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Vision

- Leading force in the contract mining industry with a strong corporate identity.
- Client-orientated strategy offering a reliable, quality service.
- Strong BEE platform.

Mission

- To deliver a quality service, both timeously and professionally, using committed teams.
- To benefit clients, employees, stakeholders and the community.

Definitions

<i>"BEE"</i>	Black economic empowerment
<i>"the board"</i>	The board of directors of Scharrig Mining Limited
<i>"the current year"</i>	The financial year ending 31 March 2006
<i>"the group"</i>	Scharrig Mining Limited, subsidiaries, associates and affiliates
<i>"JSE"</i>	JSE Limited
<i>"King II Report"</i>	King Report on Corporate Governance for South Africa 2002
<i>"the previous year" or "the prior year"</i>	The financial year ended 31 March 2004
<i>"SA"</i>	South Africa
<i>"Schamin" or "the company"</i>	Scharrig Mining Limited
<i>"SENS"</i>	Stock Exchange News Service
<i>"the year" or "the year under review"</i>	The financial year ended 31 March 2005



Company History

- 1972 Tony Scharrighuisen identified the need for reliable earth moving services.
- 1973 Henk and Cas Scharrighuisen joined Tony in SA with a D 75 Traxcavator. Work began on an earthmoving contract in Newcastle.
- 1974-1982 Civil engineering contracts in the Drakensberg and Transkei, building roads and dams.
- 1983 Started a plant hire division.
- 1985 Opencast mining operations began in Witbank and the Middelburg area.
- 1989 On 1 July Scharrighuisen Holdings Limited listed on the JSE in the 'Engineering' Sector.
- 1990 **TURNOVER R66 255 000**
- 1989-1992 Opencast mining contracts continued in Mpumalanga.
- 1991 **TURNOVER R99 534 000**
- 1992 Laurie Fisher appointed as a director of Scharrighuisen Holdings Limited and as joint Managing Director with Cas Scharrighuisen of Scharrig Mining Limited. Henk Scharrighuisen retires.
TURNOVER R103 563 000
- 1993 Scharrig Mining Limited listed on the main board of the JSE in the 'Engineering' Sector and acquired opencast mining companies Trojan, Norman and Frigate Mining to expand its opencast mining operations. Scharrighuisen Holdings Limited started Scharrig Industrial Holdings Limited to diversify its operations.
TURNOVER R137 327 000
- 1994 Scharrig Industrial Holdings Limited listed on the main board of the JSE in the 'Engineering' Sector. Laurie Fisher resigns as joint Managing Director of Scharrig Mining Limited.
TURNOVER R196 419 000
- 1995 Tony Scharrighuisen appointed as Chairman.
TURNOVER R210 379 000
- 1996 **TURN OVER R221 460 000**
- 1997 Treve Hendry appointed to the board of Scharrig Mining Limited.
- 1998 **TURN OVER R272 178 000 for 15 months**
- 1999 Jason Holland appointed as Financial Director.
TURN OVER R186 271 000
- 2000 Scharrighuisen Holdings Limited delisted in order to unlock value for shareholders. Nesta Glover appointed as Company Secretary. Cas Scharrighuisen resigns as Managing Director of Scharrig Mining Limited and Gerald Bailey appointed as Managing Director until his death in May 2003.
TURN OVER R158 332 000
- 2001 **TURN OVER R169 816 000**
- 2002 **TURN OVER R212 443 000**
- 2003 Koos Reineke appointed as Managing Director of Scharrig Mining Limited until his resignation in October 2004, when Jason Holland appointed as Managing Director while retaining his position as Financial Director.
TURN OVER R370 584 000
- 2004 **TURN OVER R549 298 000**
- 2005 On 14 March 2005 Cas Scharrighuisen re-appointed as Managing Director of Scharrig Mining Limited.
TURN OVER R567 571 000

JSE listing

Schamin listed on the main board of the JSE in 1993. The JSE is the 19th largest stock exchange in the world by market capitalisation according to the World Federation of Exchanges. SA companies attribute a large portion of their wealth to the vast mineral resources in SA, one of the world's treasure troves of minerals and precious metals.

Although most of our gold is mined at great depths, in fact deeper than man has mined before, much of the mineral wealth is found just below the surface and is removed by opencast mining. Among the largest and most successful opencast contract mining groups in SA is Schamin, which has made the brutal task of removing millions of tons of earth into a logistical science.

In a short time the company consolidated its earthmoving, dam building and road building services into a cohesive offering focussing on the core business of opencast mining. Schamin has since expanded its offering and attracted major specialist skills in the fields of:

- Opencast Mining
- Precision Engineering
- Hire of Plant and Equipment and
- Plant Sales.

Historical Background

Over 30 years ago Tony Scharrighuisen, originally from Holland and working in SA, recognised the growing need for reliable earthmoving services. He persuaded his brothers Henk and Cas to leave Holland in 1972/3 and bring with them a Komatsu D75 Traxcavator. Tony knew that Cas' almost limitless energy and capacity for hard work, coupled with Henk's maintenance expertise, would provide the perfect combination in a business where enormous perseverance is required to complete the job on time and within budget.

From these modest beginnings in Newcastle, Schamin's fleet has grown to more than 600 major machines today.

As the company continued to grow, offices were opened in Ladysmith and energies were focused on road and dam building in the Drakensberg and Transkei areas. However, from 1985 the company started to move in a new direction with a number of contracts awarded for earthmoving operations on opencast mines. These contracts included topsoil stripping, access roads, rehabilitation and closure of old mines and opencast mining projects for major mining companies and engineering corporations in Gauteng.

Offices and workshops were opened in Middelburg in the late 90's to service the increasing mining activities in the Mpumalanga coalfields.

Company History & BEE Initiative

continued...

Growth and Consolidation

While a number of opencast mining companies were acquired, precision engineering became a vital part of Schamin's opencast mining operations and the workshops in both Jet Park and Middelburg were upgraded to world standards. These workshops still today recondition and test all models of diesel engines, which are machined to ISL 9002 standards, resulting in significant cost savings. Teams of qualified technicians handle body rebuilds – from the field, vehicles are stripped and rebuilt to go back into service as “new” equipment.

Schamin's head office in Jet Park, close to Johannesburg International Airport, enables the company to keep its finger on the pulse of the mining and engineering industries. The premises epitomise Schamin's functional approach to business, comfortable but with no unnecessary frills.

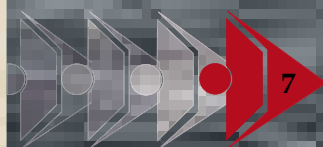
What sets Schamin apart from the other players in the industry is the knowledge and investment in plant, workshops and manpower. With a no-nonsense, hands-on approach and meticulous planning overheads are kept to a minimum, cost estimates are accurate and profits are achieved even in difficult trading conditions.

BEE

In 2004 Tony Scharrighuisen began negotiations with interested parties to roll-out a BEE initiative. On 22 April 2005 a BEE consortium led by Messrs. Dines Gihwala and Richard Jonah agreed to acquire 22,2 million ordinary shares in Schamin for a total purchase consideration of R49, 95 million payable in cash. This represents approximately 17,3 % of Schamin's total issued share capital.

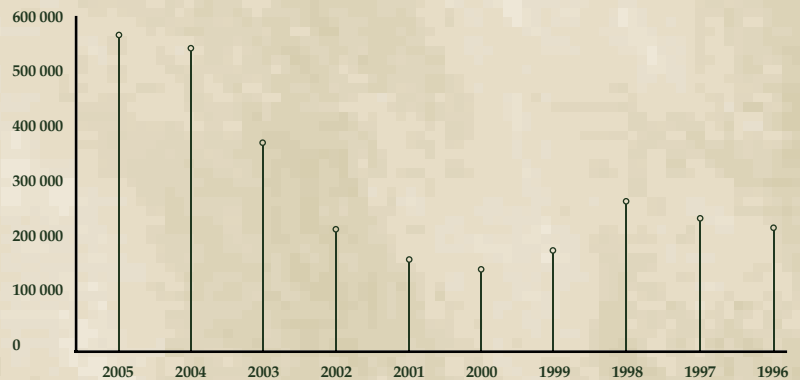
On 14 July 2005 the BEE consortium exercised the option to purchase a further 43,28 million shares in the company from other companies and trusts associated with Tony Scharrighuisen, equating to around 41% in total of Schamin's issued share capital. As announced on 28 July 2005 a mandatory offer was made to minority shareholders as per the circular posted on that date.

Schamin is confident that it will benefit from the extensive mining experience and networks of Messrs. Dines Gihwala and Richard Jonah. Opportunities already identified include new contracts and the diversification of the company's earnings base.

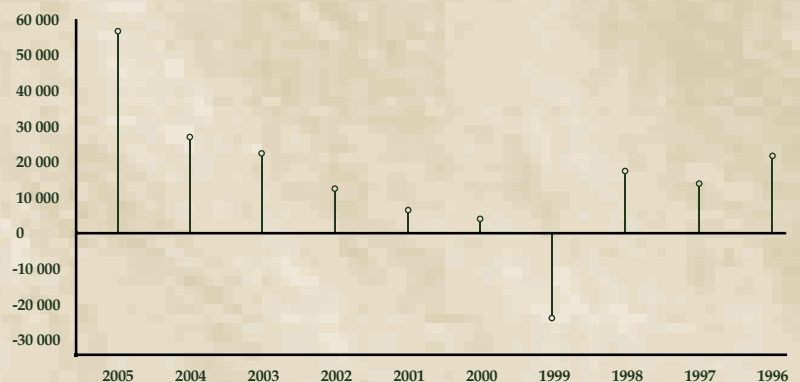


	15 months									
	2005	2004	2003	2002	2001	2000	1999	1998	1996	1995
Revenue (R000)	567 571	549 298	370 584	212 443	169 816	158 332	186 271	272 178	221 460	210 379
Attributable earnings/(loss) (R000)	57 804	28 366	21 657	12 103	6 615	4 225	(22 768)	19 052	13 611	20 974
Earnings/(loss) per share (cents)	46.6	23.2	17.3	9.0	4.8	3.0	(16.4)	13.9	10.0	17.0
Headline earnings/(loss) per share (cents)	46.6	23.2	14.6	8.9	4.5	3.0	(15.6)	14.9	10.0	17.0
Tax rate (%)	32.5	22.2	41.7	33.1				5.2	6.4	
Dividends per share (cents)	7.5	4.5	3.0	2.0	1.25			4.0	4.0	4.0
Dividend cover (times)	6.2	5.2	5.8	4.5	3.8			3.5	2.5	4.2
Net asset value per share (cents)	183	151	135	120	105	118	115	131	123	117
Total assets employed (R000)	706 322	545 874	443 668	295 333	246 440	251 879	287 912	318 335	306 261	239 349
Return/(loss) on shareholders' equity (%)	23.0	14.7	12.5	7.9	4.5	2.6	(14.3)	10.5	8.2	13.2
Gearing (%)	114	113	94	40	17	29	52	51	60	31
Liquidity										
- Current ratio	0.43	0.52	0.61	1.11	1.33	0.97	0.68	0.9	0.92	1.41
- Current ratio excluding current portion of long-term borrowings	1.77	1.64	1.32	1.41	1.33	1.75	1.39	2.25	2.10	2.60
- Acid test ratio	0.38	0.48	0.50	1.02	1.2	0.78	0.55	0.77	0.75	1.05

Revenue (R000)



Attributable Earnings / (Loss) (R000)



Value Added Statement

for the year ended 31 March 2005

Value added is the wealth created by the group and its employees through services and expertise. This statement shows how the value added was shared by those responsible for its achievement.

