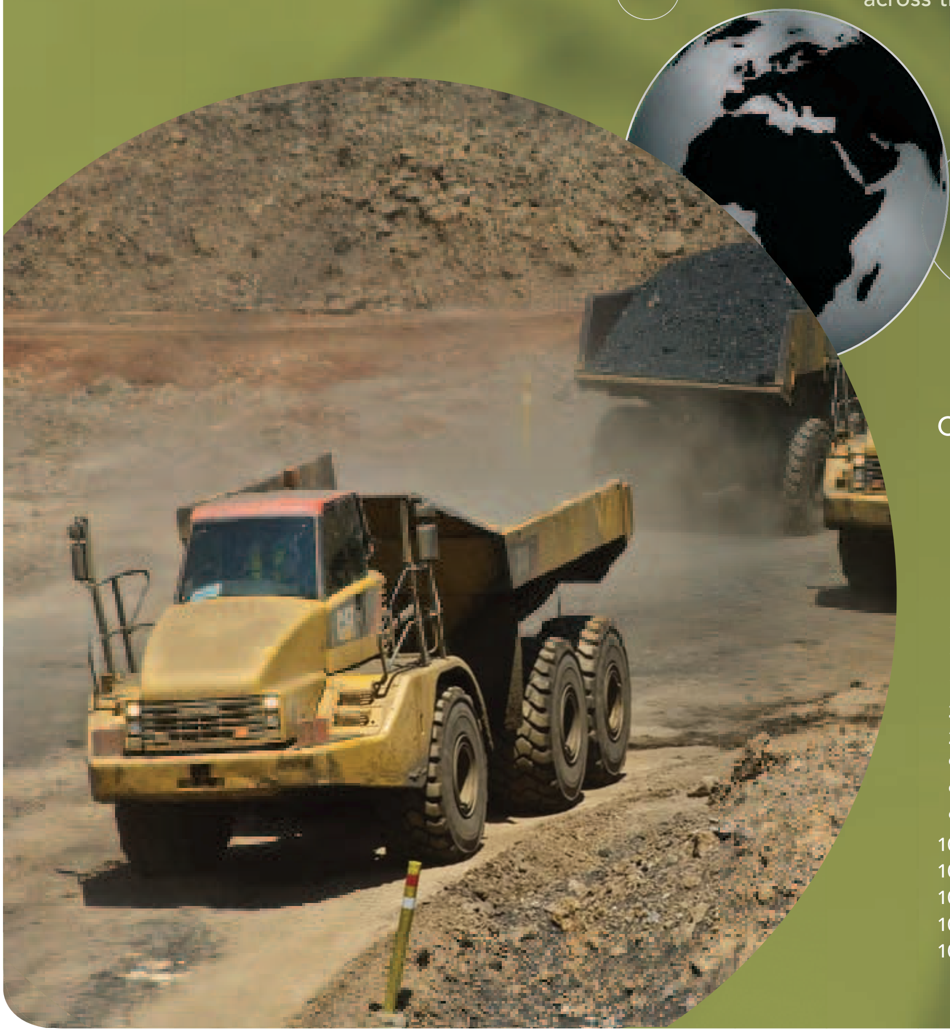
Sentula Mining Limited has been listed on the main Board of the JSE since 1993. The Company is actively involved in open cast mining and rehabilitation and is one of the major suppliers of outsourced mining in the South African coal-mining industry. Sentula has grown to become a leading mining services provider currently with operations in 12 African countries. Principal clients include the likes of Anglo Coal Limited and BHP Billiton Limited. The Company's foothold in the coal and energy sector, coupled with its diversified service offering, client base, mineral exposure and geographical spread, have stood it in good stead during recent challenging economic conditions.

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

Sentula has interests in the Nkomati and Koornfontein operating mines. Koornfontein is located adjacent to the Eskom Komati power station in Mpumalanga and is a large underground operation with good infrastructure and accessibility to rail transport. It produces about 4.5 million tons of coal per annum. The Nkomati mine is close to Komatipoort in Eastern Mpumalanga. Anthracite is produced for export or as a coke blend from open cast and underground operations.

Applications for mining licenses have been lodged at Bankfontein and Schoongezicht in the Delmas and Ermelo regions and it is estimated they will produce about 1.5 million tons per annum. The Company has an interest in coal joint venture, Asenjo Energy, based in Botswana relating to three significant coal deposits, proven to contain approximately 5 billion tons of coal. It also has an interest in the Indongo mining project based in Zambia. These coal prospects have been earmarked for energy and power generation across the region and abroad.



Contents

Financial highlights

⇧ 13%

Revenue increased
to R3 billion

(Restated 2008: R2,7 billion)

⇧ 300%

Profit from operations up
to R480 million

(Restated 2008: R120 million)

⇧ 121%

EPS:
121,1 cents per share

(Restated 2008: 54,7 cents per share)

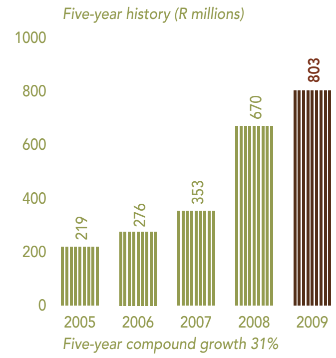
⇧ 15%

The net asset value per share
is 984 cents per share

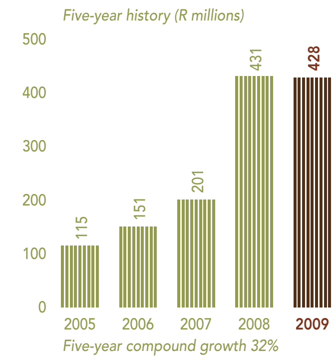
(Restated 2008: 859 cents per share)

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

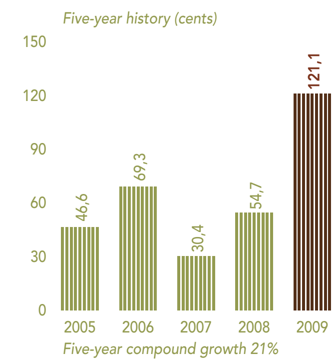
EBITDA*



Operating profit – (EBITA)*

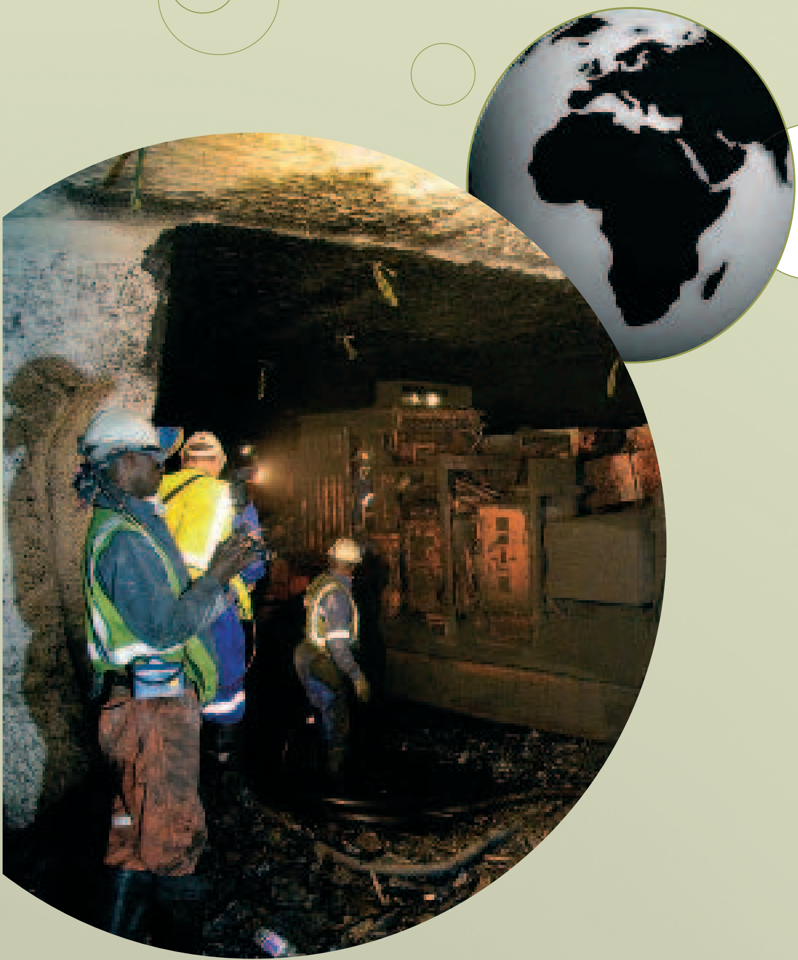


Basic EPS



Strategic review and capital expenditure

Sentula is well positioned to take advantage of contract mining services opportunities in southern Africa	Southern African and worldwide demand for energy and coal will remain intact for the foreseeable future – new mining projects in Africa will present opportunities to Sentula's mining service businesses
Sentula, through Geosearch, has one of the larger exploration drilling companies on the continent	Despite the current global slowdown in demand for resources, Africa will continue to be a source of new supply driving the demand for exploration drilling expertise across the continent
Sentula has the resources to find, develop and manage its own coal resources	Sentula is in a unique position to evaluate, develop and exploit coal opportunities and believes its objective of becoming a substantial junior coal mining company within the medium term is attainable



Net R892 million of capex invested during the year under review

Megacube
R428 million invested in new excavators, articulated dump trucks, rigid dump trucks and support equipment

Benicon
Benicon acquired plant to the value of R183 million to expand operations in the 2009 year

CCT
Investment in capacity for the Smokey Hills platinum contract amounted to R49 million

Drilling and blasting
The Group invested R42 million in drilling and blasting operations, primarily in the acquisition of drill rigs and support equipment

