither accounting nor taxable profit; and
- Differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the temporary differences when they reverse based on the laws that have been enacted or substantively been enacted by the reporting date.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable entity; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis; or
- to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

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

3.11 Share capital

The Group's 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 tax effects.

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognised as a deduction from total equity as a treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

3.12 Revenue

The invoiced values of goods sold and services rendered, excluding value added tax, discounts and other non-operating income, in respect of manufacturing, trading and contracts, are recognised at the date when the significant risks and rewards of ownership are transferred to the buyer. In the case of service revenue from contracts, revenue is recognised with reference to the stage of completion. The stage of completion is assessed to surveys of work performed.

3.13 Finance income and finance expense

Finance income comprises interest income received on funds invested that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.14 Dividends

Dividends to equity holders are only recognised as a liability when declared and are included in the statement of changes in equity. Secondary tax on companies in respect of dividends is recognised as a liability and is included in the tax expense in profit or loss.

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2011

3 Significant accounting policies *(continued)*

3.15 Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased asset and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are analysed between capital and interest.

3.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Intersegment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly current and deferred tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and other intangible assets other than goodwill.

3.17 Employee benefits

3.17.1 *Defined contribution plans*

Provision is made for retirement benefits for eligible employees by way of a provident fund. The fund is a defined contribution plan under which amounts to be paid as retirement benefits are determined by contributions to the fund together with investment earnings thereon. Contributions are charged against income as incurred.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

3.17.2 *Short-term employee benefits*

The cost of all short-term employee benefits is recognised during the year in which the employee renders the related service. The accruals for employee entitlements to remuneration and annual leave represent the amount which the Group has a present obligation to pay as a result of the employee's services provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current remuneration rates.

3.17.3 *Share-based payment transactions*

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, an expense is raised irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period. Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

The fair value of the amount payable to employees in respect of the long-term incentive plans which are settled in cash, is recognised as an expense with an increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised in profit or loss.

3.18 Contingent assets and liabilities

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognised as assets.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised as liabilities.

3.19 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- *Useful lives of intangible assets and property, plant and equipment*

As described in 3.4 above, the estimated useful lives of property, plant and equipment are reassessed at the end of each annual reporting period. The Group depreciates/amortises its assets over their estimated useful lives, as more fully described in the accounting policies for property, plant and equipment and intangible assets. The actual lives of these assets can vary depending on a variety of factors, including technological innovation and maintenance programmes. Changes in estimates can result in significant variations in the carrying value and amounts charged to profit or loss in specific periods.

- *Rehabilitation provision*

Long-term environmental obligations are based on the Group's environmental plans, in compliance with current environmental and regulatory requirements.

Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date. Increases due to additional environmental disturbances are capitalised and amortised over the remaining lives of the mines. Annual increases in the provisions relating to the change in the net present value of the provision and inflationary increases are included in administration expenses in the income statement.

The estimated cost of rehabilitation is reviewed annually and adjusted as appropriate for changes in legislation or technology. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure, in view of the uncertainty of estimating the potential future proceeds.

- *Estimated impairment of goodwill*

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require an estimation of the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

- *Inventories*

The Group reviews the net realisable value of, and demand for, its inventory on a quarterly basis to provide assurance that recorded inventory is stated at the lower of cost or net realisable value. Factors that could impact estimated demand and selling prices include the timing and success of future technological innovations, competitor actions, supplier prices and economic trends.

- *Income taxes*

The Group is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact the income tax expense in the period in which such determination is made.

- *Share-based payments*

The fair value of share options and share appreciation rights is measured by using the binomial valuation models, on the date of grant based on certain assumptions. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility, expected term of the instruments, expected dividends, and the risk-free interest rate. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2011

3 Significant accounting policies *(continued)*

3.20 Adoption of new and revised statements

3.20.1 Standards that are effective for annual and interim periods ending on 31 March 2011

The following statements and interpretations applicable to Sentula became effective in the current period and have been applied where relevant:

- IFRS 2 Share-based Payments – Group Cash-settled Share-based Payment Transactions;
- IFRS 3 Business Combinations (revised 2008);
- IFRS 5 Non-current Assets Held-for-Sale and Discontinued Operations;
- IFRS 8 Operating Segments;
- IAS 1 Presentation of Financial Statements;
- IAS 7 Statement of Cash Flows;
- IAS 17 Leases;
- IAS 27 Consolidated and Separate Financial Statements (amended 2008);
- IAS 32 Financial Instruments: Presentation – Classification of Rights Issues;
- IAS 36 Impairment of Assets;
- IAS 38 Intangible Assets;
- IAS 39 Financial Instruments – Eligible Hedged Items;
- IFRIC 9 Reassessment of Embedded Derivatives;
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation; and
- IFRIC 17 Distributions of Non-cash Assets to Owners.

Adoption of new and revised standards did not have a significant impact on the measurement and presentation of items included in the financial statements.

3.20.2 Standards that are effective for interim periods relating to annual periods beginning on or after 1 July 2010

The following interpretations and standards were in issue but not yet effective to the business and may have an impact on future financial statements:

- Amendments to IFRS 3 Business Combinations;
- Amendments to IAS 27 Consolidated and Separate Financial Statements;
- IAS 24 Related Party Disclosures (revised);
- IFRS 7 Financial Instruments: Disclosures;
- IAS 1 Presentation of Financial Statements; and
- IAS 34 Interim Financial Reporting.

Adoption of these new and revised standards are unlikely to have a significant impact on the measurement and presentation of items included in the financial statements.

3.20.3 Standards that are not yet effective

The following interpretations and standards were in issue but not yet effective to the business and may have an impact on future financial statements:

- Disclosures – Transfers of Financial Assets (Amendments to IFRS 7); and
- IFRS 9 Financial Instruments.

The directors anticipate that all of the above interpretations, to the extent relevant, will be adopted in the Group's consolidated financial statements for the year in which they become effective and that the adoption of those interpretations will have no material impact on the financial statements of the Group in the initial application.

	2011 R'000	2010 R'000
4 Revenue	2 402 375	2 178 601
Revenue is derived from opencast contract mining, rehabilitation, earthworks, mining services, exploration drilling, crane hire and sale of equipment and spares. Opencast contract mining revenue is based on the bulk volume extracted or moved, whereas drilling and blasting revenue is based on volume of material blasted. Exploration drilling revenue is based on metres drilled and crane hire revenue is derived from crange services. The revenue from coal mining is derived from the selling of processed anthracite.		
Opencast mining and earthmoving	1 434 238	1 413 429
Overburden drilling and blasting	120 207	116 758
Coal mining	104 457	70 893
Exploration drilling	677 337	503 628
Crane hire	53 096	55 022
Equipment trading and spares	13 040	18 757
Other	–	114
	2 402 375	2 178 601

5 Results from operating activities

	2011 R'000	2010 R'000
After allowing for the following:		
Income		
Profit on disposal of property, plant and equipment	37	5 242
Realised foreign exchange gains	798	854
Bad debt recovery	3	1 781
Expenses		
Bad debts written off	856	2 131
Auditors' remuneration	11 874	17 414
– Audit fees – current year	9 030	11 037
– Forensic investigations	2 835	6 177
– Other accounting services	9	200
Unrealised foreign exchange losses	14 404	14 963
Realised foreign exchange losses	2 195	–
SARS penalties	1 612	1 846
Contribution to socio-economic and enterprise development	2 618	–
Loss on disposal of property, plant and equipment	9 400	16 900
Amortisation of intangible assets	460	1 902
Amortisation of mineral rights	1 422	6 227
Current year rehabilitation movement	(9 512)	(15 166)
Depreciation	269 432	292 941
– mining assets	7 002	6 648
– plant and equipment	225 494	243 501
– motor vehicles	28 888	38 425
– furniture, fittings and equipment	5 250	3 200
– buildings	2 798	1 167
Scrapping of assets	2 369	2 257
Reversal of scrapping of assets	(4 174)	–
Impairment of property, plant and equipment	71 476	7 315

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2011

	2011 R'000	2010 R'000
5 Results from operating activities (continued)		
Personnel expenses		
– Salaries and wages	596 304	582 951
– Provident fund	16 856	27 628
– Equity-settled share-based payment expense	5 117	9 218
– Cash-settled share-based payment expense	5 025	–
– Long-term incentive plan	6 679	–
Operating lease charges		
Premises		
– Contractual amount	4 886	11 292
Motor vehicles and equipment		
– Contractual amount	3 328	5 853
Property rental		
– Invoiced amount	2 297	–
Future minimum lease payments		
– up to 1 year	4 251	4 477
– 1 to 5 years	5 408	4 166
The lease agreements are entered into on market-related terms and conditions and are subject to annual market-related escalation in the lease rates. Property lease agreements are subject to a lease extension option.		
6 Recovery of unaccounted funds	–	18 934

The forensic investigation, conducted by KPMG Services (Proprietary) Limited in 2008, identified an undisclosed bank account which had not been accounted for at the time of the release of Sentula Mining Limited's reviewed results in June 2008. This account was subsequently recorded in the accounts of Megacube Mining (Proprietary) Limited (previously Scharrighuisen Opencast Mining (Proprietary) Limited) and a provision of R242 million was created for the apparent irregular payments and transfers from this account. The forensic and legal process has found, *inter alia*, that an amount of R65,7 million was transferred into an entity linked to one of the individuals implicated in the fraud. This entity and a number of related entities have been placed into final liquidation and gross assets of approximately R35 million have been identified in these entities. Of these assets approximately R24 million has been realised in cash and, after deducting a provision for costs associated with the liquidation process, an amount of R18,9 million was raised in 2010 as an estimate of the recovery of the misappropriated funds from these entities. During the financial year under review, a first distribution of R4,9 million was received in November 2010 from the entities in liquidation. A second interim distribution of R5 million was received on 31 May 2011.

7 Share-based payments

	Number of shares	
	2011 '000	2010 '000
Equity-settled share appreciation rights scheme	9 025	9 050
Cash-settled share appreciation rights scheme	32 757	–
Long-term incentive plan	25 017	9 450
Schamin Trust	1 600	1 600
	68 399	20 100

Equity-settled share appreciation rights scheme

The Share Appreciation Rights Scheme ("SARS") is a scheme whereby senior and middle management (the "employees") of Sentula (the "Company") are incentivised by means of the award of options, of which the offer price is determined as the 30-day value weighted average price ("VWAP") of Sentula's share price on the date of presentation of Sentula's annual results (the "offer date") and the employees can exercise the said options in five equal tranches annually from the first to the sixth anniversary of the offer date, subject to employment. The award and allocation of options under the scheme is governed by Sentula's Board. There were no options awarded during the year ended 31 March 2011 (2010: nil). This is an equity-settled scheme.

	Number of shares	
	2011 '000	2010 '000
7 Share-based payments (continued)		
Outstanding at the beginning of the year	9 050	10 370
Forfeited options	(25)	(1 320)
Outstanding at the end of the year	9 025	9 050
Exercisable at the end of the year	5 415	3 610
Weighted average exercise price of issued options (cents)	n/a	n/a
Weighted average exercise price of exercised options (cents)	n/a	n/a
Weighted average exercise price of outstanding options (cents)	1 882	1 883
Weighted average exercise price of forfeited options (cents)	2 206	2 206
Weighted average exercise price of exercisable options (cents)	1 882	1 977
Fair value of options granted	n/a	n/a
Average remaining life (months)	31	41

Cash-settled share appreciation rights scheme

The Share Appreciation Rights Scheme ("SARS") is a scheme whereby senior and middle management (the "employees") of Sentula (the "Company") are incentivised by means of the award of options, of which the offer price is determined as the 30-day VWAP of Sentula's share price on the date of presentation of Sentula's annual results (the "offer date") and the employees can exercise the said options in five equal tranches annually from the first to the sixth anniversary of the offer date, subject to employment. The award and allocation of options under the scheme is governed by Sentula's Board. There were 32 771 500 options awarded during the year ended 31 March 2011 at an average price of 781 cents. The grant date for these options was 21 July 2010, except for one issue that was granted on 8 January 2011. There were no options awarded in 2010. This is a cash-settled scheme.

	Number of shares	
	2011 '000	2010 '000
Outstanding at the beginning of the year	–	–
Granted number of options during the year	32 772	–
Forfeited options	(15)	–
Outstanding at the end of the year	32 757	–
Exercisable at the end of the year	7 784	–
Weighted average exercise price of issued options (cents)	781	–
Weighted average exercise price of outstanding options (cents)	780	–
Weighted average exercise price of forfeited options (cents)	1 652	–
Weighted average exercise price of exercisable options (cents)	1 597	–
Fair value of options granted (R'000)	17 794	–
Average remaining life (months)	50	–

The fair value of such share programme was determined by using the binomial option valuation method. The following inputs were used:

- Issued price ranging from 223 cents to 1 679 cents;
- Expected volatility of 50%;
- A staff turnover of 5,45% per annum;
- A forecast dividend growth rate of 4%; and
- A risk-free interest rate of 8,97%.

Expected volatility was based on a filtered history of volatility of the Sentula Group from a period dating back to 2005, and has been adjusted to give recent history a higher weighting in determining the average expected volatility.

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2011

7 Share-based payments *(continued)*

Deferred bonus scheme

Selected executives and employees of the Group will, in lieu of a discretionary bonus or a percentage thereof, be offered the right to receive a cash award equal to the sum of the market value of a number of notional Sentula issued ordinary shares as at the expiry of a specified employment period and a multiple thereof to be determined by the Board at the time of offer of the deferred bonus award and the aggregate of all dividends paid per Sentula ordinary share over the employment period and the number of bonus shares comprising the deferred bonus award. The deferred bonus scheme is settled in cash.

All shares are awarded at the 30-day VWAP of Sentula's share price on the date of presentation of Sentula's annual results (the "offer date") on the day of issue. 126 295 nominal Sentula shares were issued during the current year (2010: nil).

Long-term incentive plan

Selected executives and employees of Sentula and its subsidiaries will receive a conditional right to receive a cash award ("LTIP award") equal to the market value of a number of notional Sentula issued ordinary shares on the date that the award becomes unconditional. The LTIP award is to be applied towards the obligatory subscription and/or purchase of Sentula ordinary shares. This LTIP award is settled in cash.

	Number of shares	
	2011 '000	2010 '000
Outstanding at the beginning of the year	9 450	–
Granted during the year	17 957	9 450
Lapsed	(1 890)	–
Forfeited options	(500)	–
Outstanding at the end of the year	25 017	9 450
Exercisable at end of the year	–	–

On 21 July 2010, 13 152 000 (2010: 9 450 000) LTIPs were awarded to employees of Sentula Mining Limited, vesting over five years in five tranches. A further award was granted on 21 July 2010 of 4 805 280 to compensate for the dilution effect of the rights issue, effected in December 2009. LTIPs are settled at vesting date based on the market value of the Company's share price determined by reference to the 30-day VWAP. Conditions for vesting are established by the Board. Vesting conditions require employment at the maturity of the respective tranche and performance criteria determined by the Board.

Schamin Trust

The following changes took place during the year under review:

	Number of shares	
	2011 '000	2010 '000
Outstanding at the beginning of the year	1 600	1 680
Lapsed	–	(60)
Number of options exercised	–	(20)
Outstanding at the end of the year	1 600	1 600
Exercisable at the end of the year	1 200	800
Weighted average price of issued options (cents)	–	–
Weighted average price of options exercised (cents)	–	53
Weighted average price of outstanding options (cents)	1 000	1 000
Weighted average price of options lapsed (cents)	–	53
Weighted average price of exercisable options (cents)	1 000	1 000
Average remaining life (months)	69	32

The maximum number of shares that may be issued in terms of the scheme may not in aggregate exceed 23 556 594 shares in Sentula's issued capital. Shares vest in the option holder on the date the option was granted. Thereafter the option holder may exercise the options in individual tranches of 20% on each subsequent anniversary. The Schamin Trust scheme is being replaced by the three schemes mentioned above. This is an equity-settled scheme.

	2011 R'000	2010 R'000
8 Finance charges		
Finance income	3 211	3 822
– Financial institutions	2 777	2 947
– Loan to associate	–	857
– Debtors	228	–
– South African Revenue Service	12	–
– Other	194	18
Finance expense	114 262	225 152
– Non-current borrowings	74 170	177 849
– Bank overdraft	4 715	12 673
– Facility fees recognised	28 915	12 454
– Unwinding charges	4 987	6 252
– Suppliers	69	–
– Interest on tax	956	–
– Other	450	15 924
Net finance expense	111 051	221 330

9 Investment in equity-accounted associate

During March 2010 the Group sold its 49,998% investment in Siyanda Coal (Proprietary) Limited, which owns the Koornfontein mine. The Koornfontein sale became effective on 30 March 2010 on receipt of shareholder approval.