R000	2005	2004
REVENUE	567 571	549 298
COST OF SERVICES SUPPLIED	295 115	351 873
	272 456	197 425
NON-OPERATING INCOME	793	1 626
VALUE ADDED	273 249	199 051

Applied as follows:

To remunerate employees:

– Salaries, wages, pensions, bonuses and other benefits	82 027	64 692
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To reward providers of capital:

– Dividends	7 502	4 808
– Interest on loans	33 472	24 876

To the State:

– Value added tax	1 768	4 167
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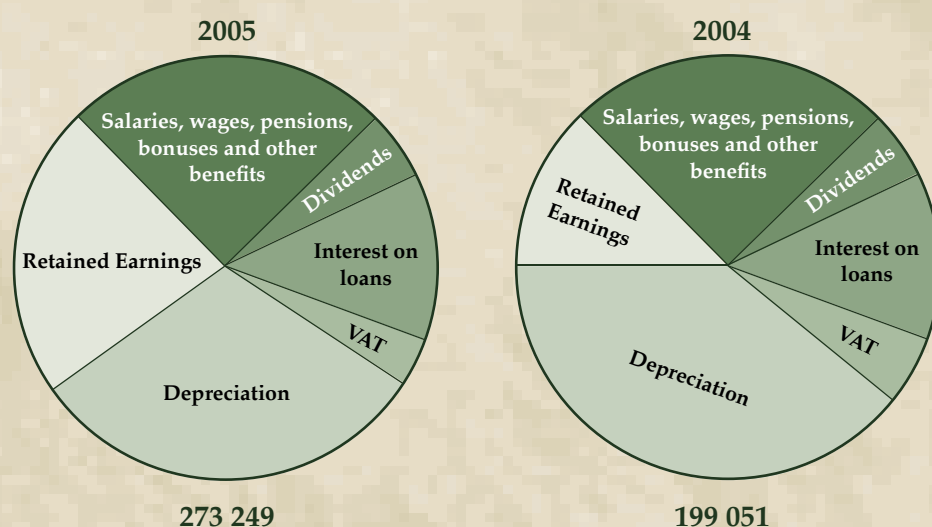
To replace assets:

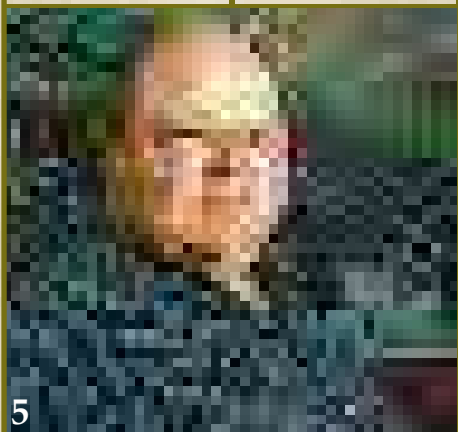
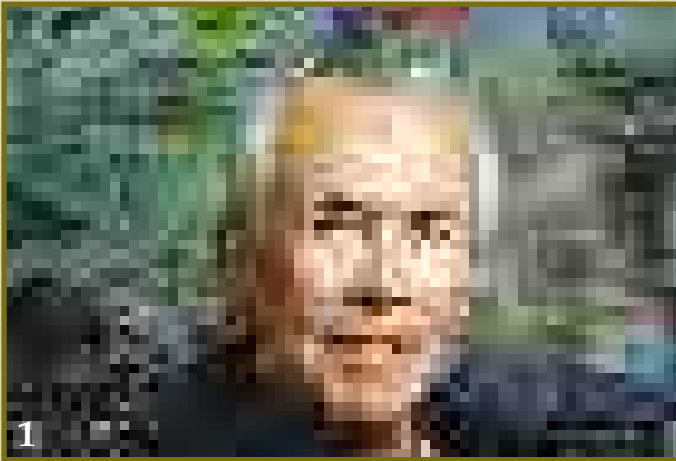
– Depreciation	98 178	76 950
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To expand the group:

– Retained earnings	50 302	23 558
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	273 249	199 051
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Directorate and Management

1. Teunis (Tony) Scharrighuisen (60)

Non-executive Chairman

Appointed 1999

After starting an earthmoving company with his brothers on immigration from the Netherlands, Tony listed Schamin in 1993.

2. Casper Scharrighuisen (57)

Managing Director

Appointed 2005

Cas has been with the group since inception and has over 30 years' experience in the earthmoving and opencast mining sector.

3. Jason Holland (37) B. Com B. Compt (Hons) CA(SA)

Financial Director

Appointed 1999

Jason qualified in 1992 having finished his articles with JH Smilg & Co, and joined the group in 1996.

4. Clint Moorcroft (40) NHD Coal Mining

Executive Director

Appointed 1999

Clint has vast experience having been employed originally as a site manager at Frigate Mining, which was incorporated into Schamin in 1993.

5. Treve Robert Hendry (38) B. Com B. Compt (Hon) CA(SA)

Non-executive Director

Appointed 1997

Treve has 10 years' experience in the mining industry, having joined the group in 1995 after completing articles at Ernst & Young. He is the CEO of Argent Industrial Limited.

6. Dr Paula Huysamer (60)

Non-executive Director

Appointed 2004

Management

1. Nesta Glover

Company Secretary

Appointed 2000

2. Nehan Deysel

Internal Auditor

Appointed 2004

3. Wynand Mullard

Human Resources

Appointed 2002

4. Regard Scharrighuisen

Internal Auditor

Appointed 2004



Introduction

The group performed exceptionally well during the year, reporting significant increases in profit and earnings. Our R153 million investment in plant and machinery to improve the production capacity of the fleet, and an additional R100 million expenditure on fleet maintenance, were key contributors to the group's strong performance.

Schamin's annual financial results, highlights of which are summarised in the Directors' Report, are set out in full in the annual financial statements and accompanying notes.

BEE

I am pleased to confirm that I have concluded a transaction with a broad-based BEE consortium led by Dines Gihwala and Richard Jonah, as announced on 22 April 2005. In terms of the transaction members of the Scharrighuisen family released 22,2 million shares to the BEE consortium for a purchase consideration of R49,95 million, payable in cash. On 14 July 2005 the BEE consortium exercised the option to purchase a further 43,3 million shares in Schamin amounting to a total of around 41% of Schamin's share capital.

Our strengthened BEE platform will enable the group to access a broader client base against the backdrop of industry transformation charters. Through the contributions of Messrs. Gihwala, Jonah and the other consortium members the group will attain and maintain appropriate levels of BEE throughout all areas of operations. Strategically the extensive mining network and experience of Messrs. Gihwala and Jonah will benefit the group, with opportunities including the securing of new contracts in outsourced opencast mining and mine rehabilitation as well as the diversification of the group's earnings streams into complimentary service areas.

Directorate

I am pleased to welcome again to the board Casper Scharrighuisen as Managing Director and Dr Paula Huysamer as an independent non-executive director. I thank Koos Reinecke and Pat Day for their contribution and wish them well in their future endeavours. Finally I look forward to welcoming to the board Messrs Gihwala and Jonah, who will be officially appointed as non-executive directors of the company.

Prospects

The directors will continue to identify and pursue opportunities that add strategic value to the group. In light of the healthy order book and the bolstered fleet, plant and machinery, the directors anticipate continued growth in turnover for the current year with improved operating efficiencies.

Chairman's Report

The group's debt:equity ratio, which increased marginally for the year under review to 114% from 113% (as a result of the significant capital expenditure on fleet expansion and maintenance), should improve in the current year as Schamin's fleet programme is now substantially complete.

Thanks

My thanks to my colleagues on the board for their counsel and commitment and to the group's management and their teams for their ongoing hard work and enthusiasm. My thanks also to our shareholders for their faith in the group which we will continue to reward with sustainable returns.



Teunis Scharrighuisen

Non-Executive Chairman

23 June 2005

Introduction

Schamin continued to perform strongly with increased levels of production at almost all sites. Superior quality services saw a number of client contracts increase in size and scope. With my return as Managing Director I am pleased to have participated in the group's progress and look forward to my continued involvement with the group going forward.

Results

Turnover increased by 3.3% over the corresponding period in 2004 to R567.5 million. In May 2004 the method of invoicing customers changed from a "wet-rate", which includes the cost of diesel to a "dry-rate", which excludes the cost of diesel. On a like-for-like basis, turnover increased by 23% over the 2004 financial year aided by strong underlying demand for the group's services from the South African coal mining industry. The group's operating profit margin increased to 20.9% from 11.1% in the prior year (12.9% in the prior year on a "dry-rate" basis).

Headline earnings per share of 46.6 cents were 101% higher than 2004. A final dividend of 4 cents per share has been declared (2.5 cents in 2004) to bring the total dividends for the year to 7.5 cents (4.5 cents in 2004) which represents an increase of 66.6% over the prior year.

Cash generated from operations for the year was R219.5 million (2004: R161.0 million) which equates to 176.8 cents per share (2004: 131.9 cents per share).

Despite strong operating cash flow generation, Schamin's debt:equity ratio increased marginally to 114% from 113% in 2004 due to significant capital expenditure on maintaining and expanding the group's fleet. Schamin's fleet replacement program is now substantially complete and consequently the debt:equity ratio should improve during the 2006 financial year.

Capital Expenditure

The net investment during the year on capital expenditure was R254.4 million (2004: R184.4 million). Of this, R100.4 million was maintenance in nature while the balance of R153.7 million was invested in expanding and improving the production capacity of the fleet. Capital expenditure for the 2006 financial year is budgeted at R75 million. However, should new projects be secured, capital expenditure in excess of this amount may be incurred.

Operations

Optimum Colliery

During the year production levels at Optimum Colliery increased continually as the demand for coal exceeded previous levels and equipment was bolstered to accommodate the demand. Schamin remains the main contractor on the mine moving in excess of 900 000 Cu.m of coal per month. The contract further includes topsoil stripping, removal, rehabilitation of mined out areas and burning spoils.

Klipfontein & Middelburg Mine Services ("MMS")

The Klipfontein and MMS contracts remained as the company's premium arrangements due to the increasing demand for Schamin's rehabilitation services. During the year production levels rose with topsoil stripping and rehabilitation specifically, reaching record levels.

Douglas Colliery

Lower coal targets than the previous year saw production levels at Douglas Colliery decrease during the year. Boxcut mining on the Naupoort and 5 Seam contracts also contributed to the reduction. However, production is expected to reach record levels in the current year as both contracts will enter full steady state mining.

Managing Director's Report

New Clydesdale Colliery

With the Vaalkranz East contract soon drawing to a close, Schamin will move its main focus from the current operation including the recovery and transport of coal, to rehabilitation and closure of the final void.

Klipspruit Mine

Schamin's efficient delivery of services has seen the contract grow from strength to strength during the year, with the group's scope of work being increased as a result. Equipment was accordingly upgraded in line with higher demand. Work on the new main boxcut at Klipspruit has already begun and production is set to increase as the site matures.

Khutala Colliery

As the I Block contract drew to a close at the end of the year, focus has shifted to the A Block contract at Zondagsvlei. The contract includes mining of both 4 Seam and 5 Seam reserves, with coal demands increasing to over 400 000 tons per month. During the current year the contract will also move from boxcut to full steady state mining, while 2 Seam reserves will start to be exposed.

Production levels for the A Block contract have risen steadily with over 1 200 000 Cu.m of overburden being moved per month.

Prospects

Schamin will continue to look at new projects that add value to the current operations.

Based on the current order book and the existing fleet of plant and equipment, management is targeting an increase in turnover during the 2006 financial year with improved operating efficiencies. Accordingly, improved operating results should be achieved in the 2006 financial year.