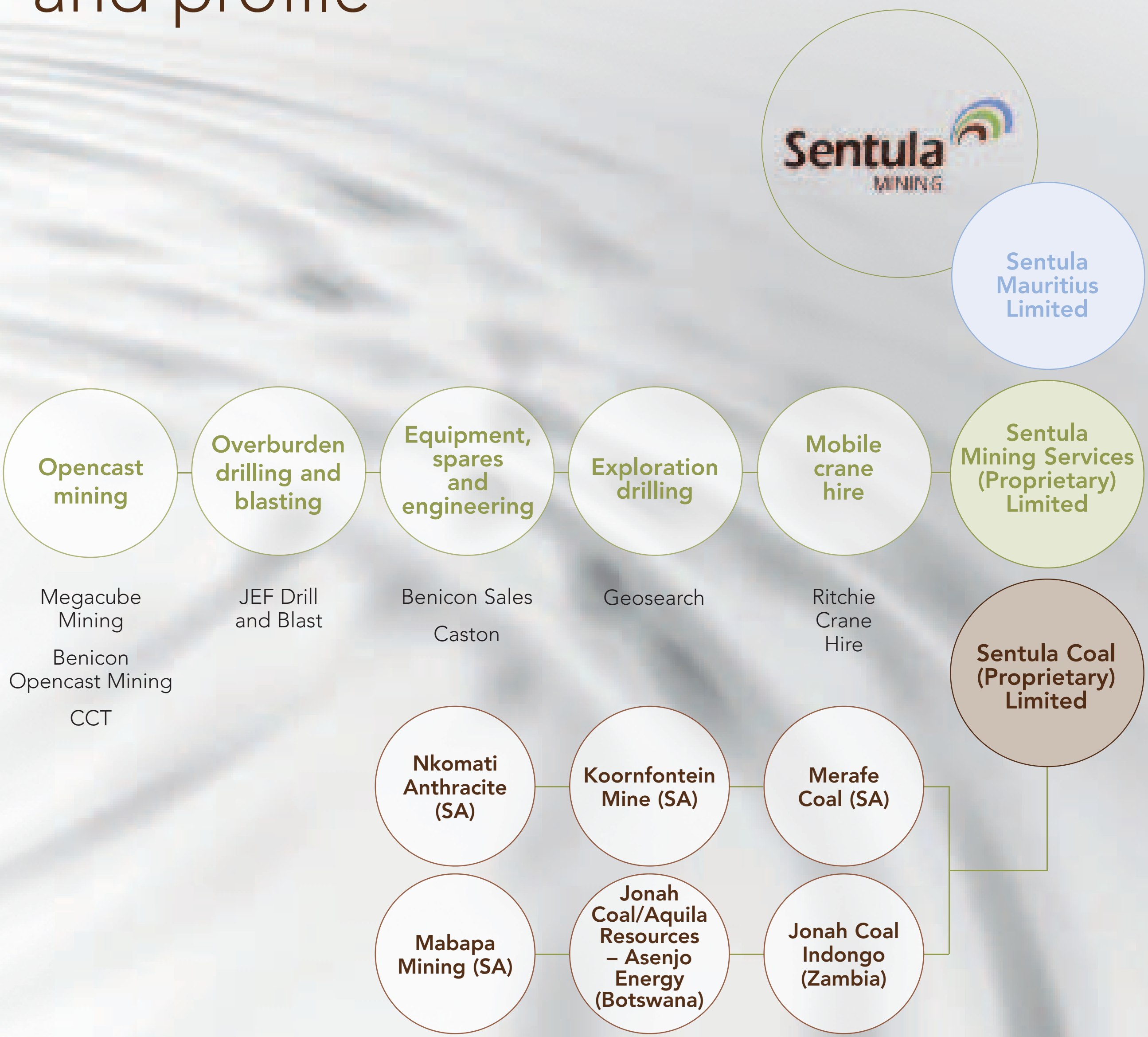
Geosearch
R71 million invested during the year to upgrade drilling capacity and acquisition of workshop and office premises

Ritchie Crane Hire
Investment in additional cranes of R22 million

Coal mining
R97 million predominantly at Nkomati for the development of the underground operation

Planned Capex for 2010
R150 million to be invested during the year

Operational structure and profile



Over 30 years ago the need for reliable earthmoving services was recognised and the business was started with one Komatsu D75 Traxcavator.

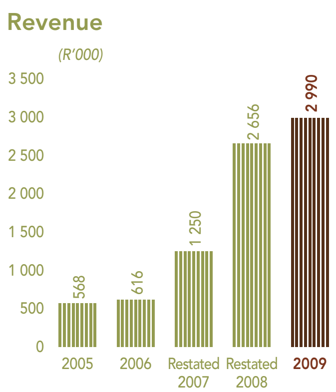
As the company continued to grow, offices were opened in Ladysmith and energies were focused on road and dam building in the Drakensberg and Transkei areas. However, from 1985 the company started to move in a new direction with a number of contracts awarded for earthmoving operations on opencast mines.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

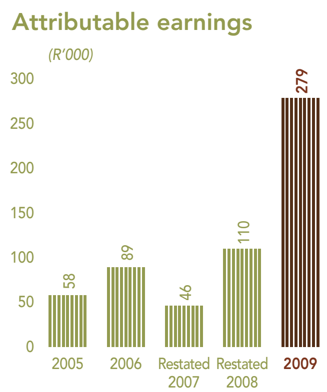
Offices and workshops were opened in Middelburg in the late 1990s to service the increasing mining activities in the Mpumalanga coalfields.

From these modest beginnings in Newcastle, Sentula's fleet has grown to more than 2 506 major machine items today.

Five-year review plan

	2009	Restated 2008	Restated 2007	2006	2005
Revenue (R'000)	**2 989 835**	2 656 039	1 250 484	616 468	567 561
Attributable earnings (R'000)	**278 531**	110 271	45 976	89 262	57 841
Earnings per share (cents)	**121,1**	54,7	30,4	69,3	46,6
Headline earnings/(loss) per share (cents)	**109,1**	-26,5	41,6	69,3	46,6
Tax rate (%)	**17,7**	23,9	32,9	28,3	29,9
Dividend per share (cents)	**0**	21	17	12	7,5
Dividend cover (times)	**0,0**	2,6	1,8	5,8	6,2
Net asset value per share (cents)	**984**	859	433	240	184
Total assets employed	**4 950 431**	4 472 438	2 279 675	886 385	709 234
Return on ordinary shareholders' equity (%)	**13,7**	8,2	8,1	30,6	26,3
Gearing (%)	**75**	72	60	102	113
Liquidity					
– Current ratio	**0,72**	1,18	0,73	0,46	0,43
– Current ratio excluding current portion of long term borrowings	**1,48**	2,31	1,09	1,62	1,77
– Acid test ratio	**0,47**	0,87	0,51	0,35	0,38





Group at a glance

Divisions	Our companies	Acquired in	Revenue/Results
Opencast mining	Megacube		R1,804,200 million R183,673 million
	Benicon Opencast Mining	June 2006	
	Classic Challenge Trading	October 2007	
Overburden drilling and blasting	JEF Drill and Blast	June 2007	R295,892 million R18,621 million
Equipment, spares and engineering	Benicon Sales	June 2006	R181,640 million (R9,948 million)
	Caston	January 1999	
Exploration drilling	Geosearch International	October 2006	R886,600 million R191,395 million
Mobile crane hire	Ritchie Crane Hire	April 2007	R44,702 million R27,358 million
Coal mining investments	Existing producer: Nkomati Anthracite (SA)	March 2008	R34,999 million R30,268 million
	Development and Exploration: Merafe Coal (SA)		—
	Exploration: Mabapa Mining (SA)		—
	Exploration: Jonah Coal/Aquila Resources – Asenjo Energy		—
	Exploration: Jonah Coal Indongo (Zambia)		—
	Existing producer: Koornfontein Mine (SA)	January 2008	— R90,307 million

Operations and information	Major clients
Megacube was the first division established in the company. The Khutala minipit is the benchmark operation with volumes moved of around 1,5 million m^3 per month.	BHP Billiton Limited, Exxaro, Nkomati Anthracite and Optimum Coal Holdings
Benicon provides a full range of mining operations, covering the movement and management of all aspects of overburden removal and coal extraction to specified production budgets. This includes all drilling and blasting operations as well as the movement and management of mine rehabilitation programmes to EMPR specifications.	Anglo Coal
CCT is a hard rock opencast mining company with core competencies in chrome mining and opencast operations for customers in the ferrochrome industry.	Samancor and Platinum Australia
JEF Drill and Blast was set up as a standalone entity in support of opencast mining contracts and to meet the shift towards outsourcing this function. This company is a specialised drilling and blasting entity, which uses 28 specialist drilling rigs in the opencast mining sector, primarily in coal.	Services all of Sentula's opencast mining as well as an expanding external client base
Benicon Sales focuses on the global procurement of used equipment and spares, for overhaul and deployment.	
Caston is a Pinetown based engine rebuild facility.	
Geosearch International is one of the larger African exploration drilling companies, owning 118 exploration drilling rigs. The company employs approximately 1 200 permanent staff and contractors.	Anglogold Ashanti Limited, Anglo Platinum Limited, Billiton plc, Lonmin Limited, Norisk, Phelps Dodge and Vale
Ritchie Crane Hire utilises 20 medium to heavy duty mobile cranes with capacities that range from 25 to 220 tons.	Anglo Coal, Eskom, Highveld Steel and Samancor Ferrochrome
– Large resource base in excess of 80 million tons – Moderate market for anthracite from this region – Mpumulanga Economic Growth Agency – 40% minority shareholder	
– Properties in Development: Schoongezicht – Q2 2010 Bankfontein – Q2 2010. Combined annual sales of 1,5 million tons at full production – Exploration Properties: Rietfontein, Kaallaagte. Currently holds prospecting licences over an additional five properties	
– Equity for development stake in a potential coking coal prospect in Limpopo Province – Up to 75% stake in the potential operation – Combined resources estimated to be 50 million tons	
– High demand and growth in coal generated power and energy opportunities – Initial exploration drilling has commenced	
– Target project area of approximately 5 000 ha in southern Zambia	
– Ownership of 49,9% stake in operation – Good base to develop nearby coal reserves, including those of Merafe Coal – Provides a good platform to grow junior coal company	

Directorate

Executive directors

RC Berry, Chief Executive Officer

GP Louw, Chief Financial Officer

PP Modisane#, Head of Transformation and Human Resources

#with effect 1 October 2008

RC Berry
Chief Executive Officer

GP Louw
Chief Financial Officer

PP Modisane
Head of Transformation and Human Resources

C Moorcroft resigned as executive director on 8 September 2008

Non-executive directors

SE Jonah KBE OSG, Ghanaian
JG Best*
EHJ Stoyell*
P Kingston*
D Marole*
A Kawa*
J van Rooyen*

The above appointed with effect from 11 September 2008

*independent

J van Rooyen
Non-Executive Director

A Kawa
Non-Executive Director

JG Best
Non-Executive Director

D Marole
Non-Executive Director

SE Jonah
Non-Executive Director

P Kingston
Non-Executive Director

TR Hendry resigned as a non-executive director on 18 June 2008

P Huysamer resigned as a non-executive director on 9 July 2008

DCM Gihwala resigned as Deputy Chairman on 11 September 2008

RK Jonah stood down on 4 December 2008

A Joffe resigned on 5 December 2008

Chairman's report

Dear Shareholder

It is my pleasure to present an overview of Sentula Mining's challenges and achievements for 2009 for the first time in my capacity as non-executive Chairman. At the outset I would like to pay tribute and thank the outgoing Chairman, Sir Sam Jonah, for his invaluable contribution.

During the past year, we spent considerable time addressing legacy issues and shortcomings from the past which included *inter alia*; misappropriation of funds, suspensions of share trading, restatements of financial statements and the FSB investigation. These matters are dealt with in greater detail below and in relevant sections of this annual report. We are confident that the appropriate systems and controls that are now in place will ensure that there is no re-occurrence of these issues.

Notwithstanding record cash generated from operations of R967 million, the Company was obligated to redeem principal debt of R643 million and service interest of R246 million during the year under review. Although the Company met its full obligations to its bankers during the year under review, it breached one of its financial covenants in December 2008 and March 2009. This resulted in a renegotiation of the terms and conditions of the Company's senior debt and capital asset finance facilities to create additional headroom during the prevailing tough economic conditions.

To further address the challenges of tight liquidity margins resulting from the depressed commodity cycle and misappropriation during the 2008 financial year, the Company appointed Investec Bank in May 2009, to appraise the capital structure of the Group and advise on a number of initiatives and restructuring options with the intent of dealing with the Group's liquidity position and unlocking value for shareholders. In August 2009 shareholders approved the issue of increased share capital in the company and at the time of this annual report a rights issue was in progress. The rights issue will ensure that the Company's capital structure becomes more relevant to meet the current challenges created by market conditions.

Macro Economic Environment

The global economic slowdown impacted on all commodity markets. The global demand for coal declined but rebounded relatively quickly. South Africa remains a coal based economy and during the 2009 year the demand for domestic coal remained fairly strong with a positive demand outlook for 2010. The Rand/Dollar exchange rate also remained stable at around R8 to the US Dollar.

Strategy

The Board's overall goal for the year under review was largely to 'get our house in order' so that we could effectively minimise and manage risks and extract value from across the Group.