	2010 R'000
Shares at cost	115 570
Loans acquired	8 318
Purchase of investment in equity-accounted associate	123 888
Income from investment in equity-accounted associate	216 812
– Excess of fair value of assets and liabilities acquired over purchase price	83 407
– Equity-accounted profits (net of tax)	133 405
Disposal of shares in equity-accounted associate	(340 700)
– Proceeds from disposal of equity-accounted associate*	(670 000)
– Profit from disposal of equity-accounted associate	329 300
Investment in equity-accounted associate	–
Analysis of movement in investment	
– Opening balance	333 225
– Loan (repaid) by associate	(18 838)
– Realisation of investment through dividend received	(5 018)
– Income from investment in equity-accounted associate (net of tax)	31 331
– Disposal of shares in equity-accounted associate	(340 700)
	–

* The proceeds were included in trade and other receivables in March 2010 and were received on 8 April 2010.

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2011

9 Investment in equity-accounted associate *(continued)*

Summary financial information for the equity-accounted investment, not adjusted for the percentage ownership held by the Company:

R'000	Ownership	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
2010							
Koornfontein	0,0%	-	-	-	-	-	-
		Revenue	Expenses	Profit			
2010							
Koornfontein	0,0%	1 042 559	(985 602)	56 957			

At March 2010 the year-end for the equity-accounted associate was 28 February and was reflected as per the summary of assets and liabilities in this note.

Sentula's attributable portion of revenue and expenses for the 12 months ended 31 March 2010 was equity-accounted.

10 Investment in significant joint venture

During October 2008 the Group entered into a joint venture agreement with Jonah Capital BVI which led to the establishment of a joint venture company, incorporated in Mauritius and known as Jonah Coal Botswana Limited. Sentula owns 50% of the share capital of Jonah Coal Botswana Limited. Jonah Coal Botswana Limited's principal business activity is investing in coal exploration companies.

The Group's share of assets and liabilities consolidated on a line-by-line basis is as follows:

R'000	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
2011						
Jonah Coal Botswana Limited	4 256	38 540	42 796	(1 524)	(10)	(1 534)
	Revenue	Loss				
2011						
Jonah Coal Botswana Limited	-	(1 983)				
R'000	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
2010						
Jonah Coal Botswana Limited	6 559	50 722	57 281	(626)	-	(626)
	Revenue	Loss				
2010						
Jonah Coal Botswana Limited	-	(977)				

	2011 R'000	2010 R'000
11 Taxation		
Normal taxation	19 921	20 393
– Current year	2 089	2 624
– Prior year	(3 052)	135
– Foreign	20 884	17 634
Capital gains tax	–	56 279
Deferred taxation	22 859	(32 508)
– Current year	18 478	(30 373)
– Prior year	4 381	(2 135)
	42 780	44 164
Reconciliation of effective tax rate		
Profit for the year	73 852	275 207
Taxation	(42 780)	(44 164)
Profit for the year after tax	31 072	231 043
Income tax expense at statutory rate of 28%	20 679	77 058
– Non-deductible expenses	10 139	68 019
– Non-taxable gains	(2 090)	–
– Assessed loss utilised	(708)	(9 099)
– Capital gains tax	–	(76 956)
– Prior year adjustment	1 329	235
– Foreign tax rate effect	1 732	(6 320)
– Current year losses for which no deferred tax asset was recognised	11 738	–
– Other	(39)	(8 773)
Income tax expense recognised in profit or loss	42 780	44 164
Effective tax rate (%)	57,9	16,0

The tax rate used for the 2011 reconciliation above is the corporate tax rate of 28% (2010: 28%) payable by corporate entities in South Africa on taxable profits under tax law in that jurisdiction.

12 Earnings per share

	2011	2010
Basic earnings per share (cents)	6,05	55,80
Diluted earnings per share (cents)	6,05	55,80
Headline earnings per share (cents)	16,06	0,60
Diluted headline earnings per share (cents)	16,06	0,60
The weighted average number of shares was:		
Weighted average number of shares ('000)	581 005	428 185*
Diluted weighted average number of shares ('000)	581 005	428 185*

* 2010: adjusted for the rights issue

Headline earnings

Headline earnings per share has been calculated in accordance with the SAICA Circular 3/2009 entitled *Headline Earnings* which forms part of the Listings Requirements of the JSE Limited.

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2011

	2011 R'000	2010 R'000
12 Earnings per share (continued)		
The adjustments made to arrive at headline earnings are as follows:		
Net profit for the year attributable to equity holders of the parent	35 127	239 138
Adjusted for:		
Profit on disposal of plant and equipment	(37)	(5 242)
Loss on disposal of plant and equipment	9 400	16 900
Impairment of plant and equipment	71 476	7 315
Scrapping of assets	–	2 257
Tax effect of above adjustment	(22 635)	(5 944)
	93 331	254 424
Profit on disposal of equity-accounted associate	–	(329 300)
Tax effect on the above adjustment	–	77 620
Headline earnings attributable to ordinary shareholders	93 331	2 744

13 Dividend

The Board of Directors has not declared an interim or final dividend for the year ended 31 March 2011 or 31 March 2010.

14 Property, plant and equipment

R'000	Land and buildings	Mining assets	Plant and equipment	Motor vehicles	Furniture, fittings and equipment	Total
2011						
Cost						
At 31 March 2010	39 367	117 850	3 485 615	192 163	22 425	3 857 420
Additions	44 222	46 406	200 102	21 958	5 930	318 618
Transfer to/from inventory	–	–	30 497	(327)	–	30 170
Disposals	(2 311)	–	(97 760)	(1 675)	(36)	(101 782)
Scrapping of assets	–	–	(7 496)	(1 375)	(19)	(8 890)
Reversal of scrapping of assets	–	–	4 075	99	–	4 174
Foreign currency translation	(124)	–	(7 855)	(982)	(72)	(9 033)
Movement in rehabilitation asset	–	13 237	–	–	–	13 237
Transfer to held-for-sale assets	–	–	(37 779)	–	–	(37 779)
At 31 March 2011	81 154	177 493	3 569 399	209 861	28 228	4 066 135
Accumulated depreciation and impairment losses						
At 31 March 2010	353	15 329	1 105 433	82 861	11 487	1 215 463
Depreciation	2 798	7 002	225 494	28 888	5 250	269 432
Transfer to/from inventory	–	–	(24 280)	–	–	(24 280)
Disposals	(2 082)	–	(40 260)	(9 654)	(20)	(52 016)
Foreign currency translation	(1)	–	(2 294)	(493)	(57)	(2 845)
Scrapping of assets	–	–	(5 483)	(1 028)	(10)	(6 521)
Impairment of assets	–	–	71 476	–	–	71 476
At 31 March 2011	1 068	22 331	1 330 086	100 574	16 650	1 470 709
Carrying value at 31 March 2011	80 086	155 162	2 239 313	109 287	11 578	2 595 426

14 Property, plant and equipment *(continued)*

R'000	Land and buildings	Mining assets	Plant and equipment	Motor vehicles	Furniture, fittings and equipment	Total
2010						
Cost						
At 31 March 2009	49 003	124 666	3 432 472	231 093	16 811	3 854 045
Additions	7 268	2 733	211 302	19 199	5 972	246 474
Transfer to inventory	–	–	14 590	–	–	14 590
Disposals	–	(2 264)	(159 553)	(56 787)	(167)	(218 771)
Scrapping of assets	–	–	(3 302)	(395)	(97)	(3 794)
Foreign currency translation	(173)	–	(9 894)	(947)	(94)	(11 108)
Movement in rehabilitation asset	–	(7 285)	–	–	–	(7 285)
Transfer to held-for-sale assets	(16 731)	–	–	–	–	(16 731)
At 31 March 2010	39 367	117 850	3 485 615	192 163	22 425	3 857 420
Accumulated depreciation and impairment losses						
At 31 March 2009	358	8 916	930 587	76 170	8 489	1 024 520
Depreciation	1 167	6 648	243 501	38 425	3 200	292 941
Disposals	–	(235)	(72 727)	(31 201)	(129)	(104 292)
Foreign currency translation	–	–	(1 926)	(313)	(73)	(2 312)
Scrapping of assets	–	–	(1 317)	(220)	–	(1 537)
Impairment of assets	–	–	7 315	–	–	7 315
Transfer to held-for-sale assets	(1 172)	–	–	–	–	(1 172)
At 31 March 2010	353	15 329	1 105 433	82 861	11 487	1 215 463
Carrying value at 31 March 2010	39 014	102 521	2 380 182	109 302	10 938	2 641 957

Assets pledged as security

The Group's obligations under the new merged term facility are secured by registered notarial bonds over plant and equipment and motor vehicles, which have a carrying amount of R2 278 million.

The Group's obligations under the previous merged term facility in 2010 were secured by registered notarial bonds over plant and equipment and motor vehicles, which had a carrying amount of R2 258 million.

The Group's obligations under the WesBank instalment sale liabilities were secured by the lessor title to the financial assets, which had a carrying amount of R80 million in 2010.

The Group's obligations under the finance lease in favour of Babcock Equipment (Proprietary) Limited are secured by the Company's title to the assets, which have a carrying value of R9,5 million (2010: R12,2 million).

The Group's obligations under the finance lease in favour of Central Africa Machine Sales (Proprietary) Limited were secured by the Company's title to the assets, which had a carrying value of R8,8 million in 2010.

Impairment loss

During the current year plant to the value of R177,9 million was impaired by R71,5 million. This impairment was raised due to certain machines being operationally uneconomical. These machines were written down to a deemed open market value.

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2011

14 Property, plant and equipment *(continued)*

Change in estimate

During the 2010 financial year the Group conducted a review of its method of calculating depreciation, which resulted in changes in the expected usage of certain items of property, plant and equipment.

The depreciation of drill rigs was changed to actual metres drilled as a percentage of the rigs' expected productive life to reflect a more accurate estimation.

The depreciation on certain plant and equipment was changed to a unit-of-production method as this reflects the actual usage of the asset more accurately.

The effect of this change on the depreciation expense recognised in cost of sales in the income statement is as follows:

	2011 R'000	2010 R'000
Decrease in depreciation expenses	–	102 752

Due to the uncertainty of the actual hours to be worked or metres drilled in the future, it is not possible to determine the effect of this change in future periods.

Change in classification

During the current year the Group modified the income statement classification of the depreciation expense on one of its subsidiaries from administrative expenses to cost of sales to bring it in line with the rest of the Group and to reflect more appropriately the way in which economic benefits are derived. Comparative amounts were reclassified for consistency, which resulted in R75,1 million being reclassified from administrative expenses to cost of sales.

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the Company.

15 Mineral rights

	2011 R'000	2010 R'000
Carrying value at the beginning of the year	412 183	418 410
– Gross carrying value	419 635	419 635
– Accumulated amortisation	(7 452)	(1 225)
Amortisation for the year	(1 422)	(6 227)
Carrying value at the end of the year	410 761	412 183
– Gross carrying value	419 635	419 635
– Accumulated amortisation	(8 874)	(7 452)

During 2009, the Group acquired the entire issued share capital of Benicon Mining, which holds the prospecting rights on the remaining extent of Portion 7 (a Portion of Portion 1) of the farm Bankfontein 215 IS situated in the magisterial/administrative district of Ermelo and comprising 513.9190 hectares in extent. The prospecting right expired on 2 April 2011. As the mining right application was already in process, Sentula was advised by the DMR that it was not necessary to renew the prospecting right. However, Sentula being prudent, has applied for a further three-year extension on the prospecting right and this application has been accepted by the DMR.

During 2008, the Group acquired the issued share capital of the Benicon Coal Group, which holds the mining licence number 4198 in the magisterial district of Kamhushwa in Mpumalanga consisting of the following farms: Grobler 479JU, Guillaume 480JU, Wildebeest 494JU, Rusplek 495JU, Sweet home 495JU, Bonnievale 497JU, Excelsior 498JU, Murray 502JU, Fig tree 503JU, Beginsel 504JU and a portion of unsurveyed state land. The licence entitles the Benicon Coal Group to mine until 19 October 2015.

16 Intangible assets and goodwill

Intangible assets

Intangible assets comprise exploration and evaluation assets and customer base and workforce.

	Assembled workforce R'000	Exploration costs R'000	Total R'000
2011			
Cost			
At 31 March 2010	19 599	18 234	37 833
Exploration and evaluation	–	7 074	7 074
Foreign currency translation	–	(888)	(888)
At 31 March 2011	19 599	24 420	44 019
<i>Accumulated depreciation and impairment losses</i>			
At 31 March 2010	18 602	1 610	20 212
Amortisation	460	–	460
At 31 March 2011	19 062	1 610	20 672
Carrying value at 31 March 2011	537	22 810	23 347
2010			
Cost			
At 31 March 2009	19 599	9 275	28 874
Reclassification from property, plant and equipment	–	2 029	2 029
Exploration and evaluation	–	6 930	6 930
At 31 March 2010	19 599	18 234	37 833
<i>Accumulated depreciation and impairment losses</i>			
At 31 March 2009	16 700	–	16 700
Amortisation	1 902	1 610	3 512
At 31 March 2010	18 602	1 610	20 212
Carrying value at 31 March 2010	997	16 624	17 621

The intangible asset, relating to the assembled workforce, has a remaining useful life of six months.

The exploration and evaluation asset relates to prospecting rights held by Benicon Mining, Asenjo Energy and Indongo Mining projects. These assets are currently not available for use and are therefore not amortised.

	2011 R'000	2010 R'000
<i>Goodwill</i>		
Carrying value at the beginning of the year	411 148	423 275
Foreign currency translation	(2 810)	(12 127)
Carrying value at the end of the year	408 338	411 148

Goodwill arose from the business acquisitions during the 2007 and 2008 financial years.

Goodwill is not amortised but is subject to an annual impairment test.

The recoverable amounts of the cash-generating units (CGUs) are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2011

16 Intangible assets and goodwill *(continued)*

Key assumptions used in the calculation of recoverable amounts are discount rates and growth rates. These assumptions are as follows:

	2011 %	2010 %
Nominal pre-tax discount rate	20,74	16,36
Growth rate	4,80	6,00

17 Inventories

	2011 R'000	2010 R'000
Finished goods	15 709	15 810
Work-in-progress	11 511	24 392
Consumables and spares	334 607	288 065
	361 827	328 267

18 Trade and other receivables

	2011 R'000	2010 R'000
Trade receivables	372 685	342 928
Other receivables*	55 896	771 977
	428 581	1 114 905
Unaccounted funds	176 978	176 978
VAT	17 865	3 269
	623 424	1 295 152
Provision for unaccounted funds	(176 978)	(176 978)
	446 446	1 118 174
Impairment loss included in the above	5 346	10 310

* The proceeds from the Koornfontein sale amounting to R670 million were included in other receivables in March 2010 and were received on 8 April 2010.

A cession is held over the trade receivables of Sentula in favour of the general short-term banking facility held at Standard Bank as disclosed in note 19.

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in note 31.

19 Cash and cash equivalents

	2011 R'000	2010 R'000
Bank balances	68 348	79 383
Call deposits	18 958	28
Cash on hand	1 074	1 024
	88 380	80 435
Bank overdraft	(148)	(184 008)
Cash and cash equivalents	88 232	(103 573)

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in note 31.

	2011 R'000	2010 R'000
20 Assets classified as held-for-sale		
Dragline held-for-sale	37 779	–
Property held-for-sale	–	15 559

Benicon Sales (Proprietary) Limited entered into an option agreement to sell the Bucyrus-Erie 1260-W Walking Dragline, including all parts, components and spares constituting such 1260 Dragline. A R5 million non-refundable deposit was paid and the option expires on 30 June 2011. The dragline is measured at the lower of its carrying amount and fair value less cost to sell.

In 2010 the asset held-for-sale related to ERF 197 and 199 Spartan, from where Geosearch ran its operations. This asset was sold during the year under review.

	2011 R'000	2010 R'000
21 Share capital and premium		
<i>Authorised share capital</i>		
1 000 000 000 (2010: 1 000 000 000) ordinary shares of 1 cent each	10 000	10 000
<i>Issued share capital</i>		
586 599 181 (2010: 586 559 181) ordinary shares of 1 cent each		
Balance at the beginning of the year	5 866	2 356
Shares issued for cash	–	3 510
Balance at the end of the year	5 866	5 866
<i>Share premium</i>		
Balance at the beginning of the year	2 014 438	1 557 680
Shares issued for cash	–	498 410
Transaction costs incurred on rights issue	–	(39 769)
Share-based payments	–	(1 883)
Balance at the end of the year	2 014 438	2 014 438
<i>Treasury shares</i>		
Balance at the beginning of the year	(25 481)	(25 666)
Shares acquired	(417)	–
Share options exercised	–	185
	(25 898)	(25 481)
Total share capital, premium and treasury shares	1 994 406	1 994 823

During the previous year, Sentula embarked on a fully underwritten renounceable rights offer in terms of which 350 993 245 new ordinary shares with a par value of 1 cent each were offered. These shares were offered to shareholders at a subscription price of 143 cents per rights offer share, in a ratio of 149 rights offer shares for every 100 Sentula shares held. All issued shares are fully paid.