Thanks

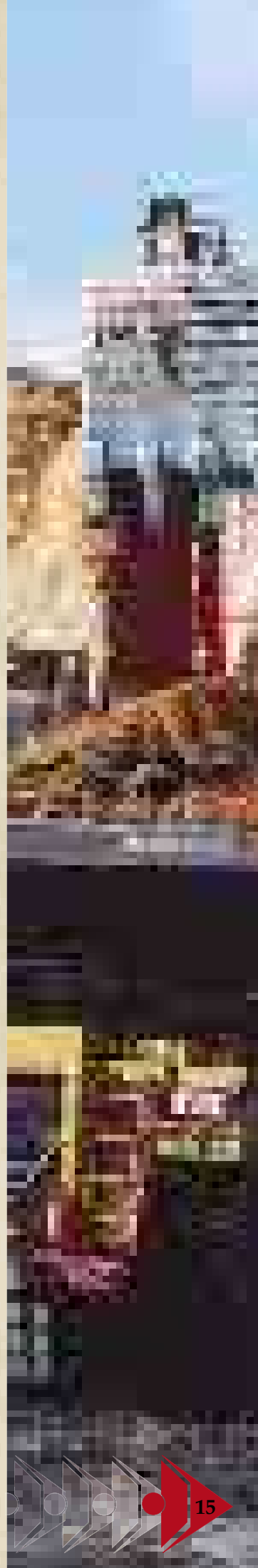
Thanks to our management and their teams for their commendable contribution during the year. I also thank our clients for their invaluable support and our suppliers for their service.



Casper Scharrighuisen

Managing Director

23 June 2005



The directors of Schamin have concentrated primarily on securing a broad-based BEE platform as an operational and social imperative. The conclusion of the transaction with the BEE consortium led by Messrs. Gihwala and Jonah means that the directors are now able to focus on improving operational and corporate practices to achieve full compliance with the Code of Corporate Practices and Conduct set out in the King II Report.

Board of directors

At year-end the unitary board consisted of six directors as set out on page 11 of the annual report. AJ Reinecke, the group's former Managing Director and PA Day, an independent non-executive director, resigned from the board on 18 October 2004 and 9 December 2005 respectively. On 9 December 2004 Dr P Huysamer was appointed as an independent non-executive director of the company and on 14 March 2005, C Scharrighuisen was appointed as Managing Director. The board accordingly comprises three executive directors – C Scharrighuisen (Managing Director), J Holland (Financial Director) and C Moorcroft - as each by the nature of his role and functions is involved in the day-to-day operations of the group. This is balanced by three non-executive directors – T Scharrighuisen (Chairman), TR Hendry and Dr P Huysamer who is also independent. The non-executive directors contribute significant industry experience and expertise to board deliberations.

The roles of the non-executive Chairman and the Managing Director 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.

Regular board meetings will be effected during 2005 to evaluate performance against key performance indicators, assess risk and review the strategic direction of the group.

In accordance with the articles of association titled directors including the Managing Director, Financial Director and Chairman are subject to retirement by rotation and re-election at least once every five years. Remaining members of the board are subject to retirement by rotation and re-election at least once every three years.

Non-executive directors have unfettered access to management at any time. All directors are entitled, at Schamin's expense, to seek independent professional advice on any matters pertaining to the group where they deem this to be necessary.

The board's responsibilities, processes and procedures are presently being incorporated into a formal Board Charter, which will be finalised and adopted in the current year. Presently the roles and responsibilities of each board member are defined and deliberated by the board in accordance with the board's policy of division of responsibility.

Company Secretary

All directors have unrestricted access to the advice and services of the Company Secretary and to company records, information, documents and property. The Company Secretary together with the Financial Director will look in the current year to implementing a formal programme to educate directors at board meetings about major regulatory and legislative developments and will, where appropriate, involve the company's sponsor and other relevant experts.

Share Dealings

All directors and management with access to financial results and any other price-sensitive information, are prohibited from dealing in Schamin shares during 'closed periods' preceding the publication of the results or information, as the case may be, or while the company is trading under cautionary. Directors

Corporate Governance Report

are obliged to obtain clearance from the Chairman prior to dealing in the shares of the company and to report any share dealings (including transactions in terms of the Scharrig Share Scheme) to the Company Secretary who, together with the Financial Director and the sponsor, ensures that such information is published on SENS.

New Appointments

New appointments to the board are proposed by board members and deliberated and approved by the board as a whole. Board appointments are based on a blend of skills and experience.

Board sub-committees

To date focus on securing a broad-based BEE platform has been prioritised over establishment of separate audit and remuneration committees. In addition the changing composition of the board has made difficult any attempt in this regard. With the BEE transaction concluded and the board composition settled, separate audit and remuneration committees will be established. Charters governing the committees' functions, levels of materiality and processes will be adopted and then reviewed annually in order to keep pace with regulatory requirements and international best practice.

Accounting and Auditing

External audit

Schamin's external auditors are responsible for the group's internal controls to the extent necessary for their audit, and report whether the financial statements are fairly presented in compliance with South African Statements of Generally Accepted Accounting Practice. The preparation of the financial statements remains the responsibility of the directors and management.

Internal audit

The group has a dedicated internal audit department responsible for assisting the board and management in the effective discharge of their responsibilities. The scope of the internal audit function includes assessing the adequacy of internal controls, fraud prevention, risk management and the safeguarding of assets. Unrestricted consultation is encouraged between the internal audit department, directors and management.

Internal Controls

The board is ultimately responsible for the group's systems of internal control. To assist with this function, management maintains comprehensive accounting records. These systems are designed to provide reasonable but not absolute assurance as to the integrity and reliability of the financial statements and to safeguard and maintain accountability of the group's assets. The systems are designed to manage rather than eliminate risk of failure and opportunity risk.

The group's systems of internal control are further designed to detect and minimise significant fraud, potential liability, loss and material misstatement. In order to enable management to implement and integrate these systems into day-to-day operations, control policies are communicated throughout the group. Critical control areas are identified by management and remain subject to internal audit.

The directors have satisfied themselves that adequate systems of internal control are in place to mitigate significant risks identified to an acceptable level, monitored by appropriately trained personnel with suitable segregation of authority, duties and reporting lines and by the use of advanced technology. The directors have satisfied themselves that nothing has come to their attention to indicate that a material breakdown in the functioning of these systems within the group has occurred during the year.

Risk Management

The board is responsible for continuously identifying the risks to which the group may be exposed and for recommending and monitoring the implementation of the appropriate risk management strategies throughout the group. The function of initial assessment will be delegated to the audit committee going forward, with the board maintaining overall responsibility. Accordingly a risk analysis that identifies key business risks and controls will be tabled at audit committee meetings.

Operational risks

An annual assessment of the group's insurance risks is carried out in conjunction with insurance consultants. Levels of cover are re-assessed annually in the light of claims experiences and changes within and outside the group.

Further, ongoing risk control audits are carried out to monitor compliance against the Occupational Health and Safety Act and Mine Health and Safety Act. Health and Safety Officers' daily risk assessments are forwarded to the group's human resources department and then tabled at board meetings.

The specific threat of the HIV/AIDS pandemic is recognised and mitigated against as set out below under 'Safety, Health and Environment'.

Financial risks

In order to maintain the group's borrowing levels a concerted effort is made to maintain reduced gearing to guard against the potential impact of movements in interest rates.

Sustainability Report

The directors believe that the fulfillment of social and environmental responsibilities is a business imperative and a competitive advantage, and have therefore included a report below.

Transformation

Schamin continues to support transformation in line with national and industry imperatives. Details of the group's recently concluded broad-based BEE transaction are set out in the Directors' Report. The BEE transaction will increase BEE equity participation in the group to approximately 41% and through the contributions of the BEE consortium members, the group will aim to improve its transformation at all levels of operations.

Affirmative Procurement

Presently the group focuses largely on affirmative procurement in respect of non-material spend to meet its targets as the majority of equipment and machinery used in the implementation of its services is not locally available and must be imported.

Employment Equity

The group is an equal opportunities employer that does not tolerate discrimination on any basis whatsoever. Throughout the group appointments are made after consultation with the human resources department in order to ensure compliance with employment equity policies. This in turn ensures that the group's employee profile will become appropriately representative of the demographics of the regions in which it operates, while always maintaining the group's standards of service excellence.

Skills Development and Training

The independent consultancy contracted in the prior year by the group is currently in the second year of group-wide skills development and training. It is anticipated that approximately 52% of the group's

Corporate Governance Report

continued...

staff will be exposed to training programmes during the currency of the two year contract with the consultancy. On expiry of the contract at the end of 2005 it is intended that skills development and training will be entrenched as an operational practice and will continue to be implemented inhouse, supported and guided by Schamin's new BEE partners.

Succession planning is encouraged with emphasis on facilitating the advancement of HDIs, and formal leadership programmes have been included in the brief to the consultancy.

Employee participation in the ownership of the group is facilitated through the Scharrig Share Scheme, details of which are set out in the Directors' Report. While operational decisions are obviously reserved for appropriate levels of management, the group's culture encourages participative management. The intention is to build employee partnerships at every level, to foster mutual trust and to encourage employee contribution on more effective methods to achieve the groups' aims. Schamin strives to liberate the initiative of its people which it recognises as key to the group's performance.

Safety, Health and Environment (SHE)

Safety and Health Officers are appointed at each site on which the group operates, of which three have completed the COMSOC 2 Diploma and the remaining two the COMSOC 1 Diploma. In addition a Safety and Health Officer was appointed during the year to the group's Mining division. These officers bear the responsibility of ensuring full compliance with the relevant health and safety legislation and report daily to the group's human resources department. These reports are subsequently collated and tabled at board meetings.

Safety

The group is committed to enforcing the most stringent standards of safety in compliance with the requirements of the South African Occupational Health and Safety Act and Mine Health and Safety Act. Schamin recognises that the process of improving safety practices is dynamic and must be continually enhanced in order to maintain compliance with the legislation.

Regular safety audits are conducted following daily reports and risk avoidance strategies are constantly updated to take account of potential new risks identified. Employee co-operation in the implementation of health and safety policies is imperative, with employees being encouraged to identify, report and eradicate potential risks.

The group is pleased to report that in the preceding 7 years no fatal injury has been sustained.

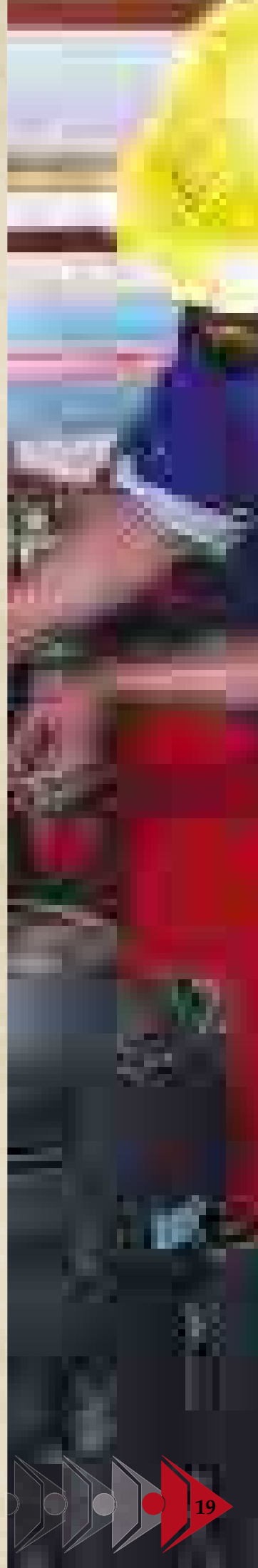
Health

In recognition of the potential impact of HIV/AIDS on the group's workforce, the group is currently finalising a formal policy. Schamin respects the right of all employees to maintain confidentiality regarding their HIV/AIDS status and is committed to fostering a supportive working environment for employees infected with HIV/AIDS.

Environment

Schamin is highly conscious of the potential environmental hazards inherent in its activities. As a sub-contractor providing services to the mining industry, the group's employees are bound to comply strictly with the environmental procedures dictated by the mines on which they operate. Employees are educated to avoid harmful environmental practices as a result of inappropriate use of equipment and machinery.