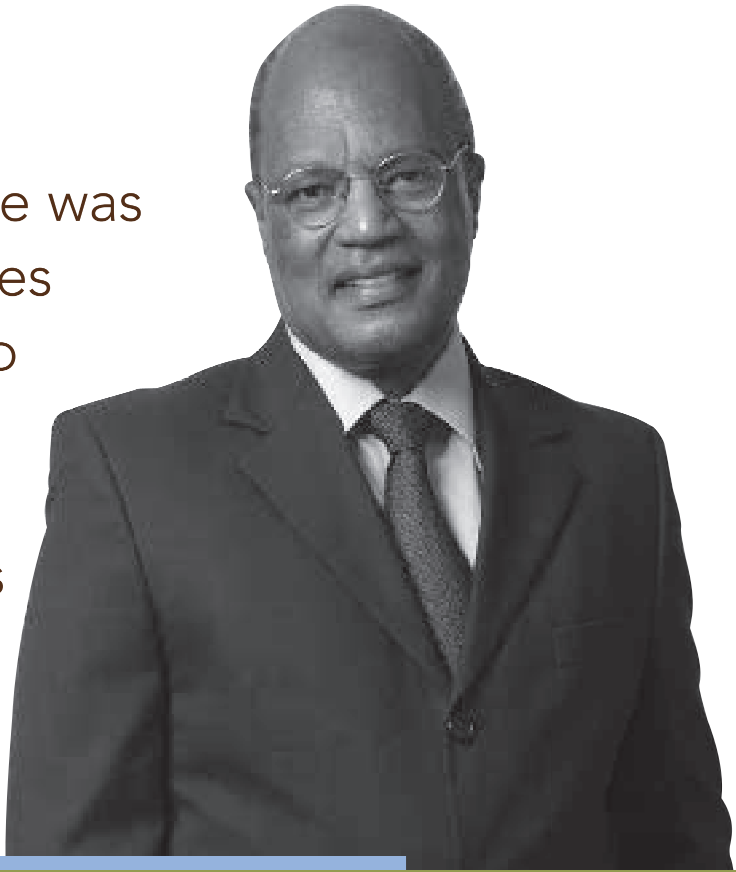
Our primary objective was to develop the entities within the Group into properly structured and appropriately managed operations. Our approach was first to ensure that the right people and processes were in place in the traditional core business. Generally, the company improved risk management practices across the Group and took steps to manage counter-party risk effectively.

The subsidiary directly impacted by legacy issues was Scharrighuisen Opencast and this needed to be turned around first. Sentula took remedial action including addressing some underperforming contracts in the open cast business and redeployed equipment to improve utilisation. Additionally, Scharrighuisen Opencast Mining was rebranded to Megacube Mining and Scharrighuisen Drilling and Blasting was renamed JEF Drill and Blast.

Working capital management became a key focus for management during the period under review. Inventory management and optimisation of plant and equipment was crucial.

In 2006 and 2007 Sentula made several acquisitions and in 2008 one of the company's priorities was to incorporate those acquisitions and rectify the acquisition accounting. Strategically, we will continue to seek value enhancing opportunities, albeit on a more discerning basis.

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



Jeffrey van Rooyen
Independent non-executive Chairman

Group Performance

In challenging economic conditions Sentula produced adequate results for the year under review. In comparing these results with the prior year, shareholders are reminded that the 2007 and 2008 financial statements were re-stated. As a consequence, the comparative base performance was significantly lowered.

Revenue increased by 13% to R3 billion up from R2,7 billion and Operating Profit was up by 300% to R480 million from R120 million. Attributable earnings increased by 154% to R279 million from R110 million in the prior year. Basic Earnings Per Share improved by 121% to 121,1 cents per share from 54,7 cents per share in 2008. Given the current market conditions, the Board of Directors decided not to declare a dividend in respect of the year ended 31 March 2009.

The value of our business lies in two distinct parts, namely, the traditional contract services and the coal mining assets. With respect to the Company's coal assets Sentula mandated SRK Consulting (South Africa) (Proprietary) Limited to compile an independent Competent Persons Report ('CPR') on the Group's operations and coal assets in South Africa. This placed an equity value of around R1,1 billion on the operating mines and near to producing mines.

The Company will continue to develop its portfolio of proprietary coal assets and intends to commence with production of the Bankfontein prospect in the first quarter of the 2011 financial year.

Most mining houses, including some of Sentula's clients, scaled back on their capital expenditure for the year, as did Sentula. Sentula's ramp up of equipment and capex to meet client expectations and commitments was largely completed over the last two years and with the company spending a net amount of R892 million of capex during the year under review. Capex for the 2010 year is expected to be materially reduced to approximately R150 million comprising largely of plant and equipment refurbishment.

Corporate Governance

During the year, the independence of the Board was strengthened and the composition enhanced by several new appointments which balanced and complemented the leadership, governance and transparency of the Group. We, as the Board, will ensure that the Company complies with best practice and corporate governance requirements as outlined in the King Reports. The Board operates under the terms as set out by the Board charter, which regulates the roles and responsibilities of the directors.

Board of Directors

At the commencement of the financial year, the Board comprised of RC Berry (CEO), GP Louw (CFO), C Moorcroft (executive director) and SE Jonah KBE

Chairman's report *continued*

(Chairman), DCM Gihwala, JG Best, TR Hendry, P Huysamer, A Joffe, RK Jonah and EHJ Stoyell (non-executive directors).

Treve Hendry resigned on 18 June 2008, Paula Huysamer resigned on 9 July 2009, Clint Moorcroft resigned on 8 September 2008 and Dinesh Gihwala resigned on 11 September 2008. In December 2008, Allan Joffe resigned as non-executive director and Richard Jonah did not make himself available for re-election to the Board. We thank them for their valuable contribution.

Andy Kawa, Dawn Marole, Pulane Kingston and Jeff van Rooyen were all appointed on 11 September 2008 and Pat Modisane was appointed as Head of Transformation and Human Resources on 1 October 2008.

In May 2009, Sir Sam Jonah stepped down as Chairman due to increasing demands on his time and commitments abroad. He remained as a non-executive director. Jonathan Best was appointed as Deputy Chairman at the same time.

The Board is comprised of the following individuals:

Director	Designation
Jeff van Rooyen	Independent, non-executive Chairman
Jonathan Best	Independent, non-executive Deputy Chairman
Robin Berry	CEO, executive director
Deon Louw	CFO, executive director
Patrick Modisane	Executive director
Sir Sam Jonah	Non-executive director
Andy Kawa	Independent, non-executive director
Pulane Kingston	Independent, non-executive director
Dawn Marole	Independent, non-executive director
Hugh Stoyell	Independent, non-executive director

Management

Sentula strengthened the executive management team and has implemented more robust internal and external controls and improved management practices across the Group. Senior management has successfully addressed legacy issues and shortcomings of the past. The Board is satisfied that the necessary controls and systems are in place to provide assurance as to the integrity and reliability of the Group's records.

Forensic Investigation

The focus of the forensic investigation announced last year shifted this year to the aggressive recovery of those misappropriated assets. Almost R46 million of misappropriated funds were recovered during the course of the 2009 financial year. This amount represents the first recovery of the funds misappropriated from Scharrighuisen Opencast Mining during the 2008 financial year. Legal and criminal actions have been instituted to recover the remaining misappropriated funds. I want to reassure shareholders that the Board and management are fully committed to this recovery process.

Financial Services Board Investigation

Following a fifteen month investigation, on 1 September 2009, the Financial Services Board (FSB) advised that they had decided to proceed with enforcement action against the Company on the basis that it had contravened Section 76 of the Security Services Act, 2004 (Act 36 of 2004). The contravention refers to the publication of the Company's annual financial statements on 21 June 2007, and the publication of the restatement of results on 2 June 2008.

The FSB has afforded the Company an opportunity to make written representations, advancing reasons why enforcement action should not be taken against it. Shareholders will be kept informed of the outcome of the representations.

In addition, the FSB has also decided to proceed with enforcement action against certain individuals for the same reason as above. However, these individuals bear responsibility in their personal capacities and there will be no financial consequences for the Company.

Transformation

Sentula Mining is committed to empowerment and transformation and we have plans to significantly improve our Black Economic Empowerment status. The Group successfully achieved a Broad-Based Black Economic Empowerment ('BBBEE') Level 6 contributor status this year and has a target to achieve a Level 5 status by 2010. Transformation remains a strategic priority for the Group.

Safety, Health and Environment

Health and safety remains a top priority for the Group. For the year under review, the Company's safety performance was below target. Sentula management remains dedicated to working closely with our clients to identify potential hazards and reduce the risks at all our operations to ensure that safety performance returns to an acceptable level. Furthermore, we are committed to enforcing stringent standards of health and safety in compliance with the requirements of the Occupational Health and Safety Act, 1993 (Act 85 of 1993).

Audit Opinion

The financial statements for the year ended 31 March 2009 were audited by KPMG Inc. It is significant that their audit report is now unqualified. The audit report is detailed on page 30 of this report.

Prospects

The Company is turning around its underperforming operations and intends to improve efficiencies and margins in the year ahead. The capital restructuring is currently underway as outlined above. The Board is confident that it will successfully meet the challenges which lie ahead.

Appreciation

I would like to thank our shareholders for their forbearance and continued support. I also wish to acknowledge the members of the Board and management for their hard work and continued commitment. I wish to thank our customers and suppliers for their engaging support and our advisers for their guidance and assistance throughout the year.

Jeff van Rooyen
Independent non-executive Chairman

18 September 2009

Chief Executive Officer's report

Introduction

Despite the extraordinary challenges faced by the Group during the financial year under review, the issues identified have continued to be addressed and the business has shown steady growth in a volatile trading environment. A foundation has been established to provide a solid platform to continue to execute Sentula's strategic objectives and to maintain a positive, but sustainable growth trend.

The solid results posted have been underpinned by the Group's breadth of service provision, its geographic diversification and the contribution from the portfolio of equity stakes in its operating coal projects.

The Group is facing the future with renewed determination and clarity of purpose.

The rebranding of Scharrighuisen Opencast Mining and Scharrighuisen Drilling and Blasting have been changed to Megacube Mining and JEF Drill and Blast, respectively.

Financial results

Revenue for the year increased by 13% to R3 billion from R2,7 billion restated for the prior year, with opencast mining services contributing 58% of revenue or R1,7 billion, exploration drilling contributing R872 million or 29% and earnings from coal investments being R34 million or 1%.

The operating margin remains constant at 16%.

Attributable earnings increased by 154% to R279 million and headline earnings per share increased by 121% to 121,1 cents.

Cash generated from operations was R967,3 million, compared with R468,1 million in the restated prior year.

Notwithstanding increased capital expenditure during the year, the Group successfully managed its net debt to equity ratio at 75%.

Taxation increased to R60,1 million (restated 2008: R34,7 million) resulting from an effective tax rate of 17,7% (restated 2008: 23,9%) due to STC charges, capital gains and tax on the equity accounted investment.

Strategic review and objectives

The majority of Sentula's earnings continue to be generated from coal and energy sector related activities. While the provision of mining services remains at the core of the business, income from investments in coal assets has grown significantly during the period under review.

Capital expenditure

As alluded to in the Chairman's report, the Group redeemed principal debt of R643 million and serviced interest of R246 million on its bank facilities during the past year. The Group's aggressive capital expansion programme during the 2008 and 2009 financial year has resulted in the Group being fully capitalised to meet its existing commitments.