The authorised but unissued share capital is under the control and authority of the directors subject to the Companies Act and JSE Limited Listings Requirements, until the next annual general meeting. The directors have not been granted the approval to issue ordinary shares, or sell treasury shares for cash, without the consent of the shareholders. Note 7 sets out the details in respect of the share option schemes.

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2011

	2011 R'000	2010 R'000
22 Loans and borrowings		
Interest-bearing borrowings		
<i>Secured at amortised cost</i>		
Standard Bank new merged facility	700 000	–
Standard Bank merged term facility	–	1 080 092
WesBank instalment sale facility	–	57 607
	700 000	1 137 699
Balance at the end of the year	700 000	1 137 699
Current portion of loans and borrowings	(140 000)	(602 740)
Non-current loans and borrowings	560 000	534 959
Standard Bank new merged term facility	700 000	–

As part of the debt restructure, the Standard Bank merged term facility was consolidated with the WesBank instalment sale facility and subsequently fully redeemed from the proceeds of the new merged term facility.

The effective average interest rate applicable to this liability is 8,735% and is based on a margin of 325 basis points above the three-month JIBAR rate and is reset quarterly.

Aggregate repayments due are as follows:

Year ending 31 March	
– 2012	140 000
– 2013	186 667
– 2014	373 333
	700 000

The Group's obligations under the new merged term facility are secured by registered notarial bonds over plant and equipment and motor vehicles, which have a carrying amount of R2 278 million. Sentula provided a cession and pledge of all the shares it holds in the Group subsidiaries, for the due and punctual fulfilment of all obligations by the Company. The subsidiaries have subordinated all claims which they may respectively have against one another to the claims which the lenders may have against Sentula and such other subsidiaries of Sentula.

Standard Bank merged term facility	1 080 092
Aggregate repayments due are as follows:	
Year ending 31 March	
– 2011	567 094
– 2012	297 109
– 2013	215 889
	1 080 092

The effective average interest rate applicable to this liability was 9,93% (2010: 11,61%). The interest rate for the 11 months prior to settlement was 400 basis points above the one-month JIBAR.

The Group's obligations under the merged term facility were secured by registered notarial bonds over plant and equipment and motor vehicles, which had a carrying amount of R2 258 million. Sentula provided a cession and pledge of all the shares it holds in the Group subsidiaries, for the due and punctual fulfilment of all obligations by the Company. The subsidiaries have subordinated all claims which they may respectively have against one another to the claims which the lenders may have against Sentula and such other subsidiaries of Sentula. Sentula also ceded and pledged its shareholding of 49,998% in Siyanda Coal (Proprietary) Limited and its claims against the Company.

22 Loans and borrowings (continued)

WesBank instalment sale agreement

2010
R'000

57 607

As part of the debt restructure in February 2011, the WesBank instalment sale facility was fully settled on 11 February 2011.

The Group's obligations under the WesBank instalment sale liabilities was secured by the lessor's title to the financial assets, which had a carrying amount of R80 million in 2010.

The effective average interest rate applicable to this liability was 9,92% (2010: 10,36%) and is based on 4% above the one-month JIBAR rate.

Aggregate repayments due are as follows:

Year ending 31 March	Principal R'000	Interest R'000	Total R'000
- 2011	35 645	4 390	40 035
- 2012	21 962	833	22 795
	57 607	5 223	62 830

The Company's borrowing powers are unlimited in terms of the articles of association.

The Company's exposure to interest rate risk and sensitivity analysis for loans and borrowings are disclosed in note 31.

23 Finance lease obligations

	2011 R'000	2010 R'000
Minimum lease payments due		
- within one year	4 529	12 618
- in second to fifth year inclusive	-	4 525
	4 529	17 143
Less: Future finance charges	(114)	(1 506)
Present value of minimum lease payments	4 415	15 637
Present value of minimum lease payments due		
- within one year	4 415	11 230
- in second to fifth year inclusive	-	4 406
	4 415	15 636
Non-current liabilities	-	4 406
Current liabilities	4 415	11 230
	4 415	15 636

The remaining term of the lease is four months and is repayable on 31 July 2011 and the effective borrowing rate is prime plus 1%.

Interest rates are linked to prime at the contract date. All leases have fixed repayment terms.

The Group's obligations under the finance leases in favour of Babcock Equipment are secured by the Group's title to the assets, which have a carrying amount of R9,5 million (2010: R12,2 million).

The Group's obligations under the finance leases in favour of Central Africa Machine Sales (Proprietary) Limited were secured by the Group's title to the assets, which have a carrying amount of Rnil (2010: R8,8 million). This lease was settled in October 2010.

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2011

	2011 R'000	2010 R'000
24 Rehabilitation provision		
Carrying value at the beginning of the year	56 292	77 135
Unwinding charge to the income statement	4 987	6 252
Current year provision – income statement credit	(9 512)	(15 166)
Amount utilised during the year	–	(4 644)
Current year provision – adjusted to decommissioning asset	13 237	(7 285)
Carrying value at the end of the year	65 004	56 292

The Group is exposed to environmental liabilities pertaining to its mining operations at Nkomati. Estimates of the cost of environmental and other remedial work, such as reclamation costs, close-down and restoration and pollution control, are made on an annual basis by an independent environmental consultancy, based on the estimated useful life of the mine.

Restricted investments

First National Bank	8 693	4 322
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Restricted investments are 12-month deposits held by First National Bank and available to be utilised only to discharge the Group's environmental rehabilitation obligations pertaining to the Nkomati mine. This amount has been ceded to First National Bank for a guarantee issued in favour of the Department of Mineral Resources.

The gross value of the environmental rehabilitation obligation of the Group is R119 million (2010: R91,6 million).

	2011 R'000	2010 R'000
25 Deferred revenue		
Income received in advance	–	(14 849)
Non-current liabilities	–	(5 495)
Current liabilities	–	(9 354)
	–	(14 849)

There is no deferred revenue for 2011.

The deferred revenue classified as non-current liabilities in March 2010 consisted of a customer advance for the acquisition of a transformer and was to be recognised over the useful life of the asset. However, during the year it was agreed with the customer that the asset remains the property of the customer. On derecognition of the asset the amount was released to income.

The deferred revenue classified as current liabilities in March 2010 consists of advances received to comply with the customer's fatal risk compliance protocol policy and was recognised over the life of the contract.

	2011 R'000	2010 R'000
26 Trade and other payables		
Trade payables	210 606	172 528
Other payables	147 366	176 542
	357 972	349 070
Provision for leave pay and employee incentives	57 774	51 035
VAT	12 238	2 958
	427 984	403 063

The Group's exposure to interest rate risk and sensitivity analysis for financial liabilities is disclosed in note 31.

	2011 R'000	2010 R'000
27 Deferred tax		
Recognised deferred tax		
Balance at the beginning of the year	205 047	237 314
Originating temporary differences	22 146	(30 568)
Increase in tax losses	(570)	(1 699)
Balance at the end of the year	226 623	205 047
The balance comprises:		
Accelerated wear and tear for tax purposes on property, plant and equipment	135 668	124 237
Fair value on business combinations and other	123 078	124 024
Assessed losses utilised	(27 303)	(26 733)
Income received in advance	–	(4 028)
Lease liability	(1 236)	(6 320)
Provisions	(8 201)	(9 650)
Prepayments	590	–
Other	4 027	3 517
Net tax liabilities	226 623	205 047
Deferred tax asset	17 008	21 625
Deferred tax liability	243 631	226 672

Movement in temporary differences during the year:

R'000	Opening balance 31 March 2010	Recognised in income statement	Closing balance 31 March 2011
Accelerated wear and tear	571 380	(22 628)	548 752
Fair value on business combinations	124 024	(946)	123 078
Income received in advance	(4 028)	4 028	–
Lease liability	(6 320)	5 084	(1 236)
Provisions	(9 650)	1 449	(8 201)
Prepayments	–	590	590
Unredeemed capital expenditure	(447 143)	34 059	(413 084)
Assessed losses utilised	(26 733)	(570)	(27 303)
Lease receivable	(49)	49	–
Other	3 566	461	4 027
	205 047	21 576	226 623

R'000	Opening balance 31 March 2009	Recognised in income statement	Closing balance 31 March 2010
Accelerated wear and tear	619 927	(48 547)	571 380
Fair value on business combinations	126 542	(2 518)	124 024
Income received in advance	(4 562)	534	(4 028)
Lease liability	(3 225)	(3 095)	(6 320)
Provisions	(6 996)	(2 654)	(9 650)
Unredeemed capital expenditure	(469 852)	22 709	(447 143)
Assessed losses utilised	(25 034)	(1 699)	(26 733)
Lease receivable	(421)	372	(49)
Restraint of trade	(2 538)	2 538	–
Other	3 473	93	3 566
	237 314	(32 267)	205 047

Unrecognised deferred tax

Deferred tax assets have not been recognised in respect of tax losses amounting to R208 million (2010: R142 million) as it is not probable that future taxable profit will be available against which the Group can utilise the benefits in the foreseeable future.

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2011

	2011 R'000	2010 R'000
28 Other financial liabilities		
Opening balance	7 506	10 468
Reclassification from other payables	–	3 958
Fair value adjustment	–	(6 920)
	7 506	7 506

These liabilities relate to amounts payable to the vendors on the acquisition of businesses and are repayable based on production from mines.

29 Capital commitments

	2011 R'000	2010 R'000
Capital expenditure contracted for in respect of property, plant and equipment	17 224	30 000
Capital expenditure authorised by the directors not contracted for in respect of property, plant and equipment		
– New replacement equipment	132 826	111 950
– Refurbishments	82 781	78 100

The capital expenditure will be financed through working capital and a vehicle asset finance facility.

30 Contingent liabilities

During the 2009 financial year, Megacube Mining (Proprietary) Limited ("MM") (previously Scharrighuisen Opencast Mining (Proprietary) Limited) instituted legal proceedings against Umcebo Mining (Proprietary) Limited for the recovery of R29,8 million owing to MM for work performed on its Middelkraal operation.

Subsequent to the above claim, a demand for payment of R120,6 million was brought against MM in respect of an alleged breach of contract and substandard mining practices allegedly adopted by MM. The parties have elected to arbitrate in the matter, with the date of arbitration likely to be set for the first quarter of 2012. The Company and its attorneys believe that there is a strong defence against the alleged claim and are not able to estimate the probable loss or possible loss.

To the best of our knowledge and belief there are no other contingent liabilities to third parties and/or contingent assets which are not disclosed to in this report and which may materially affect the financial position of the Group.

31 Financial instruments

31.1 Risk management activities

In the normal course of its operations, the Group is exposed to currency, interest rate, liquidity and credit risk. This note describes the Group's objectives, policies and processes for managing those risks and methods used to measure them. In order to manage these risks, the Group has developed a comprehensive risk management process to facilitate control and monitoring. The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Group's treasury function provides services to the subsidiaries, coordinates access to domestic financial markets and monitors and manages the financial risks relating to the operations of the Group. Operational and business risks are reviewed and addressed on a monthly basis. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group does not enter into/or trade financial instruments, including derivative financial instruments, for speculative purposes.

31.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales and this risk is mitigated by dealing with creditworthy counterparties and a few major clients. It is Group policy to assess the credit risk of new customers before entering into a contract and this is monitored on an ongoing basis.

31 Financial instruments (continued)

31.2 Credit risk (continued)

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

	2011 R'000	2010 R'000
Carrying amount		
Trade and other receivables	428 581	1 114 905
Cash and cash equivalents	88 380	80 435
Restricted investments	8 693	4 322
	525 654	1 199 662

The maximum exposure to credit risk for trade and other receivables at the reporting date by type of geographic region was:

South Africa	323 181	1 059 127
Botswana	17 162	2 978
Mozambique	35 536	10 497
Tanzania	2 336	9 856
Other African countries	50 366	32 447
	428 581	1 114 905

The maximum exposure to credit risk for trade and other receivables at the reporting date by type of counterparty was:

Mining houses	334 401	270 200
Exploration companies	9 629	19 283
Mining subcontractors	25 931	50 456
Proceeds from disposal of Koornfontein	–	670 000
Proceeds from insurance claims	–	25 496
Deferred fees	9 895	28 485
Other	48 725	50 985
	428 581	1 114 905

Net amount

The ageing of trade receivables at the reporting date was:

Not past due	241 296	172 948
Past due 0 to 30 days	68 255	50 177
Past due 31 to 120 days	28 353	95 171
Past due 121 to 180 days	8 084	9 402
Past due 181 days and over	26 697	15 230
	372 685	342 928
Impairment losses	5 346	10 310

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

Balance at 1 April	(10 310)	(17 253)
Impairment loss recognised	4 964	6 944
	(5 346)	(10 310)

At 31 March 2011 the impairment loss of R5,3 million (2010: R10,3 million) relates to customers that are not able to settle outstanding balances of their indebtedness. The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic payment behaviour and extensive analyses of the underlying customers' credit rating.

Based on historic default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of the trade receivables not past due or past due by up to 30 days. The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic payment behaviour and extensive analysis of the underlying customers' credit rating.

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2011

31 Financial instruments *(continued)*

31.3 Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and new investments in foreign operations.

Foreign exchange risk also arises when individual Group entities enter into transactions denominated in a currency other than the functional currency. It is Group policy that all such transactions should be hedged through the Group treasury entering into a forward exchange contract with a reputable bank.

The Group is exposed to currency risk on purchases made on plant and equipment globally. Purchases from these suppliers are made on a central basis and the risk is hedged using forward exchange contracts. The forward exchange contracts entered into from time to time are economic hedges and therefore the Group does not apply hedge accounting.

The Group had no open forward exchange contracts at 31 March 2011 or 31 March 2010.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through these operations holding cash denominated in the relevant foreign currency.

The Group's exposure to foreign currency risk was as follows:

R'000	2011			2010		
	Foreign exposure to ZAR ¹	ZAR equivalent of USD exposure ²	ZAR equivalent of BWP exposure ³	Foreign exposure to ZAR ¹	ZAR equivalent of USD exposure ²	ZAR equivalent of BWP exposure ³
Trade receivables	42 261	86 945	17 162	22 906	66 163	2 759
Cash and cash equivalents	5 566	41 031	1 598	71 537	48 461	6 343
Trade payables	(101 014)	(27 434)	(6 611)	(24 445)	(5 172)	(3 835)
Gross balance sheet recognised	(53 187)	100 542	12 149	69 998	109 452	5 267
Estimated forecast sales	161 203	420 399	50 517	167 163	514 591	43 103
Estimated forecast purchases	(124 126)	(323 707)	(38 898)	(128 716)	(396 234)	(33 190)
Gross exposure	37 077	96 692	11 619	38 447	118 357	9 913
Net exposure	(16 110)	197 234	23 768	108 445	227 809	15 180

¹ This column discloses the ZAR exposure of foreign operations denominated in ZAR.

² This column discloses the USD exposure of foreign operations translated to ZAR.

³ This column discloses the BWP exposure of foreign operations translated to ZAR

The following significant exchange rates applied during the year:

ZAR	2011		2010	
	Average rate	Reporting date spot rate	Average rate	Reporting date spot rate
USD	7,2140	6,8500	7,8470	7,3900
BWP	1,0870	1,0600	1,1610	1,1100

Sensitivity analysis

A 10% strengthening of the Rand against the following currencies at 31 March 2011 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

The analysis is performed on the same basis for 2010.

31 Financial instruments (continued)

31.3 Foreign exchange risk (continued)

	Equity (‘000)	Profit or loss (‘000)
31 March 2011		
USD	10 054	9 669
BWP	1 215	1 162
31 March 2010		
USD	6 499	11 836
BWP	228	991

A 10% weakening of the Rand against the above currencies at 31 March 2011 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

31.4 Interest rate risk

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	2011 R'000	2010 R'000
Variable rate instruments		
– Financial assets	87 306	79 411
– Financial liabilities	(700 148)	(1 321 707)
	(612 842)	(1 242 296)

The Group is exposed to interest rate risk from long-term borrowings at variable rates. Fluctuations in interest rates impact the value of the short-term investments and financing activities giving rise to interest rate risk. In the ordinary course of business the entities within the Group receive cash proceeds from its operations and are required to fund working capital and capital expenditure requirements. All entities within the Group are not permitted to borrow long-term from external sources. The cash is managed to ensure that all surplus funds held within the Group are invested with the centralised treasury. The surplus funds are invested to maximise returns while ensuring that the capital is safeguarded for the maximum extent possible by investing only with top financial institutions.

Contractual arrangements for committed borrowing facilities are maintained with two banking counterparts to meet the Group's funding requirements.

Cash flow sensitivity analysis for variable rate instruments

A sensitivity analysis is performed by assuming that the amount of the assets and liabilities outstanding at the reporting date was outstanding for the whole year. A 200 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of a reasonable and possible change in interest rates.