No significant environmental occurrence was recorded during the year.



Code of Ethics

A formal Code of Ethics is a work-in-progress, encapsulating the group's philosophy of zero tolerance of any form of corruption, fraud, abuse or unethical business practices. The group does not hesitate to take the necessary disciplinary action against any employees believed to have transgressed the group's ethics and is currently involved in a number of disciplinary procedures.

Stakeholder Communication

Transparent, timely and reliable communication is a basic operational policy. In keeping with the JSE-regulated policy of simultaneous public information, company announcements are released on SENS, published in business press and sent directly to shareholders, who are encouraged to attend the annual general meeting in order to facilitate greater interaction with the board. Investor queries are directed on an ongoing basis to the Financial Director.

Annual Financial Statements

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Directors' Statement of Responsibility

It is the directors' responsibility to ensure the maintenance of adequate accounting records so as to prepare annual financial statements that fairly present the state of affairs and the results of Scharrig Mining Limited and its subsidiaries.

The annual financial statements as set out on pages 22 to 49 have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice and in the manner required by the South African Companies Act, 1973, as amended. They are based on appropriate accounting policies that have been consistently applied. The directors are responsible for the preparation of other information included in the annual report and are responsible for the accuracy and consistency of such information with the annual financial statements.

The directors are responsible for the group's system of internal controls. These controls are designed to provide reasonable, but not absolute assurance as to the integrity and reliability of the annual financial statements, that transactions are conducted in accordance with management's authority and that the assets are adequately safeguarded against loss.

These controls are monitored throughout the group by management. Nothing has come to the directors' attention to indicate that there were any material breakdowns in the functioning of these controls during the year under review.

The annual financial statements have been prepared on a going concern basis as the directors have every reason to believe that the company and the group will continue as going concerns in the year ahead. The annual financial statements support the viability of the company and the group.

The annual financial statements have been audited by the independent accounting firm, BDO Spencer Steward (KZN), which was given unrestricted access to all financial records and related data including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. BDO Spencer Steward's audit report is presented on page 24.

The annual financial statements, which appear on pages 22 to 49, were approved by the board of directors on 23 June 2005 and are signed on its behalf by:



Teunis Scharrighuisen
Non-executive Chairman
Boksburg



Casper Scharrighuisen
Managing Director

Declaration by Company Secretary

In my capacity as Company Secretary, I declare that for the year ended 31 March 2005 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, as amended, and that all such returns are true, correct and up-to-date.



N Glover (Mrs)

Company Secretary

Boksburg

23 June 2005

To the members of Scharrig Mining Limited.

We have audited the annual financial statements and the group annual financial statements of Scharrig Mining Limited as set out on pages 22 to 49 for the year ended 31 March 2005. These annual financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these annual financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the annual financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion the annual financial statements fairly present, in all material respects, the financial position of the company and the group at 31 March 2005 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.



59 Musgrave Road

Berea

Durban

4001

23 June 2005

Directors' Report

The directors of Schamin have pleasure in submitting their report for the group for the year.

Nature of business

Schamin is a holding company. The group derives its income from opencast mining, rehabilitation, earthworks and mining services.

Financial results and dividends

The results for the year reflect continued improvement in line with Schamin's positive growth trend. The group generated revenue of R567.5 million, a 3.3% increase over the previous year. Earnings per share have increased to 46.6 cents from 23.2 cents, a 101% rise over the previous year with R57.8 million attributable to shareholders.

On 27 June 2005 the board declared a dividend of 4 cents per share.

The annual financial statements of the company and the group for the year ended 31 March 2005 are set out in full in the annual financial statements and accompanying notes.

Share capital

On 1 April 2004 the authorised share capital of the company comprised 160 000 000 ordinary shares of which 128 225 340 were issued. On 30 August 2004 5 205 555 ordinary shares were issued at a premium of R1.19 per share. On 1 March 2005, 4 000 000 ordinary shares were issued at a premium of R2.37 per share. At 31 March 2005 the aggregate number of ordinary shares in issue was accordingly 137 430 895.

Further details of the authorised, issued and unissued shares are set out in note 7 to the annual financial statements.

Directorate

The directors of the company and an abridged curriculum vitae for each director is set out on page 11.

Directors' remuneration and shareholding

Details of the directors' remuneration are set out in note 25 to the annual financial statements and details of directors' shareholdings are set out under 'Shareholder Information'.

Directors' interests in contracts

No material contracts in which directors have an interest/s were entered into during the year, other than the transactions detailed in note 22 to the annual financial statements.

Company secretary and registered office

The secretary of the company is Mrs N. Glover whose business and postal addresses, which are also the company's registered addresses, are set out on page 58 of this annual report.

Auditors

BDO Spencer Steward (KZN) Inc. will continue in office in accordance with Section 270(2) of the South African Companies Act, 1973.



Subsidiary companies

Details of major subsidiaries are set out on page 49. The aggregate net profit attributable to shareholders of the company is as follows:

<u>R(000)</u>	<u>2005</u>	<u>2004</u>
Net Profit	50 851	23 904

Inflation accounting

The effects of inflation on the group's profitability and cash flow are continually monitored by management. In the absence of a generally accepted method of accounting for the effect of change in price, inflation-adjusted annual financial statements are not presented.

Post balance sheet events

As announced on 22 April 2005 and subsequently on 14 July 2005 a broad-based BEE consortium acquired 22.2 million ordinary shares for cash, representing approximately 17.3% of the company's issued share capital, and then exercised the option to purchase a further 43.28 million shares in the company. In aggregate the shares represent 41% of the company's issued share capital. On 28 July 2005 an offer was made to minority shareholders as per the circular issued to shareholders on that date.

Apart from the above, the directors are not aware of any matter or circumstances arising since the end of the financial year not otherwise dealt with in the report or group annual financial statements, that would affect the operations of the group or the results of the operations significantly.

Employee share incentive scheme

The group operates an employee share incentive scheme. The following changes took place during the year under review:

Awards / options at beginning of year	2 175 600
Granted	
• Directors	702 000
• Staff	2 200 000
Lapsed	
• Directors	160 000
• Staff	172 000
Exercised and delivered	
• Directors	333 200
• Staff	2 346 000
Balance of awards / options at end of year	2 730 400

Further awards will be made to continue to incentivise staff and management and to reward commitment and performance.

Directors' Report

continued...

The maximum number of shares that may be issued in terms of the Scharrig Share Scheme may not in aggregate exceed 10 000 000 shares in Schamin's issued capital. Shares vest in the option holder on the first anniversary of the date on which the option was granted. Thereafter the option holder may exercise the option/s in individual tranches of 20% on each subsequent anniversary.

Historical information re: directors' outstanding options at 31 March 2005 is as follows:

Director	Share options at 1 April 2004		Share options granted during the year		Share options lapsed during the year		Share options exercised and taken delivery of		Share options at 31 March 2005	
	Number	Average Strike Price (R)	Number	Strike Price (R)	Number	Price (R)	Number	Strike Price (R)	Number	Average Strike Price (R)
T.R. Hendry	187 800	0.53	34 000	0.53			101 800	0.53	120 000	0.53
J. Holland	187 800	0.53	300 000 34 000	2.75 0.53			101 800	0.53	120 000 300 000	0.53 2.75
C. Moorcroft	187 800	0.53	300 000 34 000	2.75 0.53			101 800	0.53	120 000 300 000	0.53 2.75
A.J. Reinecke*	187 800	0.53			160 000	0.53	27 800	0.53	0	

* Resigned 18 October 2004

Balance Sheets

as at 31 March 2005

R000	Note	Group		Company	
		2005	2004	2005	2004
ASSETS					
NON CURRENT ASSETS					
Property, plant and equipment	3	610 362	450 175		
Share Incentive Trust Loan	4			8 996	950
Interest in subsidiaries	5			113 554	72 132
		610 362	450 175	122 550	73 082
CURRENT ASSETS					
Inventories	6	9 887	6 614		
Trade and other receivables		57 186	72 163	118	16
Bank balance and cash		28 887	16 922		
Taxation					40
		95 960	95 699	118	56
TOTAL ASSETS		706 322	545 874	122 668	73 138
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Share capital and premium	7	92 378	84 657	109 583	93 816
Reserves	8	158 713	108 411	13 010	(20 753)
Total shareholders' funds		251 091	193 068	122 593	73 063
NON CURRENT LIABILITIES					
Long-term borrowings	9	146 326	110 048		
Deferred tax	10	86 498	59 276		
		232 824	169 324		
CURRENT LIABILITIES					
Trade and other payables		53 673	57 792	75	75
Current portion of long-term borrowings	9	168 259	125 161		
Taxation		475	529		
		222 407	183 482	75	75
TOTAL EQUITY AND LIABILITIES		706 322	545 874	122 668	73 138

Income Statements

for the year ended 31 March 2005

R000	Note	Group		Company	
		2005	2004	2005	2004
REVENUE	11	567 571	549 298	120	120
OPERATING PROFIT before finance changes	12	119 143	61 333	6 953	4 462
FINANCE CHARGES	13	33 472	24 876		
NET PROFIT before taxation		85 671	36 457	6 953	4 462
TAXATION	14	27 867	8 091		
NET PROFIT after taxation		57 804	28 366	6 953	4 462
EARNINGS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS		57 804	28 366	6 953	4 462
EARNINGS PER SHARE (cents)					
Attributable earnings	15.1	46.6	23.2		
Headline earnings	15.2	46.6	23.2		
Cash equivalent earnings	15.3	121.9	108.3		
DIVIDEND PER SHARE (cents)	16				
Interim		3.5	2.0		
Final		4.0	2.5		
		7.5	4.5		
SHARES IN ISSUE AT END OF YEAR (000)		137 431	128 225		
WEIGHTED AVERAGE NUMBER OF SHARES (000)		124 141	122 026		

Cash Flow Statements

for the year ended 31 March 2005

R000	Note	Group		Company	
		2005	2004	2005	2004
Cash receipts from customers		582 548	538 784		
Cash paid to suppliers and employees		363 090	377 798		
CASH FLOW FROM OPERATING ACTIVITIES		179 223	132 928	(947)	(357)
Cash generated from/(utilised by) operations	19.1	219 458	160 986	(991)	(357)
Interest received		793	1 626	4	
Interest paid		(33 472)	(24 876)		
Dividends received				7 838	4 808
Dividends paid	19.2	(7 502)	(4 808)	(7 838)	(4 808)
Normal tax refunded	19.3			40	
Secondary tax paid	19.3	(54)			
CASH FLOW FROM INVESTING ACTIVITIES		(254 355)	(184 407)		
Purchase of property, plant and equipment					
Rebuilt assets		(40 988)			
Additions		(239 031)	(188 670)		
Decrease in other financial assets			1 166		
Proceeds on disposal of property, plant and equipment		25 664	3 097		
CASH FLOW FROM FINANCING ACTIVITIES		87 097	68 001	947	357
Proceeds / payments of long-term borrowings		79 376	70 963		238
Net movement in treasury shares		1 474	(2 962)	1 474	
Proceeds from issue of ordinary shares		6 247		6 247	
(Advances to)/repayments by subsidiary companies				(6 774)	119
NET INCREASE IN CASH AND CASH EQUIVALENTS		11 965	16 522		
Cash and cash equivalents at beginning of year		16 922	400		
Cash and cash equivalents at end of year	19.4	28 887	16 922		
Cash flow per ordinary share (cents)		144.3	108.9		
Cash realisation rate (%)		118.4	100.5		

Statements of Changes in Equity

for the year ended 31 March 2005

R000 GROUP	Share Capital	Share Premium	Treasury Shares	Retained Earnings	Reverse on	
					Acquisition of Subsidiaries	Total
Balance at 31 March 2003	1 269	87 300	(1 166)	70 987	13 866	172 256
Share buy-back	(42)	(2 920)				(2 962)
Profit for the year				28 366		28 366
Dividend paid			83	(4 808)		(4 725)
Share options exercised			133			133
Balance at 31 March 2004	1 227	84 380	(950)	94 545	13 866	193 068
Shares issued	92	15 675	(9 520)			6 247
Profit for the year				57 804		57 804
Share options exercised			1 417			1 417
Dividend paid			57	(7 502)		(7 445)
Balance at 31 March 2005	1 319	100 055	(8 996)	144 847	13 866	251 091

COMPANY	Share Capital	Share Premium	Retained Earnings/ (Accumulated Loss)		Total
Balance at 31 March 2003	1 390	92 426	(20 407)		73 409
Profit for the year			4 462		4 462
Dividends			(4 808)		(4 808)
Balance at 31 March 2004	1 390	92 426	(20 753)		73 063
Profit for the year			6 953		6 953
Reversal of impairment loss			34 648		34 648
Dividends			(7 838)		(7 838)
Shares issued	92	15 675			15 767
Balance at 31 March 2005	1 482	108 101	13 010		122 593

Notes to the Annual Financial Statements

1. ACCOUNTING POLICIES

The group annual financial statements are prepared in accordance with the historical cost convention and incorporate the following principal accounting policies, which conform with the South African Statements of Generally Accepted Accounting Practice. These policies are consistent in all material respects with those applied in the previous year.