The capital budget for the 2010 financial year has been limited to R150 million. Of this amount approximately R100 million will be spent on refurbishment of existing equipment and R50 million on new equipment. The Group intends funding the capital expenditure programme for 2010 from internally generated cash resources. The Company's overdraft facility will be used to bridge any working capital requirements. As a consequence of tight liquidity margins the Company has agreed the principles for the reschedule of its syndicated and vehicle asset finance facility. These facilities have been renegotiated to ensure that the Group complies with its financial covenants and has the necessary working capital to fund its refurbishment and capital acquisition programmes.

Safety track record

The Group's safety performance, on the whole, has been below Sentula's target, with three subsidiaries reporting serious incidents during the period, which resulted in the deaths of three employees and serious injury to three others. The resultant Group Classified Injury Frequency

The Company is facing the future with renewed determination and clarity of purpose

Robin Berry
CEO, Sentula Mining

Rate of 2,59 per million man hours worked, while within industry norms, is above our target of 2,50 per million man hours worked. Sentula remains committed to working with its clients to identify hazards and to reduce the risk of injury on all their operations.

Sentula continues to nurture the concept of zero harm, by placing the health and safety of its employees as its top priority.

Mining services

Despite the downturn in demand for resources, the Group has maintained and grown its presence across the African continent. Through this, the Sentula Group is still a leading open-cast coal mining contractor in South Africa, an international mining services provider with operations in 12 African countries, and a leading exploration drilling Company across the continent. The Company's foothold in the coal and energy sector, coupled with its (diversified and intergrated) service offering, client base, mineral exposure and geographical spread, have created a solid platform for ongoing sustainable growth.

Opencast Mining

In Megacube Mining (Proprietary) Limited ("Megacube"), the legacy issues identified during the latter part of last year, are in the process of being addressed. Although, due to the sheer magnitude, the turnaround strategy took time to gain momentum, it has now gained critical mass and results are in line with the current financial year expectations. Repriced rates on key contracts and a rigorous equipment refurbishment programme are ensuring that turnover targets and acceptable margins are being met.

Benicon Opencast Mining (Proprietary) Limited ("Benicon"), enjoyed a solid performance in 2009 and is expected to maintain capacity and margin during the current financial year.

Strategically, under the Benicon entity, the Group has established an equipment hire and earthmoving business in Moatise, Mozambique in preparation for the large scale coal mining operations, planned to come on stream from 2010 onwards.

Classic Challenge Trading (Proprietary) Limited ("CCT"), with its expertise in non coal mining activities, was detrimentally impacted during the second half of the financial year, by the downturn in demand for ferrochrome. This impact was partially offset by increased output requirements from the Smokey Hills open pit platinum project.

At approximately 45% contribution to the Group's results, this segment is envisaged to continue to be a significant contributor to the Group's earnings in the 2010 financial year.

Drilling and Blasting

JEF Drill and Blast (Proprietary) Limited ("JEF Drill and Blast"), which operates in both support of the Group's opencast coal contracting activities and directly for a

Chief Executive Officer's report *continued*

broadening client-base, continues to provide a packaged blasting solution to its customers. In the year ahead, this business segment is expected to maintain its level of contribution to the Group, through further diversification of its client-base and reduced capital spend on drilling capacity, at a number of mines.

Exploration drilling

The impact of the downturn in global resources was significant on Geosearch Holdings (Proprietary) Limited ("Geosearch"), during the latter half of 2008, particularly in its non-southern African operations. As confidence in certain mineral sectors has begun to return, Geosearch has seen its order book starting to fill once again, and the international side of the business is expected to return to capacity during the second half of this year.

The solid contribution in the 2009 financial year, as a result of solid growth, wide geographic spread and good overall margins, from this segment, has significantly diversified the Group's overall earnings. Even in the current climate, Geosearch is expected to remain a substantial contributor to the Group's earnings going forward.

Crane hire

Ritchie Crane Hire (Proprietary) Limited ("Ritchie") continues to benefit from the ongoing demand for medium to large mobile cranes, with the commensurate rigging expertise, to support the enduring high level of project activity in the Mpumalanga region. This high margin crane hire business is also set to continue to benefit from the ongoing large infrastructure projects, currently being undertaken in South Africa.

Coal mining investments

During the past year, SRK Consulting (South Africa) (Proprietary) Limited ("SRK") completed a competent person report on the Group's coal portfolio. The CPR comprised a review of a number of technical and feasibility studies conducted by external technical consultancies on the Group's operating and near production assets. The results of the CPR were announced on SENS on 12 May 2009.

Sentula is currently invested in six coal mining projects (four in South Africa, one in Botswana and one in Zambia). The projects can be broadly described as follows:

Operating assets

Nkomati Anthracite

Sales off-take for anthracite held up until the last quarter of the financial year, when demand reduced on the back of the ferrochrome market weakness.

Nkomati Anthracite completed the development of a boxcut to access the Mangweni underground reserve block, in order to diversify its production sources. The underground operation is now operating at capacity. The development of the Madadeni opencast block has been delayed, pending a sustainable increase in the demand for anthracite.

Koornfontein

The colliery performed well during the last financial year, despite the downturn in export coal pricing experienced during the latter part of the year. The mine completed the feasibility study for the development of its extensive four seam coal reserves.

Given the current export coal price, exchange rate and Richards Bay Coal Terminal projections, the contribution from Koornfontein in the coming year will probably be lower than that reflected in the year under review.

Near production coal assets

Of the four resource areas in the Merafe Coal JV, two of the prospects, namely Schoongezicht and Bankfontein are currently being progressed to development, with first production planned for the first quarter of 2011 financial year. The mine licensing and environmental impact assessment process is well under way on both projects.

Further exploration drilling is being undertaken on the remaining Merafe Coal prospects.

Exploration coal investments

Exploration on the Asenjo Energy project in Botswana and the Indongo Mining project in Zambia continues in line with the investment based work programmes.

Further investment in the Mabapa Mining prospect, following the completion of the phase 1 exploration drilling has been suspended given the marginal project economics at the current time.

Prospects

Due to ongoing demand from Sentula's existing and potential new client base throughout the sectors in which mining services are provided, the Group will continue to maintain its capacity in the short to medium term and broaden its geographical footprint.

The Group's vision of developing the mining services business to become the Company of choice across the African continent, on the back of sustainable growth in the sector, remains at the heart of Sentula's strategy. During the last period the Company has actively worked towards this vision through restructuring in support of its non-southern African activities.

With operations in 12 African countries and a leading exploration drilling Company across the continent the Company has created a solid platform for ongoing sustainable growth.

With most operations and the acquisitions trading well in the current environment, a continued improvement in operating performance is expected, going forward.

Thanks

Thank you to our management and their teams for their hard work and dedication during the year to maintain the Group's strong performance.

I would also like to thank our clients for their continued invaluable support and our suppliers for their service.

Robin Berry
CEO, Sentula Mining

18 September 2009

Corporate governance report

Introduction

The directors of Sentula are committed to implementing the principles of the King reports and to achieving corporate governance best practice. The Board will monitor compliance in the forthcoming year and ensure ongoing improvement in the Group's adherence to the principles set out in the King Reports. The Board, assisted by the Audit, Risk and Governance Committee, is responsible for overall corporate governance, and the Company Secretary is responsible for the day-to-day management of corporate governance.

The Group ensures that it complies with all applicable laws and regulations and complied with the JSE Listing Requirements by fulfilling its obligations such as advising the JSE and posting on SENS the resignation and appointment of directors, announcing details of corporate actions that may lead to material movements in the share price, and publishing interim and annual results. The Company Secretary and the sponsor are responsible for assisting the Board in monitoring compliance with relevant legislation and the JSE Listing Requirements.

Board of Directors

Structure and role of the Board

The Board has a unitary structure and comprises ten members. The roles of the non-executive Chairman and the Chief Executive Officer are separated in accordance with the Board's policy of division of responsibilities. This ensures a balance of authority and precludes any one director from exercising unfettered powers of decision-making. In addition, the Board complies with the requirements of the King II Report insofar as the composition of its sub-committees is concerned, except where otherwise stated in this report.

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

- monitoring business and operational performance;
- evaluation of the Group's performance against key performance indicators;
- retention of full and effective control of the Group;
- assessment of risk and implementation and monitoring of risk management procedures;
- review of the annual Audit, Risk and Governance Committee reporting and the establishment of procedures to monitor the implementation thereof;
- Group strategic review and the establishment of procedures to monitor the implementation thereof;
- budget approval;
- maintenance and review of effective corporate governance processes;
- appointment and monitoring of the executive directors; and
- Board and executive level succession planning.

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

Board composition

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

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

Independent non-executive directors are defined as directors that are neither: major shareholders, suppliers to Sentula or previous employees.

end, Sir Sam Jonah resigned as Chairman of the Company on 20 May 2009 due to pressures from his other activities, and Jeff van Rooyen was elected Chairman of the Company, with Jonathan Best taking the office of Deputy Chairman. The directors are set out on pages 8 to 9 of the annual report.

At year-end, the Board comprised of the following directors:

Director	Designation	Appointed
Jeff van Rooyen	Independent non-executive Chairman	11 September 2008
Jonathan Best	Independent non-executive Deputy Chairman	1 July 2007
Robin Berry	Executive director and Chief Executive Officer	1 January 2007
Deon Louw	Executive director and Chief Financial Officer	1 August 2007
Pat Modisane	Executive director and Head of Transformation and Human Resources	1 October 2008
Sam Jonah KBE	Non-executive director	25 August 2006
Hugh Stoyell	Independent non-executive director	30 September 2005
Andisiwe Kawa	Independent non-executive director	11 September 2008
Marion Marole	Independent non-executive director	11 September 2008
Pulane Kingston	Independent non-executive director	11 September 2008

Only executive directors have contracts of employment with the Company. There are no service contracts between the directors and the Company, or any of its subsidiaries that are terminable at periods of notice exceeding one year or that require payment of compensation on termination. Non-executive directors do not hold service contracts with the Company. Details on the remuneration of executive and non-executive directors are presented on page 78.

Changes to the Board

Richard Jonah did not stand for re-election at the 2008 AGM, held on 4 December 2008 and Allan Joffe resigned as a director on 5 December 2008. Post year-

Director appointment and retirement policies

The executive directors as well as the Chairman, are, in accordance with the articles of association and the Board charter, subject to retirement by rotation and re-election at least once every five years. The remaining members of the Board are subject to retirement by rotation and re-election at least every three years.

New appointments to the Board are proposed by Board members, reviewed by the Nomination Committee and deliberated and approved by the Board as a whole. Board appointments are made with a view to ensuring an appropriate blend of skills and experience is maintained. All Board appointments are ratified by Sentula shareholders.

Corporate governance report *continued*

Board meetings

The Board meets at least four times a year with additional meetings held when necessary. During the year under review the Board faced extraordinary challenges which necessitated holding 15 board meetings. The attendance at the Board meetings held during this period is set out below:

Number of Board meetings during the year – 15

Director	Attended
SE Jonah KBE (Chairman)	15
DCM Gihwala (Deputy Chairman) (resigned 11 September 2008)	4
JG Best	15
TR Hendry (resigned 18 June 2008)	0
P Huysamer (resigned 9 July 2008)	2
A Joffe (resigned 5 December 2008)	12
RK Jonah (stood down 4 December 2008)	10
C Moorcroft (resigned 8 September 2008)	7
EHJ Stoyell	14
RC Berry	15
GP Louw	15
PP Modisane (appointed 1 October 2008)	6
A Kawa (appointed 11 September 2008)	6
P Kingston (appointed 11 September 2008)	5
D Marole (appointed 11 September 2008)	2
J van Rooyen (appointed 11 September 2008)	3

Board sub-committees

To enable the Board to properly discharge its duties and responsibilities, the Board is assisted by an Audit, Risk and Governance Committee, a Remuneration Committee, an Investment Committee and a Nomination Committee. Each committee has developed a charter to guide the members in performing their duties and the members of the committees have access to management, Company records and external professional advice if and when required. The chairpersons of each committee, in line with the recommendations of the King Report, attend the annual general meeting.