If interest rates had been 200 basis points higher/lower and all the other variables were held constant, the Group's profit after tax for the year ended 31 March 2011 would decrease/increase by R15,5 million (2010: R30,2 million). This is attributable to the Group's exposure to interest rates on its variable borrowings. The analysis is performed on the same basis for 2010.

31.5 Liquidity risk management

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Group manages liquidity risk via a centralised treasury, by maintaining adequate reserves, banking facilities and reserve borrowings facilities by continuously monitoring forecast and actual cash flows.

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2011

31 Financial instruments *(continued)*

31.5 Liquidity risk management *(continued)*

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. These tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay:

	Weighted average effective interest rate	Less than 1 month R'000	1 – 3 months R'000	3 months to 1 year R'000	1 – 5 years R'000	Total R'000
2011						
Secured bank loans						
– Standard Bank new merged term facility	8,75%	–	–	140 000	560 000	700 000
Bank overdraft	9,00%	148	–	–	–	148
Trade and other payables	0,00%	357 972	–	–	–	357 972
Finance lease obligations	9,00%	539	3 876	–	–	4 415
2010						
Secured bank loans						
– Standard Bank merged term facility	11,61%	320 681	64 970	181 443	512 998	1 080 092
– WesBank instalment sale facility	10,36%	5 651	8 098	21 897	21 961	57 607
Bank overdraft	10,90%	184 008	–	–	–	184 008
Trade and other payables	0,00%	349 070	–	–	–	349 070
Finance lease obligations	11,00%	1 560	4 681	4 989	4 406	15 636

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

31.6 Fair value of financial instruments

The fair value of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, is as follows:

	2011		2010	
	Carrying value R'000	Fair value R'000	Carrying value R'000	Fair value R'000
Assets measured at amortised cost				
Trade and other receivables	428 581	428 581	1 114 905	1 114 905
Cash and cash equivalents	88 380	88 380	80 435	80 435
Restricted investments	8 693	8 693	4 322	4 322
Liabilities measured at amortised cost				
Loans and borrowings – non-current	(560 000)	(560 000)	(534 959)	(534 959)
Finance lease obligations – non-current	–	–	(4 406)	(4 406)
Trade and other payables	(357 972)	(357 972)	(349 070)	(349 070)
Loans and borrowings – current	(140 000)	(140 000)	(602 740)	(602 740)
Finance lease obligations – current	(4 415)	(4 415)	(11 230)	(11 230)
Bank overdraft	(148)	(148)	(184 008)	(184 008)
Liabilities measured at fair value				
Other financial liabilities	(7 506)	(7 506)	(7 506)	(7 506)

31 Financial instruments *(continued)*

31.6 Fair value of financial instruments *(continued)*

Fair value hierarchy

All financial instruments measured at fair value by valuation method are measured at a level 3.

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liabilities that are not based on observable market data.

The only financial instrument measured at fair value by valuation method is disclosed in note 28.

Fair value is determined by discounting the future liability, which is calculated by multiplying the royalty rate by the run of mine tonnes estimated to be produced over the anticipated life of the mine.

Although the Group believes that its estimate of fair value is appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

31.7 Capital management

The Group manages its capital structure to ensure that it will be able to continue as a going concern while maximising shareholder return through the optimisation of the debt and the equity capital.

The capital structure of the Group consists of debt and equity, comprising issued share capital, reserves and retained earnings as disclosed.

In 2011 long-term borrowings pertain to the new merged term facility provided by a Standard Bank led consortium for the funding of subsidiary capital expenditure. In the previous year the long-term borrowings pertained to the merged term facility from the Standard Bank consortium and an instalment sale facility from WesBank.

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2011

32 Related parties

Related party transactions and balances

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Directors of the companies stated below were involved with the Group during the 2011 financial year:

– C & K Boilermaking (Proprietary) Limited	– Mabapa Mining Limited
– Jonah Coal Botswana Limited	– Martiq 406 CC
– JPK Bits & Rods CC	– Merafe Coal (Proprietary) Limited
– L&L Trust	– O.M. Tsehla Drilling Contractor (Proprietary) Limited
– Laduma Metals CC	– Witbank Steel Agencies CC

During the year the Group and its related parties, in the ordinary course of business, entered into various inter-group sale and purchase transactions.

	Capital expenditure R'000	Revenue R'000	Expenses R'000	Amounts owed by related parties R'000	Amounts owed to related parties R'000
2011					
C & K Boilermaking (Proprietary) Limited	–	–	287	–	23
Jonah Coal Botswana Limited	–	–	–	675	–
JPK Bits & Rods CC	–	–	1 649	–	–
L&L Trust	–	–	90	–	–
Laduma Metals CC	40	11	146	7	9
Mabapa Mining Limited	–	–	–	2 861	–
Martiq 406 CC	–	–	664	–	370
Merafe Coal (Proprietary) Limited	–	–	–	3 275	–
O.M. Tsehla Drilling Contractor (Proprietary) Limited	–	–	3 160	–	179
Witbank Steel Agencies CC	–	–	48	–	2
	40	11	6 044	6 818	583
2010					
L&L Trust	–	–	274	99	–
Laduma Metals CC	4	–	57	–	27
Mabapa Mining Limited	–	–	–	2 838	–
Martiq 406 CC	–	–	609	–	–
Merafe Coal (Proprietary) Limited	–	–	–	3 233	–
O.M. Tsehla Drilling Contractor (Proprietary) Limited	–	–	703	–	198
Witbank Steel Agencies CC	6	–	27	–	3
	10	–	1 670	6 170	228

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash within 12 months of the reporting date. None of the balances are secured.

Key management personnel compensation

	2011 R'000	2010 R'000
Key management personnel compensation comprised:		
Short-term employee benefits	28 969	26 668
Share-based payments	16 821	6 296
	45 790	32 964

33 Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

34 Subsequent events

The directors are not aware of any subsequent events other than those disclosed below that occurred between the date of authorisation of the annual financial statements and the year-end that require any adjustments or additional disclosure to the annual financial statements.

Risk mitigation – Interest rate hedging facility

Subsequent to year-end, the Board granted approval for Sentula to enter into an interest rate hedge facility with Standard Bank, on the following terms and conditions:

Notional amount:	R350 million
Trade date:	1 April 2011
Effective date:	1 April 2012
Termination date:	31 March 2015
Cap rate:	8,57%
Floating rate option:	ZAR – JIBAR-SAFEX
Reset dates:	Calendar quarters

This facility immunised approximately 50% of the Group's senior interest-bearing debt from increases in three-month JIBAR in excess of 8,57%.

Nkomati mine – suspension of operations

Underground operations at the Nkomati mine were suspended in May 2011, following an announcement of closure of the opencast operations on 30 March 2011 on SENS, as a consequence of the mine being marginal and community disruption of the operations. The directors of Nkomati are in discussions with the regulatory authorities to resolve the outstanding regulatory and community issues.

Shanduka Resources transaction

In April 2011, Sentula announced on SENS that the Board of Directors of Sentula and Shanduka Resources entered into an exchange of shares agreement ("exchange agreement"). The rationale for Sentula entering into the exchange agreement is set out in the SENS announcement. In terms of the exchange agreement and subject to the fulfilment or waiver of the conditions precedent set out in paragraph 4.6 of the SENS release, Sentula will acquire from Shanduka Resources, a wholly owned subsidiary of the Shanduka Group, a leading black-owned and managed investment holding company:

- 29,94% of the issued share capital of Shanduka Coal (Proprietary) Limited ("Shanduka Coal"); and
- 100% of the issued share capital of Shanduka Coal Investments (Proprietary) Limited ("Shanduka Investments") which owns 29,93% of the issued share capital of Kangra Coal (Proprietary) Limited ("Kangra Coal").

Shanduka Coal, Shanduka Investments and Kangra Coal are collectively referred to as "Shanduka Resources' Coal Assets".

The number of new Sentula ordinary shares to be issued to Shanduka Resources of 626 905 938 in exchange for its shareholding in Shanduka Resources' Coal Assets is based on a valuation of R2.066 billion and following their issue, on the effective date, will constitute 51,9% of the issued share capital of Sentula.

Sentula anticipates that subject to fulfilment of the conditions precedent, the transaction will be concluded by 31 August 2011.

Definitions

SENS:	The Securities Exchange News Service of the JSE
JSE:	JSE Limited
JIBAR:	Johannesburg Inter-Bank Agreed Rate
VAT:	Value added tax
Standard Bank:	Standard Bank of South Africa Limited
SAFEX:	South African Futures Exchange

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2011

35 Directors' emoluments

	Basic R'000	Motor vehicle allowance R'000	Medical aid R'000	Gains on share options exercised R'000	Provident fund# R'000	Bonus** R'000	Total R'000
2011							
Executive directors							
RC Berry	2 850	240	–	–	428	1 056	4 574
GP Louw	2 909	120	–	–	–	910	3 939
PP Modisane	1 069	456	–	–	–	457	1 982
	6 828	816	–	–	428	2 423	10 495

Including Company contribution.

**Paid 31 July 2010.

	Chair- man's fees R'000	Deputy Chairman's fees R'000	Directors' fees R'000	Audit and Risk R'000	Govern- ance, Remuner- ation and Nomi- nation R'000	Invest- ment R'000	Total R'000
2011							
Non-executive directors							
JG Best	78	–	156	27	63	–	324
EHJ Stoyell	–	–	182	–	93	39	314
A Kawa (resigned 2 June 2011)	–	–	141	86	59	49	335
D Zihlangu (appointed 1 July 2010)	–	–	117	53	–	20	190
C van Zyl (appointed 1 July 2010)	–	–	102	81	–	–	183
K Mzondeki (appointed 1 July 2010)	–	–	102	64	–	–	166
	78	–	800	311	215	108	1 512

35 Directors' emoluments (continued)

	Basic R'000	Motor vehicle allowance R'000	Medical aid R'000	Gains on share options exercised R'000	Provident fund# R'000	Bonus R'000	Total R'000
2010							
Executive directors							
RC Berry	2 591	240	–	–	416	946	4 193
GP Louw	2 643	110	40	–	–	811	3 604
PP Modisane [^]	874	460	70	–	–	239	1 643
	6 108	810	110	–	416	1 996	9 440

Including Company contribution.

[^] Pro rata bonus for 2009 financial year.

	Chair- man's fees R'000	Deputy Chairman's fees R'000	Directors' fees R'000	Audit and Risk R'000	Govern- ance, Remuner- ation and Nomi- nation R'000	Invest- ment R'000	Total R'000
2010							
Non-executive directors							
JG Best*	17	121	16	116	56	249	575
EHJ Stoyell	–	–	124	–	128	164	416
A Kawa	–	–	124	93	54	182	453
J van Rooyen (resigned 28 February 2010)	145	–	20	85	65	–	315
MDL Marole (resigned 28 February 2010)	–	–	113	85	–	38	236
PT Kingston (resigned 28 February 2010)	–	–	113	85	54	–	252
SE Jonah KBE (stood down 18 December 2009)	21	–	73	–	36	–	130
	183	121	584	464	393	633	2 378

*Appointed as Chairman 28 February 2010.

The remuneration of the executive directors is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

Executive directors do not receive directors' fees and all the directors have service contracts with the Company at 31 March 2011.

Executive directors are subject to the Company's standard conditions of employment.



Company statement of financial position

at 31 March 2011

	Note	2011 R'000	2010 R'000
Assets			
Non-current assets			
		2 961 488	2 828 644
Property, plant and equipment	10	2 635	1 472
Loans to subsidiaries	22	2 672 487	2 544 430
Investment in subsidiaries	22	280 919	280 244
Share incentive trust	8	4 159	2 498
Sentula Mining Transformation Trust	9	–	–
Deferred tax	16	1 288	–
Current assets			
		179 357	1 015 119
Trade and other receivables	11	15 357	727 351
Loans to subsidiaries	22	135 396	280 825
Cash and cash equivalents	12	20 953	157
Other financial assets	18	6 811	6 786
Taxation receivable		840	–
TOTAL ASSETS		3 140 845	3 843 763
Equity			
Total equity attributable to equity holders of the Company		2 426 547	2 459 183
Share capital	13	5 866	5 866
Share premium	13	2 014 438	2 014 438
Reserves		42 426	37 702
Retained earnings		363 817	401 177
TOTAL EQUITY		2 426 547	2 459 183
Liabilities			
Non-current liabilities			
		560 000	534 959
Loans and borrowings	14	560 000	534 959
Current liabilities			
		154 298	849 621
Trade and other payables	15	14 298	34 541
Short-term portion of loan	14	140 000	602 740
Bank overdraft	12	–	183 898
Taxation payable		–	28 442
TOTAL LIABILITIES		714 298	1 384 580
TOTAL EQUITY AND LIABILITIES		3 140 845	3 843 763

Company income statement

for the year ended 31 March 2011

	Note	2011 R'000	2010 R'000
Other income		1	5 118
Administrative expenses		(47 847)	(89 267)
Results from operating activities	2	(47 846)	(84 149)
Finance expense	4	(111 094)	(215 805)
Finance income	4	123 740	202 168
Fair value adjustment		–	6 920
Profit from disposal of investment in associate		–	546 112
(Loss)/profit before taxation		(35 200)	455 246
Taxation expense	5	(793)	(55 617)
(Loss)/profit for the year		(35 993)	399 629

Company statement of comprehensive income

for the year ended 31 March 2011

	2011 R'000	2010 R'000
(Loss)/profit for the year	(35 993)	399 629
Other comprehensive income		
None	–	–
Total comprehensive (loss)/income for the year	(35 993)	399 629

Company statement of changes in equity

for the year ended 31 March 2011

R'000	Share capital	Share premium	Employee share incentive reserve	Retained earnings	Total ordinary share-holders' funds
Balance at 31 March 2009	2 356	1 555 797	33 877	1 306	1 593 336
Profit for the year	–	–	–	399 629	399 629
Other comprehensive income					
None	–	–	–	–	–
Total other comprehensive income	–	–	–	–	–
Total comprehensive income for the year	–	–	–	399 629	399 629
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Shares issued for cash	3 510	498 410	–	–	501 920
Rights issues transaction costs	–	(39 769)	–	–	(39 769)
Share-based payments	–	–	9 218	–	9 218
Share options forfeited	–	–	(5 393)	242	(5 151)
Total contributions by and distributions to owners	3 510	458 641	3 825	242	466 218
Balance at 31 March 2010	5 866	2 014 438	37 702	401 177	2 459 183
Loss for the year	–	–	–	(35 993)	(35 993)
Other comprehensive income					
None	–	–	–	–	–
Total other comprehensive income	–	–	–	–	–
Total comprehensive (loss) for the year	–	–	–	(35 993)	(35 993)
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Share-based payments	–	–	5 117	–	5 117
Share options forfeited	–	–	(393)	(1 367)	(1 760)
Total contributions by and distributions to owners	–	–	4 724	(1 367)	3 357
Balance at 31 March 2011	5 866	2 014 438	42 426	363 817	2 426 547

Company statement of cash flows

for the year ended 31 March 2011

	Note	2011 R'000	2010 R'000
Cash flows from operating activities			
(Loss)/profit for the year		(35 993)	399 629
Adjustments for:			
Depreciation	2	713	81
Profit from disposal of associate		–	(546 112)
Impairment of share incentive trust loan		–	10 562
Scrapping of assets	2	107	–
Foreign exchange gain	2	5 608	24 202
Fair value adjustment		–	(6 920)
Finance income	4	(123 740)	(202 168)
Finance expense	4	111 094	215 805
– Paid		82 179	208 271
– Accrued		28 915	7 534
Equity-settled share-based payment expense	2	2 683	4 752
Cash-settled share-based payment expense	2	2 577	–
Long-term incentive plan	2	2 022	–
Dividends received		–	(5 018)
Income tax expense		793	55 617
Cash flows from operating activities before changes in working capital			
		(34 136)	(49 570)
Change in trade and other receivables		683 053	(30 687)
Change in trade and other payables		(24 842)	12 898
Cash generated from/(used in) operating activities			
		624 075	(67 359)
Income taxes paid		(31 351)	(27 000)
Interest paid		(82 179)	(208 271)
Net cash from/(used in) operating activities			
		510 545	(302 630)
Cash flows from investing activities			
Interest received		123 728	202 168
Purchase of property, plant and equipment	10	(1 983)	(1 223)
Repayment of loan in associate	7	–	18 838
Repayment from subsidiaries		10 103	120 915
Net change in financial assets		–	(1 823)
Dividends received		–	5 018
Net cash utilised in investing activities			
		131 848	343 893
Cash flows from financing activities			
Proceeds from rights issue		–	501 920
Payment of transaction costs related to rights issue		–	(39 769)
Loans raised		700 000	–
Loans repaid		(1 137 699)	(599 042)
Net cash from financing activities			
		(437 699)	(136 891)
Net increase/(decrease) in cash and cash equivalents			
		204 694	(95 628)
Cash and cash equivalents at the beginning of the year		(183 741)	(88 113)
Cash and cash equivalents at the end of the year			
	12	20 953	(183 741)

Notes to the Company financial statements

for the year ended 31 March 2011

1 Accounting policies

The accounting policies are the same as the Group's accounting policies as set out on pages 60 to 70.