1.1 Revenue

The invoiced values of sales and services rendered excluding Value Added Tax in respect of opencast mining, earthmoving and contracts are recognised at the date when the significant risks and rewards of ownership are transferred to the buyer.

1.2 Basis of consolidation

The group annual financial statements include the results, cash flows and financial position of the company and of its subsidiary companies. The results and cash flows of subsidiaries are included from the effective date of acquisition and up to the effective date of their disposal. Intergroup transactions and balances are eliminated on consolidation.

1.3 Property, plant and equipment

Property, plant and equipment are stated at historical costs less depreciation. Freehold land is not depreciated. Depreciation is calculated on the reducing balance method at rates considered appropriate to reduce book values over the useful lives of the assets, to estimate residual values. The following depreciation rates are applied:

	%
Buildings	2
Plant and equipment	15
Motor vehicles	20
Furniture, fittings and equipment	20

1.3.1 Rebuilt assets

Rebuilt assets are significant items of opencast mining equipment that are rebuilt internally, which extends their useful lives, thereby achieving a substantial improvement in efficiency. The value of these assets includes the cost of spare parts, labour, and overheads and is limited to the asset's market value. Subsequently expenditure on repairs and maintenance on these assets are expensed when incurred.

1.4 Inventories

Inventories are valued at average cost or actual cost using the first-in-first-out method. Work in progress is valued at cost, including direct costs and overheads. Maintenance spares are valued at cost less an allowance for obsolescence. In all cases inventories are valued at the lower of average or actual cost and realisable value.



Notes to the Annual Financial Statements

1.5 Contracts in progress

Contracts in progress are valued at cost, after adjusting for all known contingencies, plus profit recognised, less amounts received and receivable. Progress payments received in excess of the measured value of work determined on each contract are included in the contracts in progress. Cost includes direct cost and overheads. Profit is brought to account on the percentage of completion basis. Where a loss is anticipated on any particular contract, provision is made for such a loss.

1.6 Taxation

The charge for current tax is based on the profit before tax for the year as adjusted for items, which are exempt or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Secondary Taxation on Companies is provided in respect of expected dividend payments net of dividends received or receivable and is recognised as a taxation charge for the year.

1.7 Retirement benefits

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 in the year of payment.

1.8 Bank balance

The bank balances are in accordance with bank statement balances.

1.9 Presentation

All amounts in the annual financial statements, reports and supporting schedules are stated to the nearest R000 except where otherwise indicated.

1.10 Financial instruments

Financial instruments carried on the balance sheets include cash and bank balances, investments, receivables, trade creditors and borrowings. These instruments are generally carried at their estimated fair value. The particular recognition methods adopted are disclosed in the individual policy statement associated with each item. Gains and losses arising from changes in the fair value of financial instruments subsequent to initial recognition are included in net profit or loss for the period.

1.11 Cash flows

For the purpose of the cash flow statements, cash includes cash on hand, deposits held on call with banks, investments in money market instruments and bank overdrafts.

1.12 Segments

All segment revenue and expenses are directly attributable to the segment. Segment assets include all operating assets used by a segment and consist principally of property, plant and equipment, as well as current assets. Segment liabilities include all operating liabilities and consist principally of trade creditors. These assets and liabilities are all directly attributable to the segments. Segment revenue, expenses and results include transfers between business segments and between geographical segments. Such transfers are accounted for at competitive market prices charged to unaffiliated customers for similar goods. These transfers are eliminated on consolidation.

1.13 Trade and other receivables

Trade and other receivables are stated at fair value. Bad debts are written off.

1.14 Trade and other payables

Trade and other payables are stated at fair value.

1.15 Comparatives

Where necessary, comparative figures have been adjusted to conform with the changes in presentation in the current year.

1.16 Employee Share Incentive Scheme

The company and certain of its subsidiaries grant share options to certain employees under employee share option plans. Other than costs incurred in administering the plans which are expensed as incurred, the plans do not result in any expense to the group.

1.17 Operating Leases

Operating lease costs are charged to the income statement on a systematic basis over the term of the lease.

1.18 Dividends Payable

Dividends payable are recognised as a liability in the year in which they are declared

2. DEFINITIONS

2.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and available on demand together with any highly liquid investments readily convertible to known amounts of cash and not subject to significant risk of changes in value.



Notes to the Annual Financial Statements

continued...

2.2 Cash flow per ordinary share

This focuses on the cash stream actually achieved in the year under review. It is calculated by dividing the attributable cash flow from operations by the weighted average number of ordinary shares in issue during the year.

2.3 Cash realisation rate

This is the percentage of the potential cash earnings realised and is derived by dividing cash flow per share by cash equivalent earnings per share.

2.4 Current ratio

Current assets divided by current liabilities. Current liabilities include short-term borrowings and interest-free liabilities other than deferred tax.

2.5 Dividend cover

Earnings per ordinary share divided by dividends per ordinary share.

2.6 Dividend yield

Dividends per ordinary share divided by the closing share price on the JSE Limited.

2.7 Earnings per ordinary share

2.7.1 Attributable earnings basis

Earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year.

2.7.2 Headline earnings basis

Earnings attributable to ordinary shareholders adjusted for expenditure and income not incurred in the ordinary course of business, divided by the weighted average number of ordinary shares in issue during the year.

2.7.3 Cash equivalent basis

Earnings attributable to ordinary shareholders adjusted for non-cash items in attributable earnings, including the cash flow portion attributable to outside shareholders, divided by the weighted average number of ordinary shares in issue during the year.

2.8 Earnings yield

Earnings per ordinary share divided by the closing share price on the JSE Limited.

2.9 Gearing ratio

Interest-bearing debt, divided by shareholders' funds.

2.10 Price earnings ratio

The closing share price on the JSE Limited divided by earnings per ordinary share.



Notes to the Annual Financial Statements

...continued

3. PROPERTY, PLANT AND EQUIPMENT

GROUP	2005			2004		
	Accumulated Cost	Net Book Depreciation	Net Book Value	Accumulated Cost	Net Book Depreciation	Net Book Value
Land and buildings	1 884	203	1 681	1 884	175	1 709
Plant and equipment	904 222	319 318	584 904	700 459	267 342	433 117
Motor vehicles	45 016	21 838	23 178	32 583	17 967	14 616
Furniture, fittings and equipment	4 691	4 092	599	4 691	3 958	733
	955 813	345 451	610 362	739 617	289 442	450 175

Certain assets are encumbered as set out in note 9.

GROUP	Land and Buildings	Plant and Equipment	Motor Vehicles	Furniture, Fittings and Equipment	Total 2005	Total 2004
Movements of fixed assets						
Net book value at beginning of year	1 709	433 117	14 616	733	450 175	368 363
Additions		225 293	13 738		239 031	188 665
Disposals		(21 012)	(642)		(21 654)	(29 903)
Depreciation	(28)	(93 482)	(4 534)	(134)	(98 178)	(76 950)
Rebuilt assets		40 988			40 988	
Net book value at end of year	1 681	584 904	23 178	599	610 362	450 175

A register of land and buildings is maintained in terms of paragraph 22(3) of Schedule 4 of the South African Companies Act.

The register is available for inspection at the company's registered office.

Notes to the Annual Financial Statements

continued...

R000	Group		Company	
	2005	2004	2005	2004
4. SHARE INCENTIVE TRUST LOAN				
Maximum number of Schamin shares authorised to be made available to scheme			10 000 000	10 000 000
Number of shares made available at inception of scheme			2 200 233	2 200 233
Number of shares available to be distributed as share options to enable directors and staff to acquire shares in the company			3 275 700	2 200 233
An analysis of the Scharrig Share Incentive Trust Loan is as follows:				
Balance at beginning of loan period			950	1 166
Loan repaid - dividends			(58)	(83)
Shares issued to Trust			9 520	
Share options exercised			(1 416)	(133)
Balance at end of year			8 996	950
The unallocated shares are under the control of the trustees of the scheme.				
5. INTEREST IN SUBSIDIARIES				
Share at cost			21 009	21 005
Amounts owing by subsidiaries			92 545	51 127
			113 554	72 132
6. INVENTORIES				
Work in progress	5 500	1 750		
Consumables	2 308	2 349		
Finished goods	2 079	2 515		
	9 887	6 614		

Notes to the Annual Financial Statements

...continued

R000	Group		Company	
	2005	2004	2005	2004
7. SHARE CAPITAL AND PREMIUM				
Authorised share capital				
160 000 000 ordinary shares of 1 cent each	1 600	1 600	1 600	1 600
Issued share capital				
137 430 895 (2004: 128 225 340) ordinary shares of 1 cent each				
Balance at beginning of year	1 208	1 269	1 390	1 390
Shares issued	92		92	
Shares held by subsidiary in holding company (share buy-back)		(42)		
Share Incentive Trust	(14)	(19)		
Balance at end of year	1 286	1 208	1 482	1 390
Share Premium				
Balance at beginning of year	83 449	87 300	92 426	92 426
Shares issued	15 675		15 675	
Premium on shares held by subsidiary in holding company (share buy-back)		(2 920)		
Share Incentive Trust	(8 032)	(931)		
Balance at end of year	91 092	83 449	108 101	92 426
Total share capital and premium	92 378	84 657	109 583	93 816
Reconciliation				
Share capital and premium as per company	109 583			
Goodwill write-off in 1996	(953)			
Share buy-back				
- Shares cancelled	(3 813)			
- Shares held by subsidiary in holding company	(3 443)			
Shares held in Share Incentive Trust (3 275 700 shares)	(8 996)			
Group share capital and premium	92 378			

The unissued shares are under the control of the directors until the next annual general meeting.

Ordinary shares of 1 cent each were issued during the 2005 year as follows:

On 30 August 2004: 5 205 555 shares at a premium of R1.19 each

On 1 March 2005: 4 000 000 shares at a premium of R2.37 each

Notes to the Annual Financial Statements

continued...