Audit, Risk and Governance Committee

The Audit, Risk and Governance Committee was established in 2005 and is governed by a charter which is reviewed annually. The charter sets out the committee's duties, which includes assisting the Board with risk management, safeguarding of the assets of the Group, financial control and reporting, internal controls and corporate governance.

In terms of the charter, the committee should comprise of a minimum of two independent non-executive directors, and that the chairman of the committee may not be the chairman of the Board. This is in line with the requirements of the King II Report, and the constitution of the committee is in accord with these guidelines. Accordingly, the committee is chaired by independent non-executive director Jonathan Best who has vast financial expertise within the mining sector. Jeff van Rooyen, Sentula's non-executive Chairman, Andy Kawa, Dawn Marole and Pulane Kingston, Sentula's independent non-executive directors were appointed as committee members during the year, replacing Hugh Stoyell, Richard Jonah and Allan Joffe.

The Chief Executive Officer, Chief Financial Officer, other executives, and the external and internal auditors attend committee meetings by invitation. The committee must annually consider the appropriateness of the expertise and experience of the Group's financial director, and also recommend the annual financial statements for approval by the Board. Additionally, the committee must approve the audit fees and all fees for non-audit services from the Group's auditors. The committee also confirms that it is satisfied with the appropriateness of the skills and expertise of GP Louw, an executive director and Chief Financial Officer, who fulfills the role of Financial Director of the Group, and the independence of the external auditor.

Audit, Risk and Governance Committee meetings held during the year – 12

Director	Attended
JG Best (Chairman)	12
TR Hendry (resigned 18 June 2008)	2
A Joffe (resigned 5 December 2008)	10
RK Jonah (stood down 4 December 2008)	5
EHJ Stoyell	5
A Kawa (joined 11 September 2008)	7
PN Kingston (joined 9 December 2008)	2
MLD Marole (joined 11 September 2008)	1
J van Rooyen (joined 11 September 2008)	5

Remuneration Committee

The Remuneration Committee is in the process of adopting a charter which sets out its duties and obligations. The committee is responsible for ensuring that the directors and executive management are appropriately remunerated and oversees the overall performance of the executives.

During the year under review, the committee was chaired by independent non-executive director Hugh Stoyell and the committee is entirely comprised of independent non-executive directors, being Jeff van Rooyen, Chairman of the Board, Sam Jonah, Andy Kawa and Pulane Kingston. The Chief Executive Officer attends meetings by invitation, and is obliged to recuse himself from discussions in respect of his own remuneration.

Remuneration Committee meetings held during the year – 2

Director	Attended
EHJ Stoyell (Chairman)	2
SE Jonah KBE	1
DCM Gihwala (resigned 11 September 2008)	1
P Huysamer (resigned 9 July 2008)	0
A Joffe (joined 9 July 2008, resigned 11 September 2008)	1
A Kawa (joined 11 September 2008)	1
PN Kingston (joined 11 September 2008)	1

Nomination Committee

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

The committee is chaired by Hugh Stoyell and further comprised of Jonathan Best, Sam Jonah, Jeff van Rooyen and Dawn Marole. Dawn replaced Allan Joffe upon his resignation as director and committee member on 5 December 2008.

Corporate governance report *continued*

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

Nomination Committee meetings held during the year – 1

Director	Attended
EHJ Stoyell (Chairman)	1
JG Best	1
A Joffe (resigned 5 December 2008)	1
SE Jonah KBE	1
J van Rooyen	0 (no meetings held since appointment)
MLD Marole	0 (no meetings held since appointment)

Investment Committee

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

The committee is chaired by independent non-executive director Jonathan Best. Allan Joffe and Richard Jonah resigned as directors and committee members during the year and the current committee members are Hugh Stoyell, Dawn Marole and Andy Kawa.

Details of attendance at the single meeting of the committee during the year under review are set out below:

Investment Committee meetings held during the year – 1

Director	Attended
JG Best	1
EHJ Stoyell	1
A Joffe (resigned 5 December 2008)	1
RK Jonah (stood down 4 December 2008)	1

Code of ethics

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

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

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

The Company complies with the requirements of the King II Report in all respects save that for during the year under review, the Chairman of the Nomination Committee was not the Chairman of the Company. For the forthcoming year, the situation will be rectified.

Company Secretary

All directors have unrestricted access to the advice and services of the Company Secretary and to company records, information, documents and premises. The Company Secretary minutes all Board and sub-committee meetings and maintains the registers required by statute. The Company Secretary is also responsible for keeping directors abreast of regulatory or legislative changes which may affect the Group.

Share dealing and conflicts of interest

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

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

Director's interests and shareholdings are disclosed on page 98 of the annual report.

Accounting and auditing

External audit

The independent external auditors of Sentula are KPMG Inc. and the report of the independent auditors on page 30 sets out the responsibilities of the independent external auditors.

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

Internal audit

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

Internal controls

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

Risk management

The Audit, Risk and Governance Committee is responsible for ongoing risk assessment and monitoring, and recommends appropriate risk management strategies to the Board, which is ultimately responsible for risk management. The systems are designed to provide reasonable assurance as to the integrity and reliability of the information in the financial statements and to safeguard and maintain the Group's assets.

Subsidiaries

During the year under review, the Company applied to CIPRO for the deregistration of the following dormant wholly-owned subsidiaries:

- Edencliff (Proprietary) Limited
- Scharrighuisen Administration (Proprietary) Limited
- Frigate Open Cast Mining (Proprietary) Limited

Post year-end, the name of Scharrighuisen Opencast Mining (Proprietary) Limited was changed to Megacube Mining (Proprietary) Limited and the name of Scharrighuisen Drilling and Blasting (Proprietary) Limited was changed to JEF Drill and Blast (Proprietary) Limited.

Sponsor

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

Compliance with King II

The Company complies with the requirements of the King II Report in all respects save for that during the year under review, the Chairman of the Nomination Committee was not the Chairman of the Company. For the forthcoming year, this situation has been rectified.

Sustainability

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

Transformation

Sentula strives to be a model corporate citizen and to fulfil the social responsibilities to the societies and communities within which its subsidiaries operate, by driving its transformation strategy, in line with the Department of Trade and Industry codes and the Mining Charter.

An internal assessment of the Group and its underlying mining services subsidiaries, to determine its contribution level to its client's procurement initiatives, was completed during the last quarter of the 2009 financial year. For the year ending 31 March 2009, the Group was rated as a Level 6 BBBEE contributor and is currently undergoing accreditation by an external agency.

The strategy to improve the Group's level of contribution, including the management thereof, has been implemented and is supported by the following broad principles:

- Contributing to positive social change, which supports social and economic transformation, through funding and developing efforts, aimed at sustainable development that will bring about a just, equitable and prosperous society and workforce;
- Cultivating mutual respect, by acknowledging our subsidiaries, organisational vision priorities and respecting cultural values, through the development of practices that avoid distortion of the organic development process;
- Being open and accessible, so as to allow employees, suppliers, clients and communities the right to make informed choices and to redress the inherent imbalances of the past;
- Practicing consistency, so that all employees, suppliers and partners receive fair opportunities to access resources and to ensure even-handedness and non-discrimination.

To this end, Sentula has developed initiatives to meet the requirements of Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003), that promotes economic transformation and enables meaningful participation of black people in the economy.

Sentula and its subsidiaries have developed scorecards to assist in measuring the implementation of and compliance with BBBEE. Sentula acknowledges that failure to comply with legislation could damage relations with commercial clients, and compromise the perception of the Group.

Sentula's progression, in terms of transformation, is measured by the following:

- Expressing shareholder commitment to continuous improvement on all aspects of compliance;
- Updating all subsidiary internal recordkeeping on a regular basis for procurement, skills development, employment equity, socio-economic development and enterprise development;
- The development of a regulated and co-ordinated approach for socio-economic and enterprise development through the creation of a Transformation Trust;
- Instituting Element Target Management by setting annual targets per element and sub-element of the Department of Trade and Industry codes;
- Approving budgets required to implement programmes and to track progress monthly;
- Drive compliance and provide internal co-ordination of the BBBEE scorecard process.

The Group has set itself the target of being rated a Level 5 BBBEE contributor by 31 March 2010.

The transformation programmes and operational procedures to manage and improve transformation across the Group and all elements will be reviewed at least every two years or more frequently, if required.

influenceable spend to meet its targets, as the majority of equipment and machinery used in the implementation of its services is not manufactured locally and must be imported.

Sentula focuses on procurement from black-owned businesses and suppliers with a particular emphasis on small to medium-sized enterprises. The Group actively strives to identify new entrant BBBEE service providers and suppliers to procure goods and services for its businesses.

Total spend with Department of Trade and Industry compliant suppliers was R609 million in the financial year 2009 (25% of all discretionary procurement) of which R133 million was spend with black-owned suppliers. R330 million was spent with Level 4 BBBEE contributor suppliers.

Management control and employment equity

The Group is an equal-opportunity employer that does not tolerate discrimination in any form.

The management control element is to be dealt with through the introduction of a day-to-day management structure of executive directors with a minimum 30% black representation, in conjunction with the expansion of the roles and responsibilities of the Group's four black independent non-executive directors.

To achieve compliance from an employment equity perspective, the Group's human resources practitioners ensure that appointments throughout the Group are made in line with the Group's employment equity policy, developed under the guidance of the Group's employment equity committee. The Group's employment equity committee, under the leadership of the executive director for Human Resources and Transformation, ensures that progress is monitored and reviewed. Through this process, Sentula's employee profile will become appropriately representative of the demographics of the regions and countries in which it operates, while retaining a solid base of skills.

Procurement

In accordance with Sentula's Preferential Procurement Policy and Strategy, the Group has implemented an approach to:

- Communicate its approach to all suppliers (large, QSE's and EME's);
- Secure scorecard intentions from 20% of our suppliers that contribute to 80% of our total procurement spend;
- Create awareness among stakeholders with increased focus on deliverables;
- Consider enterprise development opportunities for QSE suppliers in security, wash bays, accommodation, transport and catering.

Presently the Group focuses on procurement from accredited BBBEE suppliers in respect of its

Sustainability *continued*

The strategy will encompass:

- The identification of the number of black people with disabilities throughout the Group;
- An investigation into opportunities for the movement of black employees, particularly females, from junior to middle to senior management positions.

Skills development and training

In support of the Group's ongoing commitment to transformation, improved safety performance and efficiency-driven productivity initiatives, Sentula retains the services of several training and skills development institutions.

The transformation aspect will be achieved through the compilation of an auditable skills development expenditure and learnership matrix at subsidiary level by the end of 2009, which will be based on:

- The implementation of formal learnerships for black employees;
- The appointment of additional learners (of which 20% are targeted to be female) by March 2010;
- The expansion on induction expenditure for black employees;
- The implemention of a leadership development programme.

In addition, this training will assist in meeting the ever-increasing client and contract requirements and make sure that the Group can reap the rewards of improved performances and their positive impact on the overall results.