2 Results from operating activities

	2011 R'000	2010 R'000
After allowing for the following:		
Income		
Dividends received from associate	–	5 018
Bad debt recovered	1	100
Expenses		
Auditors' remuneration	2 449	1 862
– Audit fees – current year	2 449	1 662
– Other accounting services	–	200
Unrealised foreign exchange loss	5 608	24 202
SARS penalties	825	–
Impairment of share incentive trust loan	–	10 562
Contribution to socio-economic and enterprise development	1 787	491
Depreciation	713	81
Scrapping of assets	107	–
Personnel expenses		
– Salaries and wages	14 900	18 665
– Provident fund	799	358
– Equity-settled share-based payment expense	2 683	4 752
– Cash-settled share-based payment expense	2 577	–
– Long-term incentive plan	2 022	–
Operating lease charges		
Premises		
– Contractual amount	922	263
Future minimum lease payments		
– up to 1 year	922	922
– 1 to 5 years	462	1 384

The lease agreements are entered into on market-related terms and conditions and are subject to annual market-related escalation in the lease rates. Property lease agreements are subject to a lease extension option.

Notes to the Company financial statements *continued*

for the year ended 31 March 2011

	Number of shares	
	2011 '000	2010 '000
3 Share-based payments		
Equity-settled share appreciation rights scheme	9 025	9 050
Cash-settled share appreciation rights scheme	15 990	–
Long-term incentive plan	7 980	9 450
Schamin Trust	1 600	1 600
Outstanding at the end of the year	34 595	20 100

Equity-settled share appreciation rights scheme

The Share Appreciation Rights Scheme ("SARS") is a scheme whereby senior and middle management (the "employees") of Sentula (the "Company") are incentivised by means of the award of options, of which the offer price is determined as the 30-day VWAP of Sentula's share price on the date of presentation of Sentula's annual results (the "offer date") and the employees can exercise the said options in five equal tranches annually from the first to the sixth anniversary of the offer date, subject to employment. The award and allocation of options under the scheme is governed by Sentula's Board. There were no options awarded during the year ended 31 March 2011 (2010: nil). This is an equity-settled scheme.

	Number of shares	
	2011 '000	2010 '000
Outstanding at the beginning of the year	9 050	10 370
Forfeited options	(25)	(1 320)
Outstanding at the end of the year	9 025	9 050
Weighted average exercise price of outstanding options (cents)	1 882	1 883
Weighted average exercise price of forfeited options (cents)	2 206	2 206
Weighted average exercise price of exercisable options (cents)	1 882	1 977
Average remaining life (months)	31	41

Cash-settled share appreciation rights scheme

The Share Appreciation Rights Scheme ("SARS") is a scheme whereby senior and middle management (the "employees") of Sentula (the "Company") are incentivised by means of the award of options, of which the offer price is determined as the 30-day VWAP of Sentula's share price on the date of presentation of Sentula's annual results (the "offer date") and the employees can exercise the said options in five equal tranches annually from the first to the sixth anniversary of the offer date, subject to employment. The award and allocation of options under the scheme is governed by Sentula's Board. 15 989 500 options were awarded during the year ending 31 March 2011 at an average price of 664 cents. The grant date for these options was 21 July 2010, except for one issue that was granted on 8 January 2011. There were no options awarded in 2010. This is a cash-settled scheme.

	Number of shares	
	2011 '000	2010 '000
Outstanding at the beginning of the year	–	–
Granted number of options during the year	15 990	–
Outstanding at the end of the year	15 990	–
Number of exercisable options at year-end	2 935	–
Weighted average exercise price of issued options (cents)	664	–
Weighted average exercise price of outstanding options (cents)	664	–
Weighted average exercise price of exercisable options (cents)	1 546	–
Fair value of options granted	9 746	–
Average remaining life (months)	54	–

3 Share-based payments *(continued)*

The fair value of such share programme was determined by using the binomial option valuation method. The following inputs were used:

- Issued price ranging from 223 cents to 1 679 cents;
- Expected volatility of 50%;
- A staff turnover of 5,45% per annum;
- A forecast dividend growth rate of 4%; and
- A risk-free interest rate of 8,97%.

Expected volatility was based on a filtered history of volatility of the Sentula Group from a period dating back to 2005, and has been adjusted to give recent history a higher weighting in determining the average expected volatility.

Deferred bonus scheme

Selected executives and employees of the Group will, in lieu of a discretionary bonus or a percentage thereof, be offered the right to receive a cash award equal to the sum of the market value of a number of notional Sentula issued ordinary shares as at the expiry of a specified employment period and a multiple thereof to be determined by the Board at the time of offer of the deferred bonus award and the aggregate of all dividends paid per Sentula ordinary share over the employment period and the number of bonus shares comprising the deferred bonus award. The deferred bonus scheme is settled in cash.

All shares are awarded at the 30-day VWAP of Sentula's share price on the date of presentation of Sentula's annual results (the "offer date") on the day of issue. 126 295 nominal Sentula shares were issued during the current year. (2010: nil).

Long-term incentive plan

Selected executives and employees of Sentula and its subsidiaries will receive a conditional right to receive a cash award ("LTIP award") equal to the market value of a number of notional Sentula issued ordinary shares on the date that the award becomes unconditional. The LTIP award is to be applied towards the obligatory subscription and/or purchase of Sentula ordinary shares. This LTIP award is settled in cash.

	Number of shares	
	2011	2010
	'000	'000
Outstanding at the beginning of the year	9 450	–
Granted during the year	5 700	9 450
Allocation to subsidiaries	(6 300)	–
Lapsed options	(630)	–
Forfeited options	(240)	–
Outstanding at the end of the year	7 980	9 450
Exercisable at the end of the year	–	–
Average remaining life (months)	39	51

On 21 July 2010, 4 272 000 (2010: 3 150 000) LTIPs were awarded to employees of Sentula Mining Limited, vesting over five years in five equal tranches. A further award was granted on 21 July 2010 of 1 428 000 to compensate for the dilution effect of the rights issues effected in December 2009. LTIPs are settled at vesting date based on the market value of the Company's share price determined by reference to 30-day VWAP. Conditions for vesting are established by the Board. Vesting conditions require employment at the maturity of the respective tranche and performance criteria determined by the Board.

Notes to the Company financial statements *continued*

for the year ended 31 March 2011

3 Share-based payments *(continued)*

Schamin Trust

No changes took place during the year under review:

	Number of shares	
	2011 '000	2010 '000
Outstanding at the beginning of the year	1 600	1 600
Outstanding at the end of the year	1 600	1 600
Exercisable at the end of the year	1 200	800
Weighted average price of outstanding options (cents)	1 000	1 000
Weighted average price of exercisable options (cents)	1 000	1 000
Average remaining life (months)	69	32

The maximum number of shares that may be issued in terms of the scheme may not in aggregate exceed 23 556 594 shares in Sentula's issued capital. Shares vest in the option holder on the date the option was granted. Thereafter the option holder may exercise the options in individual tranches of 20% on each subsequent anniversary. The Schamin Trust scheme is being replaced by the three schemes mentioned above. This is an equity-settled scheme.

4 Finance charges

	2011 R'000	2010 R'000
Finance income	123 740	202 168
– Financial institutions	897	151
– Loan to associate	–	857
– South African Revenue Service	12	–
– Intercompany transactions	122 809	201 151
– Other	22	9
Finance expense	111 094	215 805
– Non-current borrowings	72 748	176 256
– Bank overdraft	4 437	12 654
– Facility fees recognised	28 915	12 454
– Intercompany transactions	4 756	14 438
– Suppliers	4	–
– South African Revenue Service	234	–
– Other	–	3
Net finance income/(expense)	12 646	(13 637)

	2011 R'000	2010 R'000
5 Taxation		
Normal taxation	2 081	–
– Prior year	2 081	–
Capital gains tax	–	55 617
Deferred taxation	(1 288)	–
– Current year	(1 288)	–
	793	55 617
Reconciliation of effective tax rate:		
Profit for the year	(35 200)	455 246
Taxation	(793)	(55 617)
Profit for the year after tax	(35 993)	399 629
Income tax expense at statutory rate of 28%	(9 856)	127 469
– Non-deductible expenses	1 593	14 098
– Non-taxable gains	–	(3 343)
– Assessed loss utilised	–	(4 987)
– Capital gains tax	–	(77 620)
– Prior year adjustment	2 081	–
– Current year losses for which no deferred tax asset was recognised	6 975	–
Income tax expense recognised in profit	793	55 617
Effective tax rate (%)	(2,3)	12,2

The tax rate used for the 2011 reconciliation above is the corporate tax rate of 28% (2010: 28%) payable by corporate entities in South Africa on taxable profits under tax law in that jurisdiction.

6 Dividend

The Board of Directors has not declared an interim or final dividend for the year ended 31 March 2011 or 31 March 2010.

7 Investment in associate

	2010 R'000
Opening balance at the beginning of the year	142 726
Sale of shares in associate	(115 570)
Loan settled through sale of shares in associate	(8 318)
Loan repaid by associate	(18 838)
Closing balance at the end of the year	–

During March 2010 the Group sold its 49,998% investment in Siyanda Coal (Proprietary) Limited, which owned Koorfontein mine. The Koorfontein sale became effective on 30 March 2010 on receipt of shareholders' approval.

The proceeds from the sale of Koorfontein were included in trade and other receivables in March 2010 and were received on 8 April 2010.

Notes to the Company financial statements *continued*

for the year ended 31 March 2011

	2011 R'000	2010 R'000
8 Share Incentive Trust Loan		
An analysis of the Scharrig Share Incentive Trust Loan is as follows:		
Balance at the beginning of the year	2 498	14 917
Loan repaid	–	(1 993)
Expenses incurred	1 661	136
Impairment of loan	–	(10 562)
Balance at the end of the year	4 159	2 498

The unallocated shares are under the control of the trustees of the trust.

The loan is interest free and has no fixed repayment terms.

9 Sentula Mining Transformation Trust

The Company established The Sentula Mining Transformation Trust – IT542/09 (“Trust”) in 2009 as a broad-based black economic empowerment scorecard investment delivery vehicle in which the Company and its branches execute the two elements of the scorecard, namely enterprise development and socio-economic development. The beneficiaries of the Trust are black South Africans, black-owned enterprises or black employees of the Company.

The Trust is controlled by the Company and in accordance with the requirements of SIC-12, it constitutes a special purpose entity. In accordance with SIC-12, which requires the consolidation of special purpose entities under certain conditions, the Trust has been included as a special purpose entity in the consolidated financial statements.

	2011 R'000	2010 R'000
Balance at the beginning of the year	–	4 099
Loan repayments	–	(4 099)
Balance at the end of the year	–	–

10 Property, plant and equipment

	Furniture, fittings and equipment R'000	Total R'000
2011		
Cost		
At 31 March 2010	1 570	1 570
Additions	1 885	1 885
Scrapping of assets	(19)	(19)
At 31 March 2011	3 436	3 436
Accumulated depreciation and impairment losses		
At 31 March 2010	98	98
Depreciation	713	713
Scrapping of assets	(10)	(10)
At 31 March 2011	801	801
Carrying value at 31 March 2011	2 635	2 635

	Furniture, fittings and equipment R'000	Total R'000
10 Property, plant and equipment (continued)		
2010		
Cost		
At 31 March 2009	347	347
Additions	1 223	1 223
Disposals	–	–
At 31 March 2010	1 570	1 570
Accumulated depreciation and impairment losses		
At 31 March 2009	17	17
Depreciation	81	81
At 31 March 2010	98	98
Carrying value at 31 March 2010	1 472	1 472

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the Company.

11 Trade and other receivables

	2011 R'000	2010 R'000
Intercompany trade receivables	2 711	–
Staff debtors	233	896
Other receivables*	(169)	695 521
Deposits	439	2 596
Deferred fees paid	9 895	28 485
VAT	2 248	(147)
	15 357	727 351

* The proceeds from the Koorfontein sale amounting to R670 million were included in "Other receivables" in March 2010 and were received on 8 April 2010.

The Company's exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in note 17.

12 Cash and cash equivalents

	2011 R'000	2010 R'000
Bank balances	1 995	128
Call deposits	18 958	28
Cash on hand	–	1
	20 953	157
Bank overdraft	–	(183 898)
Cash and cash equivalents	20 953	(183 741)

The Company's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in note 17.

Notes to the Company financial statements *continued*

for the year ended 31 March 2011

	2011 R'000	2010 R'000
13 Share capital and premium		
<i>Authorised share capital</i>		
1 000 000 000 (2010: 1 000 000 000) ordinary shares of 1 cent each	10 000	10 000
<i>Issued share capital</i>		
586 559 181 (2010: 586 559 181) ordinary shares of 1 cent each		
Balance at the beginning of the year	5 866	2 356
Shares issued for cash	–	3 510
Balance at the end of the year	5 866	5 866
<i>Share premium</i>		
Balance at the beginning of the year	2 014 438	1 555 797
Shares issued for cash	–	498 410
Transaction costs incurred on rights issue	–	(39 769)
Balance at the end of the year	2 014 438	2 014 438
Total share capital, premium and treasury shares	2 020 304	2 020 304

During the March 2010 financial year, Sentula embarked on a fully underwritten renounceable rights offer in terms of which 350 993 245 new ordinary shares with a par value of 1 cent each were offered. These shares were offered to shareholders at a subscription price of 143 cents per rights offer share, in a ratio of 149 rights offer shares for every 100 Sentula shares held. All issued shares are fully paid.

The authorised but unissued share capital is under the control and authority of the directors subject to the Companies Act and JSE Limited Listings Requirements, until the next annual general meeting. The directors have not been granted the approval to issue ordinary shares, or sell treasury shares for cash, without the consent of the shareholders. Note 3 sets out the details in respect of the share option scheme.

14 Loans and borrowings

	2011 R'000	2010 R'000
Interest-bearing borrowings		
<i>Secured at amortised cost</i>		
Standard Bank new merged facility	700 000	–
Standard Bank merged term facility	–	1 080 092
WesBank instalment sale agreement	–	57 607
	700 000	1 137 699
Balance at the end of the year	700 000	1 137 699
Current portion of loans and borrowings	(140 000)	(602 740)
Non-current loans and borrowings	560 000	534 959
Standard Bank new merged term facility	700 000	

As part of the debt restructure, the Standard Bank merged term facility was consolidated with the WesBank sale instalment and subsequently fully redeemed from the proceeds of the new merged term facility.

The effective average interest rate applicable to these liabilities is 8,735% and is based on a margin of 325 basis points above the three-month JIBAR rate and is reset quarterly.

Aggregate repayments due are as follows:

Year ending 31 March	
– 2012	140 000
– 2013	186 667
– 2014	373 333
	700 000

2010
R'000**14 Loans and borrowings (continued)**

The Group's obligations under the new merged term facility are secured by registered notarial bonds over plant and equipment and motor vehicles, which have a carrying amount of R2 278 million. Sentula provided a cession and pledge of all the shares it holds in the Group subsidiaries, for the due and punctual fulfilment of all obligations by the Company. The subsidiaries have subordinated all claims which they may respectively have against one another to the claims which the lenders may have against Sentula and such other subsidiaries of Sentula.

Standard Bank merged term facility 1 080 092

As part of the debt restructure in February 2011, the Standard Bank merged term facility was settled and a new merged term facility was entered into.

Aggregate repayments due as follows:

Year ending 31 March	
– 2011	567 094
– 2012	297 109
– 2013	215 889
	1 080 092

The effective average interest rate applicable to this liability was 9,93% (2010: 11,61%). The interest rate for the 11 months prior to settlement was 400 basis points above the one-month JIBAR.

The Group's obligations under the merged term facility were secured by registered notarial bonds over plant and equipment and motor vehicles, which had a carrying amount of R2 258 million. Sentula provided a cession and pledge of all the shares it holds in the Group subsidiaries, for the due and punctual fulfilment of all obligations by the Company. The subsidiaries have subordinated all claims which they may respectively have against one another to the claims which the lenders may have against Sentula and such other subsidiaries of Sentula. Sentula also ceded and pledged its shareholding of 49,998% in Siyanda Coal (Proprietary) Limited and its claims against the Company.

WesBank instalment sale agreement 57 607

As part of the debt restructure in February 2011, the WesBank instalment sale facility was fully settled on 11 February 2011.

The Group's obligations under the WesBank instalment sale liabilities were secured by the lessor's title to the financial assets, which had a carrying amount of R80 million in 2010.