R000	Group		Company	
	2005	2004	2005	2004
8. RESERVES				
Non-distributable reserves				
Reserves on acquisition of subsidiaries	13 866	13 866		
Distributable reserves				
Retained earnings / (accumulated loss)	144 847	94 545	13 010	(20 753)
	158 713	108 411	13 010	(20 753)
9. LONG-TERM BORROWINGS				
Secured				
Suspensive sale agreements				
Amount owing in respect of plant, vehicles and equipment with book values amounting to R453.9 million (2003: R289.5 million)	314 585	235 209		
The effective average interest rate applicable to these liabilities is 1.5% below prime.				
Aggregate repayments due as follows:-				
Year ended 31 March				
- 2006	196 480			
- 2007	100 850			
- 2008 and later	50 005			
Deferred finance charges	(32 750)			
	314 585			
Less: Suspensive sale portion payable within twelve months reflecting under current liabilities				
	168 259	125 161		
	146 326	110 048		
10. DEFERRED TAX				
Balance at beginning of year	59 276	51 185		
Originating temporary differences on property, plant and equipment	27 222	8 091		
Balance at end of year	86 498	59 276		
The balance comprises:				
Accelerated wear and tear for tax purposes on property, plant and equipment	170 141	129 931		
Assessable losses	(83 643)	(70 661)		
	86 498	59 276		

Notes to the Annual Financial Statements

...continued

R000	Group		Company	
	2005	2004	2005	2004
11. REVENUE				
Group				
Revenue is derived from opencast contract mining, rehabilitation, earthworks and mining services.				
Company				
Administration fees				
12. OPERATING PROFIT before finance charges				
After allowing for the following:				
Income				
Dividends received from subsidiary			7 838	4 808
Profit on disposal of property, plant and equipment	8 128		410	
Interest received	793	1 626	4	
EXPENSES				
Cost of sales	382 621	389 048		466
Auditor's remuneration				
Audit fees - current year	333	256	75	75
Property, plant and equipment				
Loss on disposal of property, plant and equipment	1 703	419		
Depreciation				
- plant and equipment	93 482	73 633		
- motor vehicles	4 534	3 106		
- furniture, fittings and equipment	134	183		
- buildings	28	28		
Scrapping of property, plant and equipment	1 769	26 391		
Number of employees at year-end	1 226	1 191		
Staff Costs	82 027	64 692		
Included in staff costs				
- defined contribution plan expense	5 331	3 145		
Operating lease payments				
- land and buildings	3 484	2 785		
Future minimum lease payments				
- up to 1 year	3 447	2 439		
- 1 to 5 years	16 776			
- more than 5 years	24 448			



Notes to the Annual Financial Statements

continued...

R000	Group		Company	
	2005	2004	2005	2004
13. FINANCE CHARGES				
Interest paid				
Suspensive sale agreements	33 321	24 587		
Bank overdrafts and other	151	289		
	<u>33 472</u>	<u>24 876</u>		
14. TAXATION				
South African normal tax				
Secondary tax on companies	645			
South African deferred tax: - current year	28 096	8 091		
- change in rate of taxation	(874)			
	<u>27 867</u>	<u>8 091</u>		
Reconciliation of rate of tax	%	%	%	%
Normal tax rate	30	30	30	30
Effective rate of additional taxes				
Secondary tax on companies	0.8			
Loss (unutilised)/created	2.1	(8.1)		(1.8)
Deferred tax rate change	(1.0)			
Dividend income			(18.8)	(28.2)
Permanent differences	0.6	0.3	(11.2)	
	<u>32.5</u>	<u>22.2</u>	<u>0.0</u>	<u>0.0</u>

Further tax charges

Mining taxation income is determined after the deduction of all material mining capital expenditure. Such expenditure amounted to R266.3 million (2004: R181.9 million) in the year under review. Capital expenditure not set off against mining income amounts to R288.4 million (2004: R236 million). This unutilised amount is available to be set off against future mining income. No provision is made for taxes that might become payable if retained earnings are distributed by way of dividend.

Estimated assessable losses available for set off against future taxable income are as follows:

Total assessable losses	288 422	235 534
Applied to reduce deferred tax	<u>288 422</u>	<u>235 534</u>



Notes to the Annual Financial Statements

...continued

R000	Note	Group		Company	
		2005	2004	2005	2004
15. EARNINGS PER SHARE					
15.1	Attributable earnings basis	46.6	23.2		
	The calculation of earnings per share is based on attributable earnings of R57 804 (2004: R28 366) of shares in issue of 124 141 (2004: 122 026).				
15.2	Headline earnings basis	46.6	23.2		
	The calculation of earnings per share is based on headline earnings of R57 804 (2004: R28 366) and weighted average number of shares in issue of 124 141 (2004: 122 026). This basis highlights the sustainable earnings per share reconciliation between earnings and headline earnings.				
	Net profit for the year:	57 804	28 366		
	Headline earnings attributable to ordinary shareholders	57 804	28 366		
15.3	Cash equivalent basis	121.9	108.3		
	The calculation is based on attributable cash equivalent earnings of R151 326 (2004: R132 126) and weighted average number of shares in issue of 124 141 (2004: 122 026).				
	This basis recognises the potential of the earnings stream to generate cash and is consequently an indicator of the underlying quality of earnings.				
	It is derived as follows:				
	Earnings attributable to ordinary shareholders	57 804	28 366		
	Adjusted for:				
	Non cash items	15.4	93 522	103 760	
	Cash equivalent earnings		151 326	132 126	
15.4	Non cash items				
	Depreciation and scrapping of property, plant and equipment				
		99 947	103 341		
	Net (profit)/loss on disposal of property, plant and equipment				
		(6 425)	419		
		93 522	103 760		



Notes to the Annual Financial Statements

continued...

R000	Group		Company	
	2005	2004	2005	2004
16. DIVIDEND				
Dividend no. 14 of 1.75 cents per share paid on 30 June 2003 to members recorded on 27 June 2003		2 244		2 244
Dividend no. 15 of 2.0 cents per share paid on 1 December 2003 to members recorded on 28 November 2003		2 564		2 564
Dividend no. 16 of 2.5 cents per share paid on 28 June 2004 to members recorded on 25 June 2004	3 029		3 171	
Dividend no. 17 of 3.5 cents per share paid on 6 December 2004 to members recorded on 3 December 2004	4 473		4 667	
	<u>7 502</u>	<u>4 808</u>	<u>7 838</u>	<u>4 808</u>

17. BORROWING POWERS

The company's borrowing powers are unlimited in term of the articles of association.

18. CAPITAL COMMITMENTS

Capital expenditure contracted for in respect of plant and equipment	75 000	91 175
Capital expenditure authorised by the directors not contracted for in respect of plant and equipment	NIL	NIL

These amounts will be financed by facilities extended by the group's bankers.

Notes to the Annual Financial Statements

...continued

R000	Group		Company	
	2005	2004	2005	2004
19. NOTES TO THE CASH FLOW STATEMENTS				
19.1 Reconciliation of net profit before taxation to cash generated from operations				
Profit before taxation	85 671	36 457	41 601	4 462
Adjustment				
(Profit)/Loss on disposal of property, plant and equipment	(6 425)	419		
Depreciation and scrapping of property, plant and equipment	99 947	103 341		
Investment income	(793)	(1 626)	(7 842)	(4 808)
Finance charges	33 472	24 876		
Revaluation of loans in subsidiaries			(34 648)	
Operating profit/(loss) before working capital charges	211 872	163 467	(889)	(346)
(Decrease)/Increase in working capital	7 586	(2 481)	(102)	(11)
(Increase) / Decrease in inventories	(3 273)	6 642		
(Increase) / Decrease in trade and other receivables	14 978	(10 514)	(102)	14
(Decrease)/Increase in trade and other payables	(4 119)	1 391		(25)
Cash generated from operations	219 458	160 986	(991)	(357)
19.2 Dividends paid				
Dividends charged to income statements	7 502	4 808	7 838	4 808
	7 502	4 808	7 838	4 808
19.3 Taxation paid				
Taxation at beginning of year	(529)	(529)	40	40
Taxation charged to income statements				
Taxation unpaid/(prepaid) at end of year	475	529		(40)
	54		40	

Notes to the Annual Financial Statements

continued...

R000	Group		Company	
	2005	2004	2005	2004
19.4 Cash and cash equivalents				
Cash on hand and balance with banks	28 887	16 922		
19.5 Segment information				
	Opencast Mining and Earthmoving	Second-Hand Equipment	Consolidated	
Cash flow from:				
2005				
- operating activities	179 333	(110)		179 223
- investing activities	(254 355)			(254 355)
- financing activities	87 097			87 097
	<hr/>	<hr/>		<hr/>
	12 075	(110)		11 965
2004				
- operating activities	133 871	(943)		132 928
- investing activities	(184 403)	(4)		(184 407)
- financing activities	68 294	(293)		68 001
	<hr/>	<hr/>		<hr/>
	17 762	(1 240)		16 522

20. CONTINGENT LIABILITIES

20.1 Guarantees

The company's bankers hold letters of guarantee for the amount of R0.597 million (2004: R5.5 million) in respect of performance bonds.

21. RETIREMENT BENEFIT INFORMATION

Defined contribution funds

Scharrig Group Provident Fund - contributions 5 331 3 145

The fund is open to membership by all full-time employees of group companies.

22. RELATED PARTY TRANSACTIONS

Related party relationships exist between the subsidiaries in the group. All purchasing and selling transactions as well as rental arrangements are conducted at arm's-length.

Amounts attributable to transactions with entities in the group and other related parties:

Operating lease payments:

- Directors of other related parties and
 their director-related entities. 3 484 2 785



Notes to the Annual Financial Statements

...continued

23. SEGMENT REPORT

The group is organised into three major operating divisions, namely opencast mining and earthmoving and second-hand equipment trading. Financial information about business segments is presented in the following report:

	Opencast Mining and Earthmoving	Second-Hand Equipment	Consolidated	
	R000	R000	R000	
2005				
Revenue				
External sale	550 993	16 578	567 571	
Net profit/(loss) before taxation	89 434	(3 763)	85 671	
Other information				
Segment assets	703 317	3 005	706 322	
Segment liabilities	450 553	4 678	455 231	
Capital expenditure	239 031		239 031	
Depreciation / amortisation	97 851	327	98 178	
	Opencast Mining and Earthmoving	Diamond Mining	Second-Hand Equipment	Consolidated
	R000	R000	R000	R000
2004				
Revenue				
External sale	544 530		4 768	549 298
Net profit/(loss) before taxation	41 436	(675)	(4 304)	36 457
Other information				
Segment assets	537 746	521	7 607	545 874
Segment liabilities	292 237		764	293 001
Capital expenditure	190 634			190 634
Depreciation / amortisation	76 630	107	213	76 950

24. FINANCIAL INSTRUMENTS

24.1 Risk management activities

In the normal course of its operations, the group is exposed to currency, interest rate, liquidity and credit risk. In order to manage these risks, the group has developed a comprehensive risk management process to facilitate control and monitoring. General corporate hedging unrelated to any specific project is not undertaken. The group also does not issue or acquire derivative instruments for trading purposes.

Notes to the Annual Financial Statements

continued...

Credit risk

The group financial instruments do not represent a concentration of credit risk as the group deals with a number of major clients. Accounts receivable are regularly monitored and assessed and where necessary an adequate level of provision is maintained.

Foreign currency risk

The group has potential exchange exposure in respect of items denominated in foreign currencies comprising of transactional exposure in terms of imports incurred in currencies other than the Rand. The group does not currently hedge its exposure to foreign exchange rates.

Interest rate and liquidity risk

Fluctuations in interest rates impact on the value of short-term investments and financing activities giving rise to interest rate risk. In the ordinary course of business the group receives cash proceeds from its operations and is required to fund working capital and capital expenditure requirements. The cash is managed to ensure that surplus funds are invested to maximise returns whilst ensuring that capital is safeguarded for the maximum extent possible by investing only with top financial institutions.

Contractual arrangements for committed borrowing facilities are maintained with several banking counterparties to meet the group's normal and contingency funding requirements.

24.2 Fair value of financial instruments

On-balance sheet financial instruments:

The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in an arm's-length transaction between willing parties.