Formal training programmes have been developed to encompass two broad areas, namely occupational health and safety, and technical skills. These include the following:

Occupational health and safety

- COMSOC 1 and 2 for safety officers
- First-aid training
- HIV/Aids awareness
- Risk assessments

Technical skills

- Operator evaluation
- Original equipment manufacturer based maintenance certification
- Supervisory and middle management

In meeting the challenges of leadership skills provision of a developing organisation, Sentula meets its succession planning objectives by facilitating the advancement of all employees within the organisation, through formal training initiatives, that have been developed to provide the feedstock for future management. Special emphasis is placed on the development of historically disadvantaged South Africans, in order to align the demographics of the Group. Support, in the form of subsidies for further and higher education, is made available to all employees of the Group.

Sentula promotes an entrepreneurial business environment among its subsidiaries, through which staff members, which it recognises as key to the Group's ongoing success, can thrive. The executive management has developed a delayered participative management structure with a culture of strong governance, sustainable forward-looking decision-making and a reward for performance-driven culture.

While operational decisions are taken by the appropriate levels of management, the Group's culture encourages employees to contribute to the development of more effective methods to achieve the overall business aims.

Employee participation in the ownership of the Group is facilitated through the various Group Share Incentive Schemes, details of which are set out in the Director's Report.

Enterprise and socio-economic development

In accordance with the Group's policy and strategy, Sentula has established a Transformation Trust through which it has identified and approved funding of projects to the value of R8 million in the last financial year covering donations and enterprise development projects with local entrepreneurs and communities.

The Transformation Trust focuses on local development projects that are close to Group's operations, and preferably within communities where Sentula's employees and/or their families live.

The Transformation Trust seeks to support the development of projects that are complimentary to existing institutions/projects/initiatives by government agencies, other private investors, community-based organisations and non-government organisations.

Stakeholder commitment is achieved through the Transformation Trust recording, controlling, measuring and reporting on the needs of the various stakeholders which will be underwritten by assurance and verification of actual delivery and outcomes of programmes.

In order to meet this goal the Transformation Trust will:

- be aware of local concerns, customs and traditions;
- be supportive of appropriate community initiatives; and
- observe national and local laws and regulations.

In line with good corporate governance, the Transformation Trust seeks to differentiate between community activities that are largely philanthropic in nature (charitable) and those that have a more direct business benefit (social investment and commercial initiatives in the community).

Safety, Occupational Health and Environment ("SHE")

The Group is committed to enforcing the most stringent standards of occupational health and safety in compliance with the requirements of the Occupational Health and Safety Act, 1993 (Act 85 of 1993) and the Mine Health and Safety Act, 1996 (Act 29 of 1996).

Appropriately qualified health and safety officers are appointed on each site on which subsidiaries operate. These officers bear the responsibility of ensuring full compliance with the relevant health and safety legislation and client requirements and report functionally to Group operational management.

Sentula has quantified and provided for its environmental liabilities on its managed operating coal entities and continues to actively manage any risks across all its coal assets.

Safety

Sentula accepts that the process of improving safety performance is dynamic and that the processes must be continually enhanced in order to meet the changing environments in which Sentula operates and to maintain compliance with the legislation. This strategy is complemented by conducting regular internal occupational health and safety audits, routine reporting of all incidents and the implementation of risk-avoidance strategies that are constantly being updated to take account of potential newly identified hazards.

Employee participation in the formulation and implementation of health and safety policies, taking cognisance of the requirements of our clients, remains an imperative, with all staff being encouraged to identify, report and prevent potential dangers becoming risks.

All supervisors, safety officers, plant and site managers are required to have a valid first-aid certificate, with this training being conducted at the medical facilities of the host mine.

Occupational health

Sentula recognises the impact of occupational diseases and HIV/Aids on the Group's workforce.

Sustainability *continued*

The prevention and monitoring of occupational illnesses is accomplished through the ongoing assessment of workplace risks, strict adherence to the use of personal protective equipment and routine medical surveillance.

A formal HIV/Aids policy has been adopted and the Group actively supports client, regional and national-based initiatives, in this regard. The Group respects the rights of all employees to maintain confidentiality around their HIV status, but through an internal programme of voluntary consented testing, is committed to fostering a supportive working environment for employees infected with the virus.

Environment

Sentula is highly conscious of the potential environmental hazards inherent in its activities. As a service provider to the mining industry, Sentula rehabilitates extensive mined areas on behalf of our clients. The Group's employees are bound to comply strictly with the environmental procedures in place on the sites on which they operate. Employees are educated to avoid harmful environmental practices as a result of inappropriate use of equipment and machinery. All operating sites have an ISO 14001 rating and compliance with environmental procedures is maintained by means of regular audits.

Further, the "Red Card Incident Identification System" has been extended to cater for environmental incidents on operating sites. Each employee has a red and green card, used to indicate any incidents contrary to proper environmental practice. Site supervisors are responsible for recording any incidents indicated.

Across its operating, near development and exploration coal assets, Sentula ensures that all relevant environmental legislation and requirements are complied with.

Code of Ethics

A zero tolerance policy towards corruption, fraud, abuse, or unethical business practice has been rolled out across the Group. An anonymous tip-off line, operated by an independent third party, has been implemented to facilitate the reporting of any behavior that does not comply to the Code. All incidents reported have been fully investigated and members of staff implicated in irregular activities, dealt with appropriately.

Stakeholder communication

Sentula is committed to providing all stakeholders with transparent, timely and reliable communication.

Financial and company announcements are released on SENS, published in the business press, placed on the Company's website and sent directly to shareholders, where appropriate. Investor queries are dealt with by executive management.

The Group maintains a strong, open relationship with the unions which represent Sentula's employees across the various subsidiaries. Management holds regular meetings with the union representatives to facilitate labour relations and ensure mutually beneficial outcomes to matters of debate.

Annual financial statements

for the year ended 31 March 2009

Contents

Independent auditor's report

To the members of Sentula Mining Limited

We have audited the Group annual financial statements and the annual financial statements of Sentula Mining Limited, which comprise the balance sheets at 31 March 2009, and the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report as set out on pages 33 to 97.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Sentula Mining Limited at 31 March 2009, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

KPMG Inc.

Per Hendrik van Heerden
Chartered Accountant (SA)
Registered Auditor
Director

23 June 2009

Directors' responsibility statement

The directors are responsible for the preparation and fair presentation of the Group annual financial statements and annual financial statements of the Company, comprising the balance sheets at 31 March 2009, the income statements, the statements of changes in equity and the cash flow statements for the year ended 31 March 2009, and the notes to the financial statements, which include a summary of significant accounting policies in conformity with International Financial Reporting Standards and in the manner required by the Companies Act, 1973 (Act 61 of 1973), as amended ("the Companies Act").

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

The directors are responsible for the systems of internal control. These are designed to provide reasonable, if not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties.

The annual financial statements have been prepared in accordance with the Companies Act, and International Financial Reporting Standards and are based on appropriate accounting policies, supported by reasonable and prudent judgements.

The directors are of the opinion that the Group and Company has adequate resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

The auditor is responsible for reporting on whether the Group annual financial statements and annual financial statements of the Company are fairly presented in accordance with the applicable financial reporting framework.

Approval of annual financial statements

The Group annual financial statements and the annual financial statements of the Company for the year ended 31 March 2009, set out on pages 33 to 97, were approved by the Board of Directors and are signed on its behalf by:

J van Rooyen
Chairman

JG Best
Chairman: Audit, Risk and Governance

RC Berry
Chief Executive Officer

GP Louw
Chief Financial Officer

23 June 2009

Declaration by Company Secretary

In my capacity as Company Secretary, I declare that for the year ended 31 March 2009 the Company has lodged with CIPRO all such returns as are required of a public company in terms of the Companies Act, 1973 (Act 61 of 1973), as amended, and that all such returns are to the best of my belief true, correct and up-to-date.

Janet Salmon
For Morestat Corporate Services (Proprietary) Limited
Company Secretary

Pretoria
18 September 2009

Directors' report

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

Nature of business

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

Financial results

The 2008 results have been restated by R3,3 million as a result of further information from the forensic investigation. Based on the restated results for 2008 and the actual results for 2009, turnover increased by 13% from R2,7 billion to R3 billion, profit from operations increased 300% from R120 million to R480 million and net profit after tax by 154% from R110 million to R279 million. The Group's cash generation improved dramatically with cash generated from operations increasing by 107% from R468 million to R967 million. Basic earnings per share increased from 54,7 cents to 121,2 cents per share and headline earnings per share increased from a loss of 28,5 cents to a profit of 110 cents per share.

The Group redeemed debt and serviced interest payments of R889 million during the year under review, comprising principal instalments of R643 million and interest of R246 million. The Group also invested R1,013 billion in new plant, equipment and vehicles, primarily in the open cast mining operations, consistent with the 2009 capital budget and the Group's strategy to develop its coal mining operations. R746 million of this expenditure was financed using existing debt facilities.

Restatement of 2008 comparatives

It was reported in last year's annual report that an amount of R242 million had been misappropriated from the Group and that this amount had been fully provided for in that year's financial results. As the forensic investigation proceeded, it was further stated that it was unlikely that further substantial losses would be detected, and as more information became available, there may well be a reclassification between line items in the 2008 published results.

Based on evidence that existed at the time of release of the prior year's results it was thought that the fraud was perpetrated by artificially increasing the cost base of certain assets. Further in-depth work conducted by the KPMG forensic team has however revealed that while the amount defrauded remains R242 million it related only in part to fixed assets with the remainder related to a recovery of import and associated costs and a VAT recovery. This has resulted in a reversal in some of the asset values (previously written down) and a consequential change in liabilities. Depreciation and deferred tax has also been affected as a consequence of these changes.

In addition, during the course of the 2009 financial year the Company reviewed the fair value calculation for the acquisition of the Koornfontein mine and concluded that a liability was erroneously included in the calculation of the negative goodwill and consequently the negative goodwill was understated by an amount of R33,6 million.

The overall effect of these changes is a reduction of R3,3 million on the previous years' net income and a reduction of R3,3 million in net assets. The changes are detailed in note 25 to the annual financial statements and are summarised hereunder:

	R'000
Income statement effect/retained earnings	(3 296)
Net asset effect	3 296
Increase in property plant and equipment	65 300
Increase in investment in equity accounted associate	33 560
Increase in non-current liabilities	(18 284)
Increase in current liabilities	(83 872)

Forensic investigation

Based on the findings of the forensic investigation, the Company remains confident that the provision made in the 2008 financial year for the misappropriated funds fully encapsulates the extent of the misappropriation and that no further provision is required. Furthermore, the forensic investigation has fully reconciled all liabilities financed via a third party intermediary to cash receipts into the Company's disclosed and undisclosed accounts.

Directors' report *continued*

The Company, in conjunction with the forensic auditors, continued to investigate the basis on which plant and equipment was acquired during the course of the 2008 financial year and the associated accounting thereof. The Company has also now fully reconciled the fixed asset register of Scharrighuisen Open Cast Mining (Proprietary) Limited ("Scharrighuisen") and the carrying values of all assets in this entity. These reviews have identified assets of R17,3 million that were not accounted for on Scharrighuisen's fixed asset register on 31 March 2008 and the recovery of these assets was accounted for in the 2009 financial results.

The Company can also confirm that an amount of R45,75 million of the misappropriated funds was recovered during the course of the 2009 financial year. This amount represents the first recovery of funds misappropriated from the Company during the 2008 financial year. The Company can also confirm that assets with a current market value of approximately R38 million have been identified in entities in final liquidation as a consequence of legal action by the Company. The recovery of proceeds from the realisation of these assets has not been accounted for in the 2009 results as their ultimate realisable value is still uncertain.