The effective average interest rate applicable to these liabilities is 9,92% (2010: 10,36%) and is based on 400 basis points above the one-month JIBAR rate.

Aggregate repayments due are as follows:

Year ending 31 March	2010		Total R'000
	Principal R'000	Interest R'000	
– 2011	35 645	4 390	40 035
– 2012	21 962	833	22 795
	57 607	5 223	62 830

The Company's borrowing powers are unlimited in terms of the articles of association.

The Company's exposure to interest rate risk and sensitivity analysis for loans and borrowings is disclosed in note 17.

Notes to the Company financial statements *continued*

for the year ended 31 March 2011

	2011 R'000	2010 R'000
15 Trade and other payables		
Trade payables	580	15 921
Intercompany trade payables	49	–
Other payables	13 669	18 620
	14 298	34 541

The Company's exposure to interest rate risk and sensitivity analysis for financial liabilities is disclosed in note 17.

16 Deferred tax

	2011 R'000	2010 R'000
Recognised deferred tax		
Balance at the beginning of the year	–	2 538
Originating temporary differences	1 288	(2 538)
Balance at the end of the year	1 288	–
The balance comprises:		
Other	1 288	–
Net tax (assets) liabilities	1 288	–
Deferred tax asset	1 288	–

Movement in temporary differences during the year:

R'000	Opening balance 31 March 2010	Recognised in income statement	Closing balance 31 March 2011
Cash-settled share-based payment expense	–	722	722
Long-term incentive plan	–	566	566
	–	1 288	1 288
	Opening balance 31 March 2009	Recognised in income statement	Closing balance 31 March 2010
Restraint of trade	2 538	(2 538)	–
	2 538	(2 538)	–

Unrecognised deferred tax

Deferred tax assets have not been recognised in respect of tax losses amounting to R24,9 million (2010: nil) as it is not probable that future taxable profit will be available against which the Company can utilise the benefits therefrom in the foreseeable future.

17 Financial instruments

17.1 Risk management activities

In the normal course of its operations, the Company is exposed to currency, interest rate, liquidity and credit risk. This note describes the Company's objectives, policies and processes for managing those risks and methods used to measure them. In order to manage these risks, the Group has developed a comprehensive risk management process to facilitate control and monitoring. The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Group's treasury function provides services to the subsidiaries, coordinates access to domestic financial markets and monitors and manages the financial risks relating to the operations of the Company. Operational and business risks are reviewed and addressed on a monthly basis. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Company does not enter into/or trade financial instruments, including derivative financial instruments, for speculative purposes.

17.2 Credit risk

The Company does not have any credit risk as it has no debtors pertaining to the selling of goods and services. This Company is the holding company of the Group and fulfils a centralised treasury function.

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

	2011 R'000	2010 R'000
	Carrying amount	
Trade and other receivables	13 109	727 498
Cash and cash equivalents	20 953	157
	34 062	727 655
	Carrying amount	
The maximum exposure to credit risk for trade and other receivables at the reporting date by type of geographic region was:		
South Africa	13 109	727 498
	13 109	727 498
	Carrying amount	
The maximum exposure to credit risk for trade and other receivables at the reporting date by type of counterparty was:		
Related party receivables	2 711	–
Proceeds from disposal of Koornfontein	–	670 000
Proceeds from insurance claims	–	25 179
Deferred fees	9 895	28 485
Other	503	3 991
	13 109	727 655
	Net amount	
The ageing of trade receivables at the reporting date was:		
Not past due	13 109	727 655
	13 109	727 655

There was no impairment loss recognised in trade and other receivables.

Notes to the Company financial statements *continued*

for the year ended 31 March 2011

17 Financial instruments *(continued)*

17.3 Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and new investments in foreign operations.

Foreign exchange risk also arises when individual Company entities enter into transactions denominated in a currency other than the functional currency. It is the Company's policy that all such transactions should be hedged through centralised treasury entering into a forward exchange contract with a reputable bank.

The Company is exposed to currency risk on purchases made on plant and equipment globally. Purchases from these suppliers are made on a central basis and the risk is hedged using forward exchange contracts. The forward exchange contracts entered into from time to time are economic hedges and therefore the Company does not apply hedge accounting.

The Company had no open forward exchange contracts at 31 March 2011 or 31 March 2010.

17.4 Interest rate risk

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	2011 R'000	2010 R'000
Variable rate instruments		
– Financial assets	728 441	1 482 897
– Financial liabilities	(765 524)	(1 448 410)
	(37 083)	34 487

The Company is exposed to interest rate risk from long-term borrowings at variable rates. Fluctuations in interest rates impact the value of the short-term investments and financing activities giving rise to interest rate risk. In the ordinary course of business the entities within the Group receive cash proceeds from its operations and are required to fund working capital and capital expenditure requirements. All entities within the Group are not permitted to borrow long-term from external sources. The cash is managed to ensure that all surplus funds held within the Group are invested with the centralised treasury. The surplus funds are invested to maximise returns while ensuring that the capital is safeguarded for the maximum extent possible by investing only with top financial institutions.

Contractual arrangement for committed borrowing facilities are maintained with two banking counterparts to meet the Company's funding requirements.

Cash flow sensitivity analysis for variable rate instruments

A sensitivity analysis is performed by assuming that the amount of the assets and liabilities outstanding at the reporting date was outstanding for the whole year. A 200 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of a reasonable and possible change in interest rates.

If interest rates had been 200 basis points higher/lower and all the other variables were held constant, the Company's profit after tax for the year ended 31 March 2011 would decrease/increase by R9,3 million (2010: R1,4 million). This is attributable to the Company's exposure to interest rates on its variable borrowings. The analysis is performed on the same basis for 2010.

17 Financial instruments (continued)

17.5 Liquidity risk management

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Group manages liquidity risk via a centralised treasury, by maintaining adequate reserves, banking facilities and reserve borrowings facilities by continuously monitoring forecast and actual cash flows.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. These tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Less than 1 month R'000	1 – 3 months R'000	3 months to 1 year R'000	1 – 5 years R'000	Total R'000
2011						
Secured bank loans						
– Standard Bank new merged term facility	8,75%	–	–	140 000	560 000	700 000
Trade and other payables	0,00%	14 298	–	–	–	14 298
2010						
Secured bank loans						
– Standard Bank merged term facility	11,61%	320 681	64 970	181 444	512 997	1 080 092
– WesBank instalment sale facility	10,36%	5 651	8 098	21 897	21 961	57 607
Bank overdraft	10,90%	183 898	–	–	–	183 898
Trade and other payables	0,00%	34 541	–	–	–	34 541

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

17.6 Fair value of financial instruments

The fair value of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, is as follows:

	2011		2010	
	Carrying value R'000	Fair value R'000	Carrying value R'000	Fair value R'000
Assets carried at amortised cost				
Trade and other receivables	13 109	13 109	727 498	727 498
Other financial assets	6 811	6 811	6 786	6 786
Cash and cash equivalents	20 953	20 953	157	157
Liabilities carried at amortised cost				
Loans and borrowings	(560 000)	(560 000)	(534 959)	(534 959)
Bank overdraft	–	–	(183 898)	(183 898)
Trade and other payables	(6 792)	(6 792)	(27 035)	(27 035)
Short-term portion of loans and borrowings	(140 000)	(140 000)	(602 740)	(602 740)
Liabilities carried at fair value				
Other payables	(7 506)	(7 506)	(7 506)	(7 506)

Notes to the Company financial statements *continued*

for the year ended 31 March 2011

17 Financial instruments *(continued)*

17.6 Fair value of financial instruments *(continued)*

Fair value hierarchy

All financial instruments carried at fair value by valuation method are carried at a level 3.

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices)
- Level 3: inputs for the assets or liabilities that are not based on observable market data.

Fair value is determined by discounting the future liability, which is calculated by multiplying the royalty rate by the run-of-mine tonnes estimated to be produced over the anticipated life of the mine.

Although the Company believes that its estimate of fair value is appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

17.7 Capital management

The Company manages its capital structure to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and the equity balance.

The capital structure of the Company consists of debt, which includes loans to subsidiaries, cash and cash equivalents, liabilities and equity, comprising issued share capital, reserves and retained earnings as disclosed.

In 2011, long-term borrowings pertain to the new merged term facility provided by a Standard Bank led consortium for the funding of subsidiary capital expenditure. In the previous year the long-term borrowings pertained to the merged term facility from the Standard Bank consortium and an instalment sale facility from WesBank.

18 Related parties

Related party transactions and balances

During the year the Company and its related parties, in the ordinary course of business, entered into various inter-group sale and purchase transactions.

	2011 R'000	2010 R'000
Jonah Coal Botswana Limited	675	715
Mabapa Mining Limited	2 861	2 838
Merafe Coal (Proprietary) Limited	3 275	3 233
	6 811	6 786

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash within 12 months of the reporting date. None of the loans are interest-bearing or secured.

19 Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

20 Contingent liabilities

To the best of our knowledge and belief there are no other contingent liabilities to third parties and/or contingent assets not set out or referred to in this report which may materially affect the financial position of the Company.

21 Subsequent events

The directors are not aware of any subsequent events other than those disclosed below that occurred between the date of authorisation of the annual financial statements and the year-end that require any adjustments or additional disclosure to the annual financial statements.

Risk mitigation – Interest rate hedging facility

Subsequent to year-end, the Board granted approval for Sentula to enter into an interest rate hedge facility with Standard Bank on the following terms and conditions:

Notional amount:	R350 million
Trade date:	1 April 2011
Effective date:	1 April 2012
Termination date:	31 March 2015
Cap rate:	8,57%
Floating rate option:	ZAR – JIBAR-SAFEX
Reset dates:	Calendar quarters

This facility immunised approximately 50% of the Group's senior interest-bearing debt from increases in three-month JIBAR in excess of 8,57%.

Shanduka Resources transaction

In April 2011, Sentula announced on SENS that the Board of Directors of Sentula and Shanduka Resources entered into an exchange of shares agreement ("exchange agreement"). The rationale for Sentula entering into the exchange agreement is set out in the SENS announcement. In terms of the exchange agreement and subject to the fulfilment or waiver of the conditions precedent set out in paragraph 4.6 of the SENS release, Sentula will acquire from Shanduka Resources, a wholly owned subsidiary of the Shanduka Group, a leading black-owned and managed investment holding company:

- 29,94% of the issued share capital of Shanduka Coal (Proprietary) Limited ("Shanduka Coal"); and
- 100% of the issued share capital of Shanduka Coal Investments (Proprietary) Limited ("Shanduka Investments") which owns 29,93% of the issued share capital of Kangra Coal (Proprietary) Limited ("Kangra Coal").

Shanduka Coal, Shanduka Investments and Kangra Coal are collectively referred to as "Shanduka Resources' Coal Assets".

The number of new Sentula ordinary shares to be issued to Shanduka Resources of 626 905 938 in exchange for its shareholding in Shanduka Resources' Coal Assets is based on a valuation of R2.066 billion and following their issue, on the effective date, will constitute 51,9% of the issued share capital of Sentula.

Sentula anticipates that subject to fulfilment of the conditions precedent, the transaction will be concluded by 31 August 2011.

Definitions

SENS:	The Securities Exchange News Service of the JSE
JSE:	JSE Limited
JIBAR:	Johannesburg Inter-Bank Agreed Rate
VAT:	Value added tax
Standard Bank:	Standard Bank of South Africa Limited
SAFEX:	South African Futures Exchange

Notes to the Company financial statements *continued*

for the year ended 31 March 2011

22 Information on subsidiary companies

	Issued share capital	Percentage held by Sentula		Investment at cost	
		2011 %	2010 %	2011 R'000	2010 R'000
Megacube Mining (Proprietary) Limited*	100	100	100	21 005	21 005
Benicon Opencast Mining (Proprietary) Limited	120	100	100	–	–
Benicon Sales (Proprietary) Limited	100 000	100	100	–	–
Geosearch Holdings (Proprietary) Limited	100	100	100	104 558	104 558
JEF Drill and Blast (Proprietary) Limited**	100	100	100	–	–
Classic Challenge Trading (Proprietary) Limited	120	100	100	69 315	69 315
Ritchie Crane Hire (Proprietary) Limited	100	100	100	–	–
Benicon Coal (Proprietary) Limited	100	100	100	45 252	45 252
Benicon Mining (Proprietary) Limited	100	100	100	20 262	20 262
Caston Plant Sales (Proprietary) Limited	120	100	100	–	–
Sentula Mining Mauritius Limited***	100	100	100	–	–
Sentula Mining Services (Proprietary) Limited	100	100	100	–	–
Sentula Coal (Proprietary) Limited	100	100	100	–	–
Total investment at cost				260 392	260 392
Reflected as non-current assets				260 392	260 392
Reflected as current assets					

The Company has subordinated its claims against the following subsidiaries in favour of all other creditors on the following: Megacube Mining (Proprietary) Limited; Sentula Coal (Proprietary) Limited; JEF Drill and Blast (Proprietary) Limited; Benicon Coal (Proprietary) Limited; Caston Plant Sales (Proprietary) Limited and Sentula Mining Mauritius Limited.

* During the March 2010 financial year Scharrighuisen Opencast Mining (Proprietary) Limited changed its name to Megacube Mining (Proprietary) Limited effective 26 May 2009.

** During the March 2010 financial year Scharrighuisen Drilling and Blasting (Proprietary) Limited changed its name to JEF Drill and Blast (Proprietary) Limited effective 20 May 2009.

*** The Company is incorporated in Mauritius.

The directors' valuation of the above subsidiaries approximates the cost as disclosed in this note.

The loans to subsidiaries bear variable interest rates and the terms of the loans range from demand to 48 months.

Main business

- A – Opencast mining and mining services
- B – Exploration drilling
- C – Drilling and blasting
- D – Crane hire
- E – Equipment trading and spares
- F – Mining
- G – Foreign operations

Non interest-bearing loans to subsidiaries		Interest-bearing loans to/(from) subsidiaries		Share options issued		Main business
2011 R'000	2010 R'000	2011 R'000	2010 R'000	2011 R'000	2010 R'000	
420 748	346 365	968 066	1 139 080	7 973	8 796	A
60 519	60 519	276 395	334 869	6 284	5 569	A
45 617	50 617	49 975	41 721	–	–	E
285 475	285 475	156 716	11 150	3 666	3 249	B
100 444	100 444	65 551	119 171	902	696	C
12 000	12 000	851	6 609	393	348	A
54 905	54 905	(47 464)	(17 365)	1 309	1 194	D
8 410	1 001	234 103	184 726	–	–	F
4 903	4 851	–	–	–	–	F
–	–	–	–	–	–	E
71 137	76 744	–	–	–	–	G
–	–	34 740	11 335	–	–	A
4 792	–	–	1 038	–	–	F
1 068 950	992 921	1 738 933	1 832 334	20 527	19 852	
1 034 964	992 921	1 637 523	1 551 509	20 527	19 852	
33 986	–	101 410	280 825			
1 068 950	992 921	1 738 933	1 832 334			

Shareholders' information

for the year ended 31 March 2011

Analysis of shareholders	Number of shareholders	% of shareholders	Number of shares	% of shareholders
Range				
1 – 1 000	724	17,92	345 642	0,06
1 001 – 5 000	1 318	32,62	3 797 947	0,65
5 001 – 10 000	590	14,60	4 499 888	0,77
10 001 – 50 000	847	20,96	19 823 337	3,38
50 001 – 100 000	168	4,15	12 461 230	2,12
100 001 and more	394	9,75	545 631 137	93,02
Total	4 041	100,00	586 559 181	100,00

Major shareholders (directly owning 5% or more of shares in issue)

OMIGSA Garp Portfolio	44 123 491	7,52
Old Mutual Life Assurance Co SA	31 558 558	5,38

Shareholder spread

Public	4 037	99,91	577 800 085	98,51
Non-public	4	0,09	8 759 096	1,49
Share scheme	1	0,02	2 117 828	0,36
Associates	1	0,02	5 553 871	0,94
Directors	2	0,05	1 087 397	0,19
Total	4 041	100,00	586 559 181	100,00

Directors' shareholdings

2011 Director	Shares held		Total	% of total shareholding
	Direct	Indirect		
R Berry	984 907	–	984 907	0,17
GP Louw	102 490	–	102 490	0,02
	1 087 397	–	1 087 397	0,19
2010 Director	Shares held		Total	% of total shareholding
	Direct	Indirect		
R Berry	832 535	–	832 535	0,14
GP Louw	72 490	–	72 490	0,01
SE Jonah	–	27 481 000	27 481 000	4,69
	905 025	27 481 000	28 386 025	4,84

Subsequent to 31 March 2011 and to the date of this report there were no directors dealings that took place.