The estimated values of the group's financial instruments are:

	31 March 2005		31 March 2004	
	Carrying Amount	Fair value	Carrying Amount	Fair value
	R000	R000	R000	R000
Financial assets				
Cash and cash equivalents	28 887	28 887	16 922	16 922
Trade and other receivables	57 186	57 186	72 163	72 163
Financial liabilities				
Trade and other payables	53 673	53 673	57 792	57 792
Long-term borrowings (including current portion)	314 585	314 585	235 209	235 209

The following methods and assumptions were used to estimate the fair value of each class of on-balance sheet financial instruments:

Accounts receivable, accounts payable, and cash and cash equivalents

The carrying amounts approximate fair values due to the short maturity of these instruments.

Long-term borrowings

The carrying amount is considered to approximate fair value.



Notes to the Annual Financial Statements

...continued

25. DIRECTORS' EMOLUMENTS

R000

2005

Director	Basic	Expense Allowance	Medical Aid	Share Options	Leave Pay	Provident	Bonus	Total
T.R. Hendry (non-executive)				79				79
J. Holland	511	120	9	79		43	56	818
C. Moorcroft	449	99	45	79		27	47	746
A.J. Reinecke*	389	16	26		248	32		711
C. Scharrighuisen*	100		3					103
T. Scharrighuisen (non-executive)		605	40					645
	1 449	840	123	237	248	102	103	3 102

2004

Director	Basic	Expense Allowance	Medical Aid	Share Options	Leave Pay	Provident	Bonus	Total
G.C. Bailey*	186	4	11					201
T.R. Hendry (non-executive)				19				19
J. Holland	324	110	8	19		26	28	515
C. Moorcroft	324	123	21	19		25	29	541
A.J. Reinecke	638	48	22	19		50	56	833
T. Scharrighuisen (non-executive)		534						534
	1 472	819	62	76		101	113	2 643

*C.G. Bailey passed away in 2003. The tables above reflect monies due and owing to him.

*C. Scharrighuisen appointed to the board 14 March 2005.

*A.J. Reinecke resigned from the board 18 October 2004.

Details of directors' service contracts

Director J. Holland's service contract endures for a period of five years renewable at the executive's sole discretion for a further five year period. The effective date of the service contract is 1 March 2005. His service contract stipulates compensation on termination of the contract of five years of the remuneration package.

Director C. Scharrighuisen's service contract endures for a period of three years, expiring on 31 December 2008, renewable at the executive's sole discretion for a further one year period. His service contract stipulates compensation on termination of the contract of three years of the remuneration package.

Director C. Moorcroft's service contract endures for a period of five years renewable at the executive's sole discretion for a further five year period. The effective date of the service contract is 1 March 2005. His service contract stipulates compensation on termination of the contract of five years of the remuneration package.

Information on Subsidiary Companies

Name of subsidiary All (Proprietary) Limited unless otherwise stated	Issued Share capital in Rands unless otherwise stated	% held		Shares at		Owing to		Main business
		by Schamin		cost		Schamin by subsidiary		
		2005	2004	2005	2004	2005	2004	
Non operating subsidiaries	4 200	100	100	4				B
Scharrighuisen Opencast Mining	100	100	100	21 004	21 004	92 545	51 127	A
Rynov Investments	1	100	100					C
Edencliff	1000	50	50	1	1			D
Caston Plant Sales	100	100	100					D
				21 009	21 005	92 545	51 127	

Main Business

- A Opencast mining and mining services
- B Non-operating
- C Property investments
- D Second-hand trading in plant and equipment

Shareholder Information

as at 31 March 2005

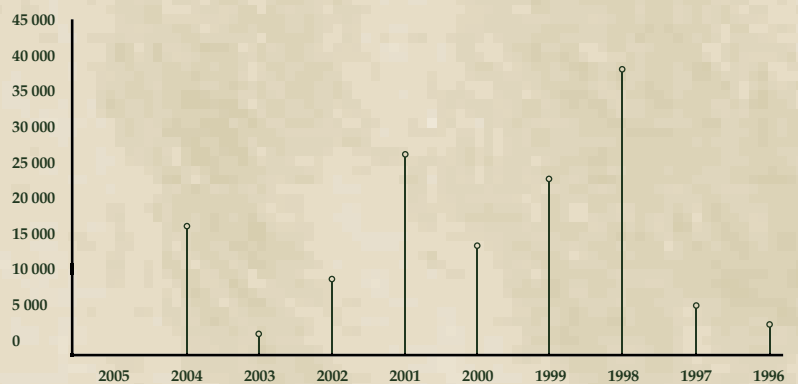
	Number of Shareholders	%	Number of Shares Held	%
1. Analysis of Shareholders				
Directors				
Direct	2	0.15	345 000	0.25
Indirect	2	0.15	41 880 716	30.47
Pension / Provident Funds				
Insurance Companies and other Corporate Bodies	249	18.57	54 437 101	39.61
Individuals				
Holders of 5 000 or more shares	402	29.98	39 498 082	28.74
Holders of less than 5 000 shares	686	51.15	1 269 996	0.93
	1 341	100.00	137 430 895	100.00
2. Shareholder Spread				
Non-public	9	0.67	94 281 419	68.60
Directors	4	0.30	42 225 716	30.73
Associates	2	0.15	6 410 823	4.66
Holdings 10%+	2	0.15	42 330 180	30.80
Share Scheme	1	0.07	3 314 700	2.41
Public	1 332	99.33	43 149 476	31.40
	1 341	100	137 430 895	100
3. Major Shareholders Owning 5% or More of the Ordinary Shares in Issue				
H.C. Scharrighuisen			23 718 798	17.26
Old Mutual			18 611 382	13.54
The Reinier Trust			13 659 962	9.94
The Regardt Trust			13 627 098	9.92
The Michiel Trust			13 436 976	9.78
			83 054 216	60.44
4. Directors' Shareholdings				
Director	Beneficial		Total	%
	Direct	Indirect		
J. Holland	160 000	-	160 000	0.12
C. Moorcroft	185 000	-	185 000	0.13
P.A. Day*	-	-	-	-
T.R. Hendry	-	94 000	94 000	0.07
P. Huysamer	-	-	-	-
T. Scharrighuisen	-	41 786 716	41 786 716	30.41
	345 000	41 880 716	42 225 716	30.73

*P.A. Day resigned 9 December 2004

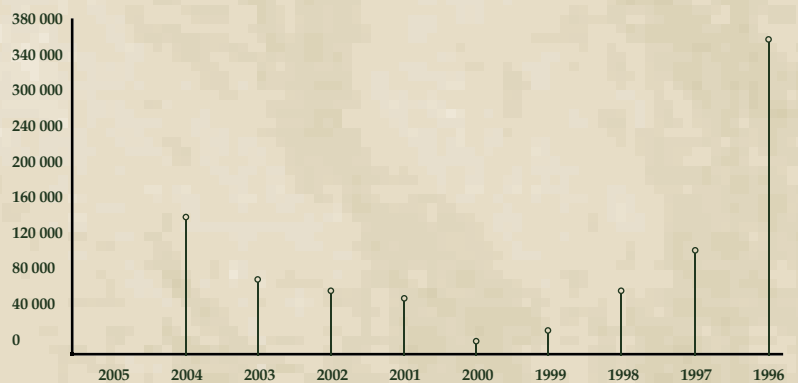
JSE Performance

	15 months									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Number of shares traded (000)	38 131	15 672	1 503	8 017	25 526	14 243	22 420	38 393	4 871	2 453
- % of total issued shares	27.75	12.2	1.17	6.25	18.4	10.2	16.1	27.6	3.6	4
Value of shares traded (R000)	84.155	12 563	714	3 528	6152	2 231	7 551	26 090	6 110	11 405
Prices quoted (cents per share)										
- highest	375	150	56	60	37	38	72	112	260	311
- lowest	100	50	35	33	14	11	15	37	72	190
- closing	325	110	53	43	34	16	17	37	75	260
Market capitalisation at year-end (R000)	446 650	141 047	67 959	55 137	47 254	22 238	23 627	51 424	101 988	353 561
Price earnings ratio	6.54	4.76	3.12	6.62	7.9	5.3	(1.0)	2.7	7.5	15.3
Earnings yield	15.72	21.0	32.0	6.62	7.9	5.3	(1.0)	2.7	7.5	15.3
Dividend yield	2.93	2.27	5.66	5.23	3.7			10.8	5.3	1.5

Number of shares traded (R000)



Market capitalisation at year-end (R000)



Financial year-end	31 March
Annual General Meeting	28 September 2005
Reports and profit statement	
Half-year interim report	November
Preliminary announcement of annual report	July
Annual financial statements published	September

Notice of Annual General Meeting

Scharrig Mining Limited

(Registration Number 1992/001973/06)

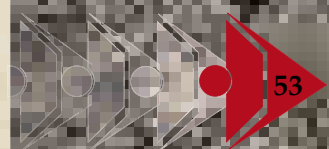
("Schamin" or "the company")

Share Code: SCN ISIN Code: ZAE000006474

Notice is hereby given that the annual general meeting of shareholders of Schamin will be held on Wednesday 28 September 2005 at 10:00 in the boardroom of Schamin, 28 Patrick Road, Jet Park, Boksburg for the following purposes:

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

1. To consider and adopt the annual financial statements of the company and of the group for the year ended 31 March 2005, together with the reports of the directors and independent auditors.
2. To confirm the appointment of C. Scharrighuisen as a director of the company:
An abbreviated curriculum vitae in respect of C. Scharrighuisen is contained on page 11 of the annual report of which this notice forms part.
3. To re-elect BDO Spencer Steward as auditors of the company.
4. To resolve that in terms of section 221 of the Companies Act, 61 of 1973, as amended ("the Act"), the company hereby extends, until the next annual general meeting, the directors' authority to allot and issue, at their discretion and in terms of the regulations of the JSE Limited, the unissued shares of the company.
5. To resolve that the directors have powers to allot and issue any shares of any class already in issue in the capital of the company for cash when the directors consider it appropriate in the circumstances, subject to the following:
 - this authority shall not endure beyond the earlier of the next annual general meeting of the company or 15 (fifteen) months from the date of passing of this ordinary resolution;
 - there will be no restrictions in regard to the persons to whom shares may be issued, provided that such shares are to be issued to public shareholders (as defined by the JSE Limited ("the JSE") in its Listings Requirements) and not to related parties;
 - upon any issue of shares which, together with prior issues during any financial year, will constitute 5% (five percent) or more of the number of shares of the class in issue, the company shall, by way of paid press announcement in terms of section 11.22 of the JSE Listings Requirements, disclose the asset value of the company and earnings per share, the number of securities issued and the average discount to weighted average traded price of the securities over the 30 (thirty) days prior to the date that the price of such issue was determined or agreed by the company's directors;



Notice of Annual General Meeting

...continued

- issues in aggregate in any one financial year may not exceed 15% (fifteen percent) of the number of that class of the company's issued shares (including instruments which are compulsorily convertible into shares of that class) at the date of application less any shares of that class issued, or to be issued during the current financial year plus any shares to be issued pursuant to an announced, irrevocable and fully underwritten rights offer or to be issued pursuant to any acquisition for which final terms have been announced;
 - the maximum discount at which securities may be issued is 10% (ten percent) of the weighted average traded price of those securities over 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors; and
 - a 75% (seventy-five percent) majority is required of votes cast by shareholders present or represented by proxy at the general meeting to approve the resolution.
6. To transact any other business as may be transacted at a general meeting.
7. To consider and, if deemed fit, to pass with or without modification, the following special resolution:

To resolve that the company hereby approves, as a general approval contemplated in sections 85(2), 85(3) and 89 of the Companies Act, 1973 (Act 61 of 1973), as amended ("the Act"), and in terms of the company's articles of association, the acquisition by the company or any of its subsidiaries from time to time of the issued ordinary shares of the company, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine but subject to the articles of association of the company, the provisions of the Act and the Listings Requirements of the JSE Limited ("JSE"), as presently constituted and which may be amended from time to time, and provided:

- a) any such acquisition of ordinary shares shall be effected through the order book of the JSE trading system and done without any prior understanding or arrangement between the company and any of its subsidiaries and the counterparty;
- b) this general authority shall only be valid until the company's next annual general meeting provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- c) the company (or subsidiary) must be authorised to do so in terms of its articles of association;
- d) that in determining the price at which the company's ordinary shares are acquired by the company or any of its subsidiaries in terms of this general authority, the maximum price at which such ordinary shares may be acquired will be at a premium of no more than 10% (ten percent) of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date of repurchase of such ordinary shares by the company or any of its subsidiaries;
- e) that acquisitions by the company and its subsidiaries of ordinary shares in any one financial year may not exceed 20% (twenty percent) of the company's issued ordinary share capital from the date of the grant of this general authority;

Notice of Annual General Meeting

continued...