The emphasis of the forensic investigation has shifted to the recovery of assets and the Company has instituted a number of legal and criminal actions against the implicated entities and individuals to recover further misappropriated funds.

Going concern

The Company has agreed the principles for the reschedule ("the Reschedule") of its Standard Bank syndicated facility ("the Syndicated Facility") and its ABSA vehicle asset finance facility ("ABSA VAF"). These facilities have been renegotiated to ensure that the Group has the necessary working capital to fund its refurbishment and capital expenditure programmes. The directors have reviewed the Group's budget and cash flow forecasts, which have been prepared on the basis of the Reschedule. On the basis of this review, and in light of the current financial position and existing borrowing facilities, the directors are satisfied that the Group is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

Financial Services Board investigation

The Company is co-operating fully with the Financial Services Board in their investigation into certain share dealings and the circumstances that led to the restatement of its 2007 financial results.

Share capital

Full details of the authorised and issued share capital of the Company are set out in note 20 to the annual financial statements. The Company did not issue any shares during the year under review. Unissued shares are not under the control of the directors.

Dividends to shareholders

In light of the prevailing global economic conditions and the Company's cash requirements, the directors have considered it prudent not to declare any dividends for the 2009 financial year.

Directorate

The directors of the Company and abridged curriculum vitae for each director are set out on page 100 to 101 of this report.

Director's remuneration and shareholding

Details of the director's remuneration are set out in note 34 to the annual financial statements and details of director's share holdings are set out under "shareholder's information".

Director's 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 33 to the annual financial statements.

Company Secretary and registered office

Morestat Corporate Services (Proprietary) Limited is the Company Secretary at the date of this report, and its business and postal address is:

24, 18th Street, Menlo Park, 0081
PO Box 35686, Menlo Park, 0102

The Company's registered address is

Ground Floor, Building 14, The Woodlands
Office Park, Woodlands Drive, Woodmead

The Company's postal address is

PO Box 76, The Woodlands Office Park
Woodmead, 2080

Changes to the board

The following changes to the board of directors took place during the year under review:

Resignations

- T Hendry – 18 June 2008
- P Huysamer – 9 July 2008
- C Moorcroft – 8 September 2008
- D Gihwala –11 September 2008
- A Joffe – 5 December 2008

Mr RK Jonah did not make himself available for re-election as a director on 4 December 2008

Appointments

- A Kawa – 11 September 2008
- P Kingston – 11 September 2008
- D Marole – 11 September 2008
- J van Rooyen – 11 September 2008
- P Modisane – 1 October 2008

Financing facilities

During the past year the Company redeemed principal debt of R643 million and serviced interest of R246 million on its debt facilities. The Company's aggressive capital expansion programme during the 2008 and 2009 financial years has however resulted in the Company being well positioned to meet its existing commitments. R746 million of the capital spent during the 2009 financial year was financed from existing credit facilities. Following this period of high capital expenditure the capital budget for the 2010 financial year has been limited to R150 million. Of this amount approximately R100 million will be spent on refurbishment and R50 million on new replacement equipment. The Company intends funding the capital expenditure programme for the 2010 financial year from internally generated cash flows. The Company's existing general short term banking facility will be used to bridge any working capital deficits.

Acquisitions

During the year, the following acquisitions were concluded:

- On 3 April 2008, the prospecting rights acquired as part of the Benicon Mining (Proprietary) Limited acquisition were ceded and this acquisition became unconditional.
- On 16 September 2008, the acquisition by Jonah Coal (Botswana) (Proprietary) Limited of an initial 43,32% equity interest in African Energy (Mauritius) (Proprietary) Limited (Asenjo) was concluded. The Company holds, via Sentula Mining Ventures (Mauritius) (Proprietary) Limited, an equity interest of 50% in Jonah Coal (Botswana) (Proprietary) Limited. African Energy (Mauritius) (Proprietary) Limited is the ultimate holder of a number of coal prospecting tenements in Botswana. On 1 October, Jonah Coal (Botswana) (Proprietary) Limited acquired a further 6,68% equity interest in African Energy (Mauritius) (Proprietary) Limited, thereby increasing its interest to 50%.

Employee share incentive

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

Borrowing powers

In terms of article 34 of the Articles of Association, the Company has unlimited borrowing powers.

During the past financial year, the Company continued to finance capital expenditure utilising its ABSA VAF and Wesbank VAF facilities. The continued availability of these facilities and the Syndicated Facility, on their current terms and conditions, is dependent upon the ongoing compliance with, *inter alia*, a number of financial covenants.

Directors' report *continued*

At year-end the Company was in breach of certain of its debt service cover covenants, but at the date of this report, the breaches had been remedied by means of the Reschedule.

The future growth of the Group is dependent on the continued availability of capital funding for capital acquisitions and the development of its coal assets. In this regard, the Company is in regular discussion with its bankers and other financiers to secure the requisite funding for ongoing capital expenditure and the development of the group's coal portfolio.

Subsequent Events

Finalisation of a Competent Person's Report on the Group's Coal Portfolio

During the past year SRK Consulting (South Africa) (Proprietary) Limited completed a competent person report ("SRK-CPR") on the Group's coal portfolio. The SRK-CPR comprised a review of a number of technical and feasibility studies on the value of the coal portfolio conducted by external technical consultancies. The results of the SRK-CPR were announced by means of SENS on 12 May 2009.

Reschedule of the Group's indebtedness

In terms of the Reschedule, the existing term of the Syndicated Facility which was originally a fully amortising four year facility is extended by a period of six months to 31 May 2012. The term of the ABSA VAF, which was a fully amortising three year facility, is also extended to the same maturity date.

Both facilities are fully amortising facilities and the debt redemption profile of both facilities has been restructured to result in equal monthly instalments as opposed to equal quarterly capital instalments. The Company has also been granted a six month capital debt redemption moratorium to enable the Group to replenish its working capital base for ongoing capital refurbishment and capital equipment acquisitions.

Forensic investigation – progress on the recovery of misappropriated assets

Post year-end the forensic investigation identified assets with a value of approximately R38 million in a number of entities that have been placed in final liquidation as a consequence of legal action taken by the Company to recover the misappropriated funds. The ultimate realisable value of these assets will depend on their market values at the time of realisation and other claims against the sequestrated and liquidated estates.

Capital structure

Sentula has appointed a financial adviser to review the Company's capital structure with the view of continuing to unlock value from the business. In this regard, the Company is considering various initiatives to, *inter alia*, strengthen its balance sheet and allow for the alignment of its capital structure to its business model and the current environment. Certain of these initiatives could contribute towards lower financing costs and a more robust platform from which to take advantage of growth opportunities.

Changes in subsidiary names

Post year-end, Scharrighuisen Opencast Mining (Proprietary) Limited was renamed to Megacube Mining (Proprietary) Limited and Scharrighuisen Drilling and Blasting (Proprietary) Limited was renamed to JEF Drill and Blast (Proprietary) Limited.

Employee share incentive scheme

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

	Directors	Staff	Total
Awards/options at beginning of the year	4 155 200	8 612 800	12 768 000
Options granted during the year	300 000	1 500 000	1 800 000
Lapsed	—	(1 855 000)	(1 855 000)
Exercised and delivered	(555 200)	(107 800)	(663 000)
Awards/options balance at end of the year	3 900 000	8 150 000	12 050 000

Historical information re: directors' unexercised options at 31 March 2009 is as follows:

	Share options at 1 April 2008		Share options granted during the year		Share options exercised and taken delivery of		Share options at 31 March 2009	
Director	Number	Strike price (R)	Number	Strike price (R)	Number	Strike price (R)	Number	Strike price (R)
TR Hendry*	38 800	0,53			38 800	0,53		0,53
J Holland*	38 800	0,53			38 800	0,53		0,53
C Moorcroft*	38 800	0,53			38 800	0,53		0,53
C Scharrighuisen*	38 800	0,53			38 800	0,53		0,53
RC Berry**	2 000 000	10,00			400 000	10,00	1 600 000	10,00
GP Louw	2 000 000	20,00					2 000 000	20,00
P Modisane			300 000	14,28			300 000	14,28
	4 155 200		300 000		555 200		3 900 000	

There were no changes in the directors interests at the date of this report.

*Instructions to exercise options were submitted on 31 March 2008. All of these directors have resigned.
**Instructions to exercise options were submitted on 9 January 2008.

Robin Berry
Director

Deon Louw
Director

23 June 2009

Consolidated income statement

for the year ended 31 March 2009

	Notes	2009 R'000	Restated 2008 R'000
Revenue	4	**2 989 835**	2 656 039
Cost of sales		**(2 341 939)**	(2 126 808)
Gross profit		**647 896**	529 231
Other income		**45 360**	22 874
Impairment	14	**(506)**	(2 131)
Recovery of/(provision for) unaccounted funds	6	**45 749**	(241 661)
Recovery of missing assets	14	**17 308**	—
Administrative expenses		**(276 138)**	(188 300)
Profit from operations	5	**479 669**	120 013
Finance expense	8	**(267 999)**	(162 949)
Finance income	8	**15 694**	8 766
Excess of fair value of assets and liabilities acquired over purchase price	26	**21 075**	77 411
Income from investment in associate (net of tax)	9	**90 307**	101 693
Profit before taxation		**338 746**	144 934
Taxation	11	**(60 099)**	(34 663)
Profit for the year		**278 647**	110 271
Attributable to:			
– Equity holders of Sentula Mining Limited		**278 531**	110 271
– Minority interest		**116**	—
Earnings per share (cents)	12		
– Basic		**121,1**	54,7
– Diluted		**121,1**	54,5
Dividends per share (cents)	13		
Interim		**0,0**	11,0
Final		**0,0**	10,0
		—	21,0
Net asset value per share (cents)		**984**	859
Tangible net asset value per share (excluding goodwill) (cents)		**795**	692
Shares in issue at the end of the year ('000)	20	**235 566**	235 566
Weighted average number of shares at the end of the year ('000)	12	**230 012**	201 699
Diluted weighted average number of shares at the end of the year ('000)	12	**230 076**	202 387

Consolidated balance sheet

at 31 March 2009

	Notes	2009 R'000	Restated 2008 R'000
Assets			
Non-current assets		**4 030 516**	3 334 685
Property, plant and equipment	14	**2 829 525**	2 300 227
Mineral rights	15	**418 410**	364 305
Intangible assets	16	**12 174**	12 008
Investment in equity-accounted associate	9	**333 225**	267 110
Goodwill	16	**423 275**	372 691
Deferred tax	24	**13 907**	18 344
Current assets		**919 915**	1 137 753
Inventories	17	**322 570**	301 120
Trade and other receivables	18	**471 571**	551 458
Cash and cash equivalents	19	**125 774**	285 175
TOTAL ASSETS		**4 950 431**	4 472 438
Equity and liabilities			
Total ordinary shareholders' funds		**2 176 570**	1 889 002
Share capital	20	**2 356**	2 356
Share premium	20	**1 557 680**	1 558 640
Treasury shares	20	**(25 666)**	(30 779)
Reserves		**56 423**	32 721
Retained earnings		**585 777**	326 064
Minority interest		**87 451**	87 335
Total shareholders' funds		**2 264 021**	1 976 337
Liabilities			
Non-current liabilities		**1 404 604**	1 530 617
Loans and borrowings	21	**1 076 248**	1 232 865
Rehabilitation provision	22	**77 135**	67 790
Deferred tax	24	**251 221**	229 962
Current liabilities		**1 281 806**	965 484
Trade and other payables	23	**455 877**	429 098
Loans and borrowings	21	**660 493**	472 458
Other financial liabilities	27	**10 468**	5 851
Bank overdraft	19	**88 326**	—
Taxation payable		**66 642**	58 077
Total liabilities		**2 686 410**	2 496 101
TOTAL EQUITY AND LIABILITIES		**4 950 431**	4 472 438