Shareholders' diary

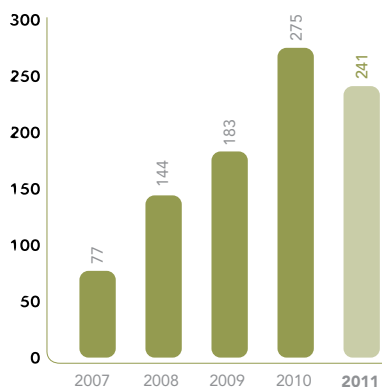
Financial year-end	31 March 2011
Audited results announced	15 June 2011
Reports and profit statement	
No change statement and notice of annual general meeting announcement	26 September 2011
Annual financial statements published and posted	26 September 2011
Half-year interim report	18 November 2011
Annual general meeting	27 October 2011

JSE performance

	2011	2010	2009	2008	2007
Number of shares traded ('000)	240 947	274 744	182 667	144 324	76 819
% of total issued shares	41,08	46,84	77,54	61,27	40,76
Value of shares traded (R'000)	629 074	871 125	1 813 004	3 093 980	973 849
Prices quoted (cents per share)					
– highest	359	550	1 920	2 650	1 845
– lowest	206	202	180	1 625	700
– closing	275	294	282	1 770	1 799
Market capitalisation at year-end (R'000)	1 613 038	1 724 484	664 296	4 169 517	3 389 871
Price earnings ratio	45,45	5,27	2,33	32,36	59,18
Earnings yield	2,22	18,98	42,94	3,09	1,69
Dividend yield	—	—	—	1,19	0,78

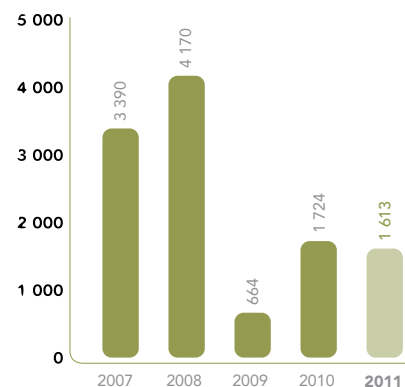
Number of shares traded

Five-year history (R'000)



Market capitalisation at year-end

Five-year history (R'000)



Notice of annual general meeting

for the year ended 31 March 2011

SENTULA MINING LIMITED

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

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

Notice is hereby given in terms of section 62(1) of the Companies Act (2008), that an annual general meeting ("annual general meeting") of shareholders of the Company will be held at Ground Floor, Building 14, The Woodlands Office Park, Woodlands Drive, Woodmead, at 10:00 on Thursday, 27 October 2011, to consider and, if deemed fit, approve the resolutions referred to below, with or without modification:

Record date

The Board of Directors of the Company ("the Board") determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act (2008), the record date for the purposes of determining which shareholders of the Company are entitled to participate in and vote at the annual general meeting is Friday, 14 October 2011. Accordingly, the last day to trade Sentula shares in order to be recorded in the register to be entitled to vote will be Friday, 30 September 2011.

General

Shareholders are reminded that:

- a shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy (or more than one proxy) to attend, participate in and vote at the annual general meeting in the place of the shareholder, and shareholders are referred to the proxy form attached to this notice in this regard;
- a proxy need not also be a shareholder of the Company; and
- in terms of section 63(1) of the Companies Act (2008), any person attending or participating in an annual general meeting of shareholders must present reasonably satisfactory identification and the person presiding at the annual general meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified. A green bar-coded identification document issued by the South African Department of Home Affairs, a driver's licence or a valid passport will be accepted as sufficient identification.

1. ORDINARY RESOLUTION NUMBER 1

Approval of annual financial statements

Resolved as an ordinary resolution that, in terms of item 2(7) of Schedule 5 of the Companies Act (2008), read with section 286 of the Companies Act, No 61 of 1973, as amended, the consolidated audited annual financial statements of the Company and the Group for the year ended 31 March 2011, including the directors' report and the report of the auditors therein, be and are hereby received and adopted.

The minimum percentage of voting rights that is required for this ordinary resolution to be adopted is more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and further subject to the provisions of the Companies Act (2008), the Memorandum of Incorporation ("Mol") of the Company and the JSE Listings Requirements ("Listings Requirements").

2. ORDINARY RESOLUTION NUMBER 2

Re-appointment of auditors

Resolved as an ordinary resolution that, PricewaterhouseCoopers Inc. be and is hereby appointed as independent auditors of the Company and the Group, with Mr PC Hough as designated auditor to hold office for the ensuing financial year until conclusion of the next annual general meeting, as nominated by the Company's Audit and Risk Committee, and the Board be and is hereby being authorised to determine the auditors' remuneration.

The minimum percentage of voting rights that is required for this ordinary resolution to be adopted is more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and further subject to the provisions of the Companies Act (2008), the Mol of the Company and the Listings Requirements.

3. ORDINARY RESOLUTION NUMBER 3

Re-election of director retiring by rotation

Resolved as an ordinary resolution that Jonathan Best (Chairman of the Board) be and is hereby re-elected as a director of the Company. An abbreviated *curriculum vitae* in respect of Jonathan Best appears on page 10 of the annual report to which this notice is attached.

The minimum percentage of voting rights that is required for this ordinary resolution to be adopted is more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and further subject to the provisions of the Companies Act (2008), the Mol of the Company and the Listings Requirements.

4. ORDINARY RESOLUTION NUMBER 4
Re-election of director retiring by rotation

Resolved as an ordinary resolution that Cor van Zyl (Chairman of the Audit and Risk Committee) be and is hereby re-elected as a director of the Company. An abbreviated *curriculum vitae* in respect of Cor van Zyl appears on page 11 of the annual report to which this notice is attached.

The minimum percentage of voting rights that is required for this ordinary resolution to be adopted is more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and further subject to the provisions of the Companies Act (2008), the Mol of the Company and the Listings Requirements.

5. ORDINARY RESOLUTION NUMBER 5
Re-election of Audit and Risk Committee member for the year ending 31 March 2012

Resolved as an ordinary resolution that Cor van Zyl (Chairman of the Audit and Risk Committee) be and is hereby re-elected as a member and Chairman of the Audit and Risk Committee of the Company and the Group for the year ending 31 March 2012, with effect from the end of this meeting in terms of section 94(2) of the Companies Act (2008), subject to his re-election as a director pursuant to ordinary resolution number 4. An abbreviated *curriculum vitae* in respect of Cor van Zyl appears on page 11 of the annual report to which this notice is attached.

The minimum percentage of voting rights that is required for this ordinary resolution to be adopted is more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and further subject to the provisions of the Companies Act (2008), the Mol of the Company and the Listings Requirements.

6. ORDINARY RESOLUTION NUMBER 6
Re-election of Audit and Risk Committee member for the year ending 31 March 2012

Resolved as an ordinary resolution that Kholeka Mzondeki be and is hereby re-elected as a member of the Audit and Risk Committee of the Company and the Group for the year ending 31 March 2012, with effect from the end of this meeting in terms of section 94(2) of the Companies Act (2008). An abbreviated *curriculum vitae* in respect of Kholeka Mzondeki appears on page 11 of the annual report to which this notice is attached.

The minimum percentage of voting rights that is required for this ordinary resolution to be adopted is more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and further subject to the provisions of the Companies Act (2008), the Mol of the Company and the Listings Requirements.

7. ORDINARY RESOLUTION NUMBER 7
Re-election of Audit and Risk Committee member for the year ending 31 March 2012

Resolved as an ordinary resolution that Rain Zihlangu be and is hereby re-elected as a member of the Audit and Risk Committee of the Company and the Group for the year ending 31 March 2012, with effect from the end of this meeting in terms of section 94(2) of the Companies Act (2008). An abbreviated *curriculum vitae* in respect of Rain Zihlangu appears on page 10 of the annual report to which this notice is attached.

The minimum percentage of voting rights that is required for this ordinary resolution to be adopted is more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and further subject to the provisions of the Companies Act (2008), the Mol of the Company and the Listings Requirements.

8. ORDINARY RESOLUTION NUMBER 8
Endorsement of the Company remuneration policy

Resolved as an ordinary resolution that the remuneration policy as tabled by the Board as more fully detailed on page 29 of the annual report to which this notice is attached, be and is hereby approved by way of a non-binding advisory note, as recommended in King III.

Notice of annual general meeting *continued*

for the year ended 31 March 2011

As this is not a matter that is required to be resolved or approved by shareholders, no minimum voting threshold is required. Nevertheless, for record purposes, the minimum percentage of voting rights that is required for this resolution to be adopted as a non-binding advisory vote is more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting.

9. SPECIAL RESOLUTION NUMBER 1

Non-executive directors' remuneration for the year ending 31 March 2012

Resolved as a special resolution that, in terms of section 66(9) of the Companies Act (2008), the Company be and is hereby authorised to pay remuneration to non-executive directors for the year ending 31 March 2012 in respect of their positions as board and committee members as follows:

	F/Y 2011	F/Y 2012*
Chairman annual retainer	R78 120,00	R84 369,60
Chairman per meeting fee (based on five meetings per annum)	R23 436,00	R25 310,88
Board member annual retainer	R52 080,00	R56 246,00
Board member per meeting fee (based on five meetings per annum)	R15 624,00	R16 873,00
Audit and Risk Committee chairman annual retainer	R48 825,00	R52 731,00
Audit and Risk Committee chairman per meeting fee (based on five meetings per annum)	R14 647,50	R15 819,30
Audit and Risk Committee members annual retainer fee	R39 060,00	R42 184,80
Audit and Risk Committee members per meeting fee (based on five meetings per annum)	R11 718,00	R12 655,44
All other committees – chairman per meeting fee	R24 412,50	R26 365,50
All other committees – member per meeting fee	R19 530,00	R21 092,40

*8% increase on F/Y 2011 fees.

In terms of section 66(9) of the Companies Act (2008), a company is required to pre approve the payment of remuneration to directors for their services as directors by means of a special resolution passed by the shareholders of the Company within the previous two years.

The minimum percentage of voting rights that is required for this special resolution to be adopted is at least 75% (seventy-five percent) of the votes exercised on the resolutions by shareholders present or represented by proxy at the annual general meeting, and further subject to the provisions of the Companies Act (2008), the Mol of the Company and the Listings Requirements.

10. SPECIAL RESOLUTION NUMBER 2

Substitution of the existing Mol of the Company

Resolved as a special resolution that the existing Mol of the Company be and is hereby substituted with the Mol ("New Memorandum of Incorporation") attached to this notice in accordance with the provisions of section 16(1)(c) of the Companies Act (2008) and in compliance with Schedule 10 of the Listings Requirements, with effect from the date of approval of this special resolution number 2.

The Board has passed a resolution proposing that this special resolution number 2 is adopted for the purpose of ensuring that the Company's Mol is in line with the Companies Act (2008), and in compliance with Schedule 10 of the Listings Requirements.

The minimum percentage of voting rights that is required for this special resolution to be adopted is at least 75% (seventy-five percent) of the votes exercised on the resolution by shareholders present or represented by proxy at the annual general meeting, and further subject to the provisions of the Companies Act (2008), the Mol of the Company and the Listings Requirements.

11. ORDINARY RESOLUTION NUMBER 9

Adoption of amendment to the Sentula Share Incentive Trust Deed

Resolved as an ordinary resolution that the trust deed in respect of the Sentula Share Incentive Trust of the Company be and is hereby amended by the substitution thereof with the proposed replacement deed ("Replacement Deed"), the salient features of

which are set out in the attachment to this notice of annual general meeting, and the terms of which are in compliance with Schedule 14 of the Listings Requirements.

The minimum percentage of voting rights that is required for this ordinary resolution to be adopted is a 75% (seventy-five percent) majority of the votes cast in favour of the resolution by all shareholders present or represented by proxy at the annual general meeting in terms of the Listings Requirements. Furthermore, any shares held by existing participants may not participate in the vote.

12. SPECIAL RESOLUTION NUMBER 3

Financial assistance in terms of section 44 of the Companies Act (2008)

Resolved as a special resolution that, in terms of section 44 of the Companies Act (2008), the shareholders of the Company hereby approve of the Company providing, at any time and from time to time during the period of 2 (two) years commencing on the date of this special resolution, any direct or indirect financial assistance as contemplated in section 44 of the Companies Act (2008) to any person for the purpose of, or in connection with, the subscription for any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any option or securities of the Company or a related or inter-related company, provided that:

- (a) (i) the recipient or recipients of such financial assistance, and (ii) the form, nature and extent of such financial assistance, and (iii) the terms and conditions under which such financial assistance is provided, are determined by the Board from time to time; and
- (b) the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution unless the Board meets all those requirements of section 44 of the Companies Act (2008) which it is required to meet in order to authorise the Company to provide such financial assistance.

In terms of section 44 of the Companies Act (2008), a company is required to approve the provision of financial assistance to a person for the subscription of securities in the Company or a related or inter-related company by means of passing a special resolution in terms of section 44 of the Companies Act (2008).

The minimum percentage of voting rights that is required for this special resolution to be adopted is at least 75% (seventy-five percent) of the votes exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and further subject to the provisions of the Companies Act (2008), the Mol of the Company and the Listings Requirements.

13. SPECIAL RESOLUTION NUMBER 4

Financial assistance in terms of section 45 of the Companies Act

Resolved as a special resolution that, in terms of section 45 of the Companies Act (2008), the shareholders of the Company hereby approve of the Company providing, at any time and from time to time during the period of 2 (two) years commencing on the date of this special resolution, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act (2008) to any 1 (one) or more related or inter-related companies or corporations of the Company and/or to any 1 (one) or more members of any such related or inter-related company or corporation, provided that:

- (a) (i) the recipient or recipients of such financial assistance, and (ii) the form, nature and extent of such financial assistance, and (iii) the terms and conditions under which such financial assistance is provided, are determined by the Board from time to time;
- (b) the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution unless the Board meets all those requirements of section 45 of the Companies Act (2008) which it is required to meet in order to authorise the Company to provide such financial assistance; and
- (c) such financial assistance to a recipient thereof is, in the opinion of the Board, required for the purpose of (i) meeting all or any of such recipient's operating expenses (including capital expenditure), and/or (ii) funding the growth, expansion, reorganisation or restructuring of the businesses or operations of such recipient, and/or (iii) funding such recipient for any other purpose which in the opinion of the Board is directly or indirectly in the interests of the Company.

Notice of annual general meeting *continued*

for the year ended 31 March 2011

In terms of section 45 of the Companies Act (2008), a company is required to approve the provision of financial assistance to a company within its group by means of passing a special resolution in terms of section 45 of the Companies Act (2008). As part of the Company's current Group operations, it provides financial assistance to subsidiaries and other related companies in its Group. For the avoidance of doubt, the authorisation to provide financial assistance in terms of this special resolution number 4 does not include authorisation to provide financial assistance to directors or prescribed officers of the Company and of related or inter-related companies or corporations of the Company and/or to any 1 (one) or more members of any such related or inter-related company or corporation or any other persons directly or indirectly related to such directors or prescribed officers.

The minimum percentage of voting rights that is required for this special resolution to be adopted is at least 75% (seventy-five percent) of the votes exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and further subject to the provisions of the Companies Act (2008), the Mol of the Company and the Listings Requirements.

NOTICE IN TERMS OF SECTION 45(5) OF THE COMPANIES ACT (2008) IN RESPECT OF SPECIAL RESOLUTION NUMBER 4

Notice is hereby given to shareholders of the Company in terms of section 45(5) of the Companies Act (2008) of a resolution adopted by the Board authorising the Company to provide such direct or indirect financial assistance as specified in the special resolution above:

(a) by the time that this notice of annual general meeting is delivered to shareholders of the Company, the Board will have adopted a resolution ("Section 45 Board Resolution") authorising the Company to provide, at any time and from time to time during the period of 2 (two) years commencing on the date on which the special resolution is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act (2008) to any one or more related or inter-related companies or corporations of the Company and/or to any one or more members of any such related or inter-related company or corporation;

(b) the Section 45 Board Resolution will be effective only if and to the extent that the special resolution under the heading "Special resolution number 4" is adopted by the shareholders of the Company, and the provision of any such direct or indirect financial assistance by the Company, pursuant to such resolution, will always be subject to the Board being satisfied that (i) immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act (2008), and that (ii) the terms under which such financial assistance is to be given are fair and reasonable to the Company as referred to in section 45(3)(b)(ii) of the Companies Act (2008); and

(c) in as much as the Section 45 Board Resolution contemplates that such financial assistance will in the aggregate exceed one-tenth of 1% (one percent) of the Company's net worth at the date of adoption of such resolution, the Company hereby provides notice of the Section 45 Board Resolution to shareholders of the Company. Such notice will also be provided to any trade union representing any employees of the Company.