- f) after the company (or subsidiary) has acquired ordinary shares which constitute, on a cumulative basis, 3% of the number of ordinary shares in issue (at the time that authority from ordinary shareholders for the repurchase is granted), the company publishes a paid press announcement to such effect containing full details of such acquisitions;
- g) the company (or subsidiary) appoints only one agent to effect any repurchases on its behalf.
- h) repurchases may not take place during a prohibited period in compliance with paragraph 3.67 of the JSE Listings Requirements;

Pursuant to and in terms of the JSE Listings Requirements, the directors of the company hereby state:

- that the intention of the company and/or any of its subsidiaries is to utilise the authority if at some future date the cash resources of the company are in excess of its requirements. In this regard the directors will take account of, inter alia, an appropriate capitalisation structure for the company and the long-term cash needs of the company and will ensure that any such utilisation is in the interest of shareholders;
- that after considering the effect of a maximum permitted repurchase of securities, the company and its subsidiaries are, as at the date of this notice convening the annual general meeting of the company, able to fully comply with the JSE Listings Requirements. Nevertheless, at the time that the contemplated repurchase is to take place, the directors of the company will ensure that:
 - the company and the group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the annual general meeting;
 - the assets of the company and the group will be in excess of the liabilities of the company and the group for a period of 12 months after the date of the notice of the annual general meeting. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the audited annual group financial statements;
 - the share capital and reserves of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting;
 - the working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting; and
 - the company will provide its sponsor and the JSE with all documentation as required in schedule 25 of the JSE Listings Requirements, and will not commence any repurchase programme until the sponsor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved this documentation.

The reason for the Special Resolution is to grant the company or any of its subsidiaries a general authority in terms of the Act for the acquisition by the company or any of its subsidiaries of shares issued by the company, which authority shall be valid until the earlier of the next annual general meeting of the company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the company, provided that the general authority shall not extend beyond 15 (fifteen) months from the date of this annual general meeting. The passing and registration of this special resolution will have the effect of authorising the company or any of its subsidiaries to acquire shares issued by the company.

Notice of Annual General Meeting

...continued

Directors' statement regarding the utilisation of the authority sought

The board has no definite intention of repurchasing shares. It is, however, proposed and the board believes it to be in the best interests of Schamin, that the shareholders pass a special resolution granting the company (or subsidiary) a general authority to acquire the shares of the company.

Other disclosure in terms of Section 11.26 of the JSE Listings Requirements

The following additional information, some of which may appear elsewhere in the annual report of which this notice forms part, is provided in terms of the JSE Listings Requirements for purposes of this general authority:

- Directors – page 11
- Major beneficial shareholders – page 50
- Directors' interests in ordinary shares – page 50
- Share capital of the company – page 31

Litigation statement

In terms of section 11.26 of the JSE Listings Requirements, the directors whose names appear on page 11 of the annual report, are not aware of any legal or arbitration proceedings including proceedings that are pending or threatened, that may have or have had in the recent past (being at least the previous 12 months) a material effect on the group's financial position.

Directors' responsibility statement

The directors whose names appear on page 11 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the Act and the JSE Listings Requirements.

Material changes

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

Voting and proxies

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend and speak and, on a poll, vote in such a shareholder's stead. A proxy need not be a shareholder of the company.

Notice of Annual General Meeting

continued...

On a show of hands every shareholder holding ordinary shares who is present in person (or being a company is present by a representative or proxy not himself a shareholder) and who is allowed to vote at the annual general meeting shall have one vote. Upon a poll every member holding Schamin ordinary shares who is present in person or by proxy (or being a company is represented) shall have one vote for every Schamin ordinary share of which he is the registered shareholder.

Certificated and dematerialised shareholders who have elected "own-name" registration in the subregister through a Central Securities Depository Participant (CSDP) and who are unable to attend but wish to vote at the annual general meeting must complete and return the attached form of proxy and lodge it with the transfer secretaries of the company.

IMPORTANT NOTICE OF DEMATERIALISED SHARES

Dematerialised shareholders who have not elected "own-name" registration in the sub-register through a CSDP and who wish to attend the annual general meeting, must instruct the CSDP or broker to provide them with the necessary authority to attend.

Dematerialised shareholders who have not elected "own-name" registration in the sub-register through a CSDP and who are unable to attend, but wish to be represented at the annual general meeting, should timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and the CSDP or broker.

Forms of proxy may also be obtained on request from the company's registered office. The completed forms of proxy must be deposited at, posted or faxed to the transfer secretaries Ultra Registrars (Pty) Limited, 5th Floor, 11 Diagonal Street, Johannesburg 2000 (PO Box 4844, Johannesburg, 2001) to be received by no later than 10:00 on Monday 26 September 2005. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting should the shareholder subsequently decide to do so.

By order of the board.



N Glover (Mrs)

Company Secretary

Boksburg

23 June 2005

Registered office

28 Patrick Road

Jet Park

Boksburg

1459

Transfer secretaries

Ultra Registrars (Pty) Limited

5th Floor

11 Diagonal Street

Johannesburg

2001

Scharrig Mining Limited

(Registration Number 1992/001973/06)

COMPANY SECRETARY AND REGISTERED OFFICE

N Glover (Mrs)

28 Patrick Road

Jet Park

Boksburg

1459

(PO Box 30193, Jet Park, 1469)

Tel. (011) 661-5900

TRANSFER SECRETARIES

Ultra Registrars (Pty) Limited

5th Floor

11 Diagonal Street

Johannesburg

2001

(PO Box 4844, Johannesburg, 2001)

Tel. (011) 834-2266

BANKERS

Standard Bank

Corporate & Investment Banking

3 Simmonds Street

Johannesburg

2001

(PO Box 61344, Marshalltown, 2001)

Tel. (011) 636-9115

Nedcor Limited

Corporate Banking Division

1st Floor, F Block

135 Rivonia Road

Sandton

(PO Box 1144, Johannesburg, 2000)

Tel. (011) 294-4444

AUDITORS

BDO Spencer Steward (KZN)

Chartered Accountants and Business Advisers

59 Musgrave Road

Berea

Durban

4001

(PO Box 50481, Musgrave Road, Berea, 4062)

Tel. (031) 201-3100

ATTORNEYS

Rossouws Attorneys

Atkinson House

Cnr Eloff and Albert Streets

Johannesburg

2001

(PO Box 1588, Johannesburg, 2000)

Tel. (011) 726-9000

SPONSOR

Sasfin Corporate Finance

A division of Sasfin Bank Limited

13 – 15 Scott Street

Waverly

(PO Box 95104, Grant Park, 2051)

Tel. (011) 809-7500

Form of Proxy

Scharrig Mining Limited

(Incorporated in the Republic of South Africa)

(Registration Number 1992/001973/06)

("Schamin" or "the company")

Share Code:SCN ISIN Code:ZAE000006474

This form is only for the use of registered holders of certificated ordinary shares and of dematerialised ordinary shares in their "own-name" at the annual general meeting to be held at 10:00 on Wednesday 28 September 2005 in the boardroom of Schamin, 28 Patrick Road, Jet Park, Boksburg, or any adjournment if required. Additional forms of proxy are available from the company's registered office.

This form is not for the use of holders of dematerialised ordinary shares in the company who have not selected "own-name" registration. Such shareholders should timeously inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the annual general meeting and request such CSDP or broker to issue them with the necessary authorisation to attend, or provide such CSDP or broker with their voting instructions should they not wish to attend the annual general meeting in person but wish to be represented thereat.

For use at the annual general meeting on Wednesday 28 September 2005 at 10:00.

I/We _____ being the holder/s of _____ ordinary shares in Schamin, hereby appoint (see note 3)

1. _____ or failing him/her
2. _____ or failing him/her
3. the chairman of the annual general meeting as my/our proxy to attend and speak and vote for me/us on my/our behalf at the annual general meeting which will be held for the purpose of consideration, and if deemed fit, passing with or without modification, the ordinary and special resolutions to be proposed at the annual general meeting and at each adjournment and to vote for or against the ordinary and special resolutions or to abstain from voting in respect of the ordinary shares in the issued share capital of Schamin registered in my/our name/s, in accordance with the following instructions (see note 4).

Insert an "X" in the relevant spaces below or the number of ordinary shares according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of ordinary shares than you own in Schamin, insert the number of ordinary shares held in respect of which you wish to vote (see note 4).

AGENDA	Vote in Favour	Vote Against	Abstain
1. To adopt the annual financial statements for the year ended 31 March 2005			
2. To confirm the appointment of C. Scharrighuisen as a director of the company			
3. To re-appoint BDO Spencer Steward as auditors of the company			
4. To place the unissued shares in the authorised share capital under the control of the directors of the company			
5. To allow the directors of the company to allot and issue shares for cash			
Special resolution: To grant a general authority to Schamin (or a subsidiary) to buy-back shares of the company			

Signed at _____ on _____ 2005

Signature _____

Please read the notes on the reverse side.



Notes to the Form of Proxy

1. This form of proxy is to be completed by only those members who are:
 - holding ordinary shares in a certificated form; or
 - recorded in the sub-register in electronic form in their “own-name”.
2. Each member is entitled to appoint a proxy (who need not be a member of Schamin) to attend, speak and, on a poll, vote in place of that member at the annual general meeting.
3. An ordinary shareholder may insert the name or the names of one alternative proxy of the ordinary shareholder’s choice in the space/s provided, with or without deleting “the chairman of the annual general meeting”, but any such deletion must be signed by the ordinary shareholder. 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 those whose names follow.
4. Please insert an “X” or the number of ordinary shares in the relevant space according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of ordinary shares than you own in Schamin, insert the number of ordinary shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the ordinary shareholder’s votes exercisable at the annual general meeting. An ordinary shareholder or his/her proxy is not obliged to use all the votes exercisable by the ordinary shareholder or by his/her proxy, but the total of the votes cast or in respect of which abstention is recorded may not exceed the total number of votes exercisable by the ordinary shareholder or by his/her proxy.
5. Where there are joint holders of any ordinary shares, only that holder whose name appears first in the register in respect of such ordinary shares need sign this form of proxy.
6. Forms of proxy must be received by the transfer secretaries, Ultra Registrars (Pty) Limited, 5th Floor, 11 Diagonal Street, Johannesburg, 2000 (PO Box 4844, Johannesburg, 2001), by no later than 10:00 on Monday 26 September 2005.
7. The completion and lodging of this form of proxy will not preclude the relevant ordinary shareholder from attending the annual general meeting and speaking and voting in person at the annual general meeting to the exclusion of any proxy appointed in terms of this form.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company or Ultra Registrars (Pty) Limited or waived by the chairman of the annual general meeting.
9. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by Ultra Registrars (Pty) Limited.
10. Any alteration to this form must be signed in full and not initialled.
11. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received otherwise than in accordance with these notes, provided that, in respect of acceptances, the chairman is satisfied as to the manner in which the ordinary shareholder concerned wishes to vote.