14. SPECIAL RESOLUTION NUMBER 5

General approval to re-acquire shares

Resolved as a special resolution that the Board is hereby authorised, by way of a general approval in terms of the provisions of the Listings Requirements and the Companies Act (2008) and as permitted in the Company's Mol, to approve the purchase of its own ordinary shares by the Company, and the purchase of ordinary shares in the Company by any of its subsidiaries, upon such terms and conditions and in such amounts as the Board may from time to time determine, subject to the Companies Act (2008), Mol of the Company and each of its subsidiaries and the Listings Requirements, provided that:

(i) the acquisition of the ordinary shares must be effected through the order book operated by the JSE Limited trading system and done without any prior understanding or arrangement between the Company and the counterparty;

(ii) this general authority shall only be valid until the earlier of the Company's next annual general meeting or the expiry of a period of 15 (fifteen) months from the date of passing of this special resolution;

- (iii) in determining the price at which the Company's ordinary shares are acquired in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date on which the transaction is effected;
- (iv) the acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of the Company's issued ordinary share capital;
- (v) the Company or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in paragraph 3.67 of the Listings Requirements, unless a repurchase programme is in place where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;
- (vi) the repurchase of ordinary shares may only be undertaken if, after such repurchase, the Company will still comply with paragraphs 3.37 to 3.41 of the Listings Requirements concerning shareholder spread; an announcement will be published once the Company has cumulatively repurchased 3% (three percent) of the number of the ordinary shares in issue at the time this general authority is granted ("initial number"), and for each 3% (three percent) in aggregate of the initial number acquired thereafter; and
- (vii) at any point in time, the Company may only appoint one agent to effect any acquisition/s on its behalf.

The purpose of this special resolution is to grant the Company's Board a general authority, up to and including the date of the following annual general meeting of the Company, to approve the Company's purchase of shares in itself, or to permit a subsidiary of the Company to purchase shares in the Company.

The minimum percentage of voting rights that is required for this special resolution to be adopted is at least 75% (seventy-five percent) of the votes exercised on the resolution by shareholders present

or represented by proxy at the annual general meeting and further subject to the provisions of the Companies Act (2008), the Mol of the Company and the Listings Requirements.

Other disclosure in terms of section 11.26 of the Listings Requirements

Further to special resolution number 5, the Listings Requirements require the following disclosures, which are contained in the integrated annual report of which this notice forms part:

- (i) directors and management – page 8;
- (ii) major shareholders of Sentula – page 120;
- (iii) directors' interests in securities – page 120;
- (iv) share capital of the Company – page 83; and
- (v) litigation statement – page 48.

Material change

There have been no material changes in the affairs or financial position of the Company and its subsidiaries since the Company's financial year-end.

Directors' responsibility statement

The directors, whose names are given on page 8 of the annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 5 and certify that to the best of their knowledge and belief there are no facts in relation to special resolution number 5 that have been omitted which would make any statement in relation to special resolution number 5 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that special resolution number 5 together with this notice contains all information required by law and the Listings Requirements in relation to special resolution number 5.

Adequacy of working capital

At the time that the repurchase contemplated in special resolution number 5 is to take place, the Board will ensure that, after considering the effect of the maximum repurchase and for a period of 12 (twelve) months after the date of this notice of annual general meeting:

- the Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;

Notice of annual general meeting *continued*

for the year ended 31 March 2011

- the consolidated assets of the Company and its subsidiaries, fairly valued in accordance with IFRS, will be in excess of the consolidated liabilities of the Company and its subsidiaries;
- the issued share capital and reserves of the Company and its subsidiaries will be adequate for the purpose of the ordinary business of the Company and its subsidiaries; and
- the working capital available to the Company and its subsidiaries will be sufficient for the Company and its subsidiaries' requirements.

The Company may not enter the market to proceed with the repurchase until its sponsor, Merchantec (Proprietary) Limited, has discharged all of its responsibilities in terms of the Listings Requirements insofar as they apply to working capital statements for the purposes of undertaking an acquisition of its issued ordinary shares.

15. ORDINARY RESOLUTION NUMBER 10 Director authority to take all such actions necessary to implement the resolutions contained in this notice

Resolved as an ordinary resolution that any director of the Company be and is hereby authorised to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of the ordinary and special resolutions approved in accordance with the provisions of this notice of annual general meeting.

The minimum percentage of voting rights that is required for this ordinary resolution to be adopted is more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and further subject to the provisions of the Companies Act (2008), the Mol of the Company and the Listings Requirements.

OTHER BUSINESS

To transact such other business as may be required at this annual general meeting.

VOTING AND PROXIES

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend and act 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 ordinary shareholders who:

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

Ordinary shareholders who have dematerialised their ordinary shares through a CSDP or broker without "own-name" registration and who wish to attend the annual general meeting, must instruct their CSDP or broker to provide them with the relevant letter of representation to attend the annual 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.

Proxy forms should be forwarded to reach the transfer secretaries, Computershare Investor Services (Proprietary) Limited, at least 48 (forty eight) hours excluding, Saturdays, Sundays and public holidays, before the time of the annual general meeting.

Forms of proxy may also be obtained from the Company's registered office.

By order of the Board

Grace Chemaly
Company Secretary

Friday, 16 September 2011
Johannesburg

Form of proxy

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

For use only by ordinary shareholders who:

- hold ordinary shares in certificated form ("certificated ordinary shareholders"); or
- have dematerialised their ordinary shares ("dematerialised ordinary shareholders") and are registered with "own-name" registration, at the annual general meeting of ordinary shareholders of the Company to be held at Ground Floor, Building 14, The Woodlands Office Park, Woodlands Drive, Woodmead, at 10:00 on Thursday, 27 October 2011 and any adjournment thereof.

Dematerialised ordinary shareholders holding ordinary shares other than with "own-name" registration who wish to attend the annual general meeting must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the annual general meeting and request their CSDP or broker to issue them with the relevant letter of representation to attend the annual general meeting in person or by proxy and vote. If they do not wish to attend the annual 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 ordinary shareholders must not use this form of proxy.

I/We (BLOCK LETTERS please)

of (address)

Telephone work

Telephone home

being the holder/custodian of ordinary shares in the Company, hereby appoint (see note):

1. or failing him/her,
2. or failing him/her,

3. the Chairperson of the meeting,

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

		Number of ordinary shares		
		For	Against	Abstain
1.	Ordinary resolution number 1 To receive, consider and adopt the annual financial statements of the Company and the Group for the financial year ended 31 March 2011			
2.	Ordinary resolution number 2 To confirm the appointment of PricewaterhouseCoopers Inc. as independent auditors of the Company and the Group			
3.	Ordinary resolution number 3 To approve the re-election as director of Jonathan Best who retires by rotation and, being eligible, offers himself for re-election			
4.	Ordinary resolution number 4 To approve the re-election as director of Cor van Zyl who retires by rotation and, being eligible, offers himself for re-election			
5.	Ordinary resolution number 5 To approve the re-election of Cor van Zyl as member and chairman of the Audit and Risk Committee for the year ending 31 March 2012, subject to his re-election as a director pursuant to ordinary resolution number 4 above			
6.	Ordinary resolution number 6 To approve the re-election of Kholeka Mzondeki as member of the Audit and Risk Committee for the year ending 31 March 2012			
7.	Ordinary resolution number 7 To approve the re-election of Rain Zihlangu as member of the Audit and Risk Committee for the year ending 31 March 2012			
8.	Ordinary resolution number 8 To endorse the Company remuneration policy			
9.	Special resolution number 1 To approve the non-executive directors' remuneration for the year ending 31 March 2012			
10.	Special resolution number 2 To approve the substitution of the existing Mol of the Company			
11.	Ordinary resolution number 9 Adoption of amendment and substitution of the Sentula Share Incentive Trust Deed with the Replacement Deed			
12.	Special resolution number 3 Financial assistance in terms of section 44 of the Companies Act (2008)			
13.	Special resolution number 4 Financial assistance in terms of section 45 of the Companies Act (2008)			
14.	Special resolution number 5 General approval to re-acquire shares			
15.	Ordinary resolution number 10 Directors authority			

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

Signed at on 2011

Signature

Assisted by (where applicable)

Each ordinary 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 annual general meeting.

Form of proxy *continued*

NOTES TO THE FORM OF PROXY

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 annual general meeting must provide the CSDP or broker with their voting instructions in terms of the relevant agreement entered into between them and the CSDP or broker.
3. A shareholder entitled to attend and vote at the annual 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 annual general meeting". The person whose name stands first on the form of proxy and who is present at the annual 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 annual general meeting as he/she deems fit in respect of all of 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 annual 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 hours before the commencement of the annual general meeting.
6. If a shareholder does not indicate on this form 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 annual general meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.
7. The chairperson of the annual 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 annual general meeting, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the annual general meeting.
9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual 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 the 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 annual 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 the 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 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 the transfer secretaries, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 09:00 (SA time) on Tuesday, 25 October 2011 (or 48 (forty-eight) hours before any adjournment of the annual 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.

Summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act (2008):

1. A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the general meeting.
2. A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.
3. The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.
4. The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.
5. If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Act or the Company's Memorandum of Incorporation to be delivered by the Company to the shareholder, must be delivered by the Company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.
6. Attention is also drawn to the "Notes to proxy".
7. The completion of a form of proxy does not preclude any shareholder attending the annual general meeting.

Administration

Sentula Mining Limited

(Registration number 1992/001973/06)

Registered office

Ground Floor, Building 14, The Woodlands Office Park
Woodlands Drive, Woodmead, 2080
(PO Box 76, Woodlands Office Park, Woodmead, 2080)
Tel: 011 656 1303

Company Secretary

GM Chemaly
Ground Floor, Building 14, The Woodlands Office Park
Woodlands Drive, Woodmead, 2080
(PO Box 76, Woodlands Office Park, Woodmead, 2080)
Tel: 011 656 1303

Transfer secretaries

Computershare Investor Services (Proprietary) Limited
70 Marshall Street, Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)
Tel: 011 370 5757

Sponsor

Merchantec (Proprietary) Limited
2nd Floor, North Block, Hyde Park Office Towers
Corner 6th Road and Jan Smuts Avenue
Hyde Park, 2196
(PO Box 41480, Craighall, 2024)
Tel: 011 325 6363

Attorneys

Cliffe Dekker Hofmeyr
6 Sandown Valley Crescent, Sandown, Sandton, 2196
(Private Bag X40, Benmore, 2010)
Tel: 011 286 1100

Werksmans
155 5th Street, Sandown, Sandton, 2196
(Private Bag 10015, Sandton, 2146)
Tel: 011 535 8000

Corporate advisers

RFA Consulting (Proprietary) Limited
1st Floor, 36 Fricker Road, Illovo, 2196
(PO Box 691, Melrose Arch, 2026)
Tel: 011 447 6115

Standard Bank

Corporate & Investment Banking
3 Simmonds Street, Johannesburg, 2001
(PO Box 61344, Marshalltown, 2107)
Tel: 011 636 9155

Bankers

Standard Bank

Corporate & Investment Banking
3 Simmonds Street, Johannesburg, 2001
(PO Box 61344, Marshalltown, 2107)
Tel: 011 636 9155

Sanlam Capital Markets

Debt Structuring Unit
3A Summit Road, Dunkeld West, Johannesburg, 2196
(PO Box 411420, Craighall, 2024)
Tel: 011 778 6000

The Hongkong and Shanghai Banking Corporation Limited

2 Exchange Square, 85 Maude Street, Sandown, 2196
(Private Bag X785434, Sandton, 2146)
Tel: 011 676 4200

WesBank

Home of WesBank
Enterprise Road, Fairland, 2170
(PO Box 1066, Fairland, 2000)
Tel: 011 632 6000

Auditors

External

PricewaterhouseCoopers Inc.
2 Eglin Road, Sunninghill, 2157
(Private Bag X36, Sunninghill, 2157)
Tel: 011 797 4000

Internal

Outsourced Risk and Compliance
Assessment (Proprietary) Limited – ORCA
42 Wierda Road West, Wierda Valley
Sandton, 2196
(Private Bag X10046, Sandton, 2146)
Tel: 011 384 8189

Accountant and tax adviser

BDO Spencer Steward
BDO Place, 457 Rodericks Road
Lynnwood, Pretoria, 0081
(PO Box 954367/8/9, Waterkloof, 0145)
Tel: 012 348 2000

Public relations/communications

College Hill
Fountain Grove, 5 Second Road,
Hyde Park, Sandton, 2196
(PO Box 413187, Craighall, 2024)
Tel: 011 447 3030

Abbreviations

Abbreviation	Explanation	Abbreviation	Explanation
"ADT"	Articulated dump truck	"JSE"	JSE Limited
"Aids"	Acquired immune deficiency syndrome	"King III Codes" or "King Reports"	King Report on Governance for South Africa – 2009 and the King Code of Governance Principles – 2009
"AMMSA"	Association of Mine Managers of South Africa	"kl"	Kilolitre
"BEE"	Black economic empowerment	"km"	Kilometre
"BBBEE"	Broad-based black economic empowerment	"KPIs"	Key performance indicators
"Benicon"	Benicon Opencast Mining (Proprietary) Limited	"kWh"	Kilowatt-hour
"Benicon Sales"	Benicon Sales (Proprietary) Limited	"Koorfontein"	An operating mine held by Siyanda Coal (Proprietary) Limited
"BWP"	Botswana Pula	"Listings Requirements"	The Listings Requirements of the JSE
"Caston"	Caston Plant Sales (Proprietary) Limited	"LTIP"	Long-term incentive plan
"CCT"	Classic Challenge Trading (Proprietary) Limited	"Megacube"	Megacube Mining (Proprietary) Limited (previously Scharrighuisen Opencast Mining (Proprietary) Limited)
"CIFR"	Classified Injury Frequency Rate	"MDEDET"	Mpumalanga Department of Economic Development, Environment and Tourism
"CIPC"	Companies and Intellectual Property Commission	"Mol"	The Memorandum of Incorporation of the Company
"CEO"	Chief Executive Officer	"Nkomati"	Nkomati Anthracite (Proprietary) Limited
"CFO"	Chief Financial Officer	"QSE"	Qualifying small enterprise
"COMSOC"	Chamber of Mines Safety Organisation Certificate	"Ritchie"	Ritchie Crane Hire (Proprietary) Limited
"Companies Act (2008)"	Companies Act 71 of 2008 (as amended)	"SA"	The Republic of South Africa
"CPR"	Competent person report	"SAIMM"	South African Institute of Mining and Metallurgy
"DMR"	Department of Mineral Resources	"SED"	Socio-economic development
"dti"	Department of Trade and Industry	"SENS"	Securities Exchange News Service
"DWA"	Department of Water Affairs	"SHE"	Safety, Health and Environment
"ECSA"	Engineering Council of South Africa	"TIFR"	Total Injury Frequency Rate
"ED"	Enterprise development	"the Board"	The Board of Directors of Sentula Mining Limited
"EE"	Employment equity	"the Company"	Sentula Mining Limited
"EME"	Exempted micro enterprise	"the current year"	The financial year ended 31 March 2011
"EMPR"	Environmental Management Programme Report	"the Group"	Sentula Mining Limited, its subsidiaries, associates and affiliates
"FRCP"	Fatal Risk Compliance Protocol	"the previous year" or "the prior year"	The financial year ended 31 March 2010
"Geosearch"	Geosearch Holdings (Proprietary) Limited	"the year" or "the year under review"	The financial year ended 31 March 2011
"IFRS"	International Financial Reporting Standards	"USD"	US Dollar
"ISO"	International Organisation for Standardisation	"VWAP"	value weighted average price
"ha"	hectares	"ZAR"	South African Rand
"HCT"	Health, counselling and testing		
"HDSA"	Historically Disadvantaged South Africans		
"HIV"	Human Immunodeficiency Virus		
"JEF"	JEF Drill and Blast (Proprietary) Limited (previously Scharrighuisen Drilling and Blasting (Proprietary) Limited)		

Wholly owned subsidiaries

Megacube Mining (Proprietary) Limited
JEF Drill and Blast (Proprietary) Limited
Benicon Opencast Mining (Proprietary) Limited
Benicon Sales (Proprietary) Limited
Benicon Mining (Proprietary) Limited
Benicon Coal (Proprietary) Limited
Caston Plant Sales (Proprietary) Limited
Classic Challenge Trading (Proprietary) Limited
Geosearch Holdings (Proprietary) Limited
Geosearch South Africa (Proprietary) Limited
Geosearch International (Proprietary) Limited
Sentula Coal (Proprietary) Limited
Sentula Mining Services (Proprietary) Limited
Ritchie Crane Hire (Proprietary) Limited
Robust Opencast Resources (Proprietary) Limited
Sentula Mining Mauritius Limited
Sentula Mining Services Mauritius Limited
Sentula Mining Ventures Mauritius Limited

Registration number

1989/000748/07
1996/017991/07
1993/007616/07
1970/005781/07
1982/009206/07
1993/003007/07
1991/003355/07
2001/025633/07
2006/027773/07
2005/042886/07
1986/003933/07
2007/032919/07
2007/023898/07
2007/006831/07
1994/091620/07
77609 C1/GBL
77730 C1/GBL
77898 C1/GBL



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