Consolidated statement of changes in equity

for the year ended 31 March 2009

	Notes	Share capital R'000	Share premium R'000	Employee share incentive reserve R'000	Treasury shares R'000	Foreign currency trans-lation reserve R'000	Retained earnings R'000	Non-distribu-table reserve R'000	Minority interest R'000	Total ordinary share-holders' funds R'000
Balance as at 31 March 2007		1 884	572 684	1 110	(35 626)	(5 043)	258 644	13 866	8 389	815 908
Restated profits							110 271			110 271
Profit for the year as previously reported							113 567			113 567
Prior year adjustments – profit							(3 296)			(3 296)
Foreign currency translation movement						2 544				2 544
Nkomati minority as a result of business acquisition	26.1								87 335	87 335
Dividend paid	13						(42 851)			(42 851)
Share based payments				20 606						20 606
Share options exercised			(4 073)	(362)	4 847					412
Minority acquired	26.2								(8 389)	(8 389)
Shares issued		472	990 029							990 501
Restated balance as at 31 March 2008		2 356	1 558 640	21 354	(30 779)	(2 499)	326 064	13 866	87 335	1 976 337
Profit for the year							278 531		116	278 647
Foreign currency translation movement						25 044				25 044
Disposal of dormant subsidiaries								(13 866)		(13 866)
Dividend paid	13						(23 003)			(23 003)
Share based payments	5			16 709						16 709
Share options exercised			(4 604)		5 113					509
Share options forfeited				(4 185)			4 185			—
Business acquisition	26.1		3 644							3 644
Balance as at 31 March 2009		**2 356**	**1 557 680**	**33 878**	**(25 666)**	**22 545**	**585 777**	**—**	**87 451**	**2 264 021**

Consolidated cash flow statement

for the year ended 31 March 2009

	Notes	2009 R'000	Restated 2008 R'000
Cash flows from operating activities			
Profit for the year		**278 647**	110 271
Adjustments for:			
Depreciation	5	**375 254**	239 177
(Recovery of)/provision for unaccounted funds	6	**(45 749)**	241 661
Recovery of missing assets	14	**(17 308)**	—
Amortisation of intangible assets	16	**9 109**	46 258
Amortisation of mineral rights	15	**1 225**	—
Impairment	14	**506**	2 131
Scrapping of assets	14	**8 517**	—
Foreign exchange gains	5	**45 364**	(5 790)
Excess of fair value of assets and liabilities acquired over purchase price	26	**(21 075)**	(77 411)
Finance income	8	**(15 694)**	(8 766)
Finance expense	8	**267 999**	162 949
– Paid		**237 470**	126 726
– Accrued		**30 529**	36 223
Equity settled share based payment expense	5	**16 709**	20 606
Income from investment in associate (net of tax)	9	**(90 307)**	(101 693)
Profit on disposal of subsidiary		**(16 346)**	—
Increase in rehabilitation provision		**9 345**	—
Loss/(gain) on sale of property, plant and equipment		**1 364**	(6 190)
Net movement in foreign currency translation reserve		**(25 044)**	—
Income tax expense	11	**60 099**	34 663
Cash flows from operating activities before changes in working capital		**842 615**	657 866
(Increase) in inventories		**(21 450)**	(78 020)
Decrease/(increase) in trade and other receivables		**115 076**	(161 469)
(Decrease)/increase in trade and other payables		**31 144**	49 686
Cash generated from operations		**967 385**	468 063
Income taxes paid		**(41 330)**	(52 537)
Interest paid		**(237 470)**	(126 726)
Net cash from operating activities		**688 585**	288 800
Investing activities			
Acquisition of subsidiaries, net of cash acquired	26	**—**	(57 817)
Acquisition of minority interest	26	**—**	(13 880)
Purchase of property, plant and equipment	14	**(1 044 399)**	(1 162 816)
Cost price adjustment on plant and equipment		**—**	(241 661)
Proceeds from disposal of property, plant and equipment		**151 797**	150 863
Purchase of investment in joint venture		**(61 482)**	—
Purchases of investment in associate	9	**—**	(165 417)
Cash received from investment in associate		**24 192**	—
Interest received	8	**15 694**	8 766
Net cash utilised in investing activities		**(914 198)**	(1 481 962)
Financing activities			
Proceeds from issue of ordinary shares		**—**	698 730
Increase in borrowings		**889**	659 703
Dividends paid	13	**(23 003)**	(44 607)
Net cash (utilised)/from financing activities		**(22 114)**	1 313 826
Net (decrease)/increase in cash and cash equivalents		**(247 727)**	120 664
Cash and cash equivalents at beginning of year		**285 175**	164 511
Cash and cash equivalents at end of year	19	**37 448**	285 175

Operational segment reporting

for the year ended 31 March 2009

The Group is organised into six major operating segments, namely opencast mining and earthmoving, exploration drilling, drilling and blasting, crane hire, equipment trading and spares and coal mining. Inter-segment revenue is priced on an arms length basis. These segments are the basis on which the Group reports its primary segment information. Financial information about business segments is presented as follows:

Business segments

2009 (R'000)	Opencast mining and earth-moving	Explora-tion drilling	Drilling and blasting	Crane hire	Equip-ment trading and spares	Coal mining	Other	Elimina-tions	Consoli-dated
External Revenue	1 731 272	872 113	179 936	44 317	120 799	34 009	7 389	—	2 989 835
Inter-segment revenue	72 928	14 487	115 956	385	60 841	990	—	(265 587)	—
Total segment revenue	1 804 200	886 600	295 892	44 702	181 640	34 999	7 389	(265 587)	2 989 835
Segment result	183 673	191 395	18 621	27 358	(9 948)	30 268	(24 755)		416 612
Recovery of/(provision for) unaccounted funds	45 749								45 749
Recovery of missing assets	17 308								17 308
Results from operating activities									479 669
Net finance costs									(252 305)
Excess of fair value of assets and liabilities acquired over purchase price						21 075			21 075
Share of profit of equity-accounted associate						90 307			90 307
Income tax expense									(60 099)
Profit for the period									278 647
Segment assets	2 537 375	756 052	157 899	94 200	107 329	568 045	382 399		4 603 299
Investment in equity-accounted associate						333 225			333 225
Unallocated assets									13 907
Total assets									4 950 431
Segment liabilities	308 138	120 792	30 472	6 770	15 922	81 415	1 805 038		2 368 547
Unallocated liabilities									317 863
Total liabilities									2 686 410
Capital expenditure	791 300	67 238	45 830	23 103	737	99 075	17 421	—	1 044 704
Depreciation	279 985	63 831	26 864	1 038	761	2 422	353	—	375 254
Amortisation of intangible assets			9 109						9 109
Impairment losses on property, plant and equipment	506								506

Business segments

2008 (R'000)	Opencast mining and earth-moving	Explora-tion drilling	Drilling and blasting	Crane hire	Equip-ment trading and spares	Coal mining	Other	Elimina-tions	Consoli-dated
External revenue	1 315 533	774 179	132 430	28 960	404 937	—	—	—	2 656 039
Inter-segment revenue	44 385	—	69 658	—	17 762	—	—	(131 805)	—
Total segment revenue	1 359 918	774 179	202 088	28 960	422 699	—	—	(131 805)	2 656 039
Segment result	202 020	162 314	(6 865)	20 717	11 647	—	(28 159)	—	361 674
Recovery of/(provision for) unaccounted funds	(241 661)								(241 661)
Results from operating activities									120 013
Net finance costs									(154 183)
Excess of fair value of assets and liabilities acquired over purchase price						77 411			77 411
Share of profit of equity accounted associate						101 693			101 693
Income tax expense									(34 663)
Profit for the period									110 271
Segment assets	2 212 311	767 456	197 088	75 725	205 072	461 091	268 241		4 186 984
Investment in equity-accounted associate						267 110			267 110
Unallocated assets									18 344
Total assets									4 472 438
Segment liabilities	245 828	102 488	14 977	1 108	36 972	69 909	1 736 780		2 208 062
Unallocated liabilities									288 039
Total liabilities									2 496 101
Capital expenditure	951 632	93 643	127 470	78 178	58 208	74 894			1 384 025
Depreciation	176 491	41 671	18 678	1 571	766				239 177
Amortisation of intangible assets		38 667	7 591						46 258
Impairment losses on property, plant and equipment	2 131								2 131

Geographical segments

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

	2009				2008		
(R'000)	**South Africa**	**Rest of Africa**	**Mauritius***	**Consolidated**	South Africa	Rest of Africa	Consolidated
Revenue from external customers	**2 490 527**	**491 884**	**7 424**	**2 989 835**	2 227 178	428 861	2 656 039
Segment assets	**4 077 741**	**411 276**	**114 282**	**4 603 299**	3 791 772	395 212	4 186 984
Capital expenditure	**1 003 830**	**40 531**	**343**	**1 044 704**	1 333 441	50 584	1 384 025

*Mauritius was a start up operation in 2008 and was included in South Africa as it was considered to not be significant in the prior year.

Notes to the consolidated financial statements

for the year ended 31 March 2009

Sentula Mining Limited is a company domiciled in the Republic of South Africa. The address of the Company's registered office is Ground Floor, Building 14, Woodlands Office Park, Woodmead. The consolidated financial statements of the Company as at and for the year ended 31 March 2009 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

The Group annual financial statements were approved by the Board of Directors on 19 June 2009.

1 Basis of preparation

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

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

The preparation of financial statements in conformity with IFRS required management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions that affect the application of accounting policies and reported amounts are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

2 Significant accounting policies

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

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

2.1 Basis of consolidation

2.1.1 Subsidiaries

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

With the purchase of a minority interest the difference between the cost of the additional investment and the carrying amounts of the net assets at the date of exchange are recognised as goodwill.

In the financial statements of the Company, the investment in subsidiaries is measured at cost.

2.1.2 Special purpose entities

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

2.1.3 Associates

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

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

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

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

2.1.4 Joint Ventures

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

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

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

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

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

2.1.5 Business combinations

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at their acquisition date, irrespective of the extent of any minority interest. The excess of the costs of acquisition over the fair value of the Group's share of the identifiable net asset acquired, is recognised as goodwill. Where the fair value of the assets and liabilities exceeds the cost of acquisition the difference is recognised in the income statement. Application of the purchase method starts from the acquisition date, which is the date on which the acquirer effectively obtains control of the acquiree.

2.2 Functional currency and translation of foreign currencies

2.2.1 Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2009

2.2.2 Foreign operations

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

- assets and liabilities for each balance sheet presented are translated at the ruling rate at the date of that balance sheet;
- income and expenses for each income statement account are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised as a separate component of equity (in the foreign currency translation reserve).

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

2.3 Intangible assets

2.3.1 Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of the acquisition. Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. When the excess of the cost of the acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and the contingent liabilities of the acquiree is negative (negative goodwill), it is recognised immediately in profit or loss. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2.3.2 Other intangibles

These relate to customer base and assembled workforce acquired in subsidiaries. The intangible assets relating to these customer base and workforce is expected to be amortised over two to five years respectively from the date of acquisition. The carrying amounts of other intangible assets with a definite useful life are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, then the recoverable amount is estimated.

2.3.3 Exploration for and the evaluation of mineral resources

Exploration and evaluation costs, comprising the costs of acquiring prospecting coal rights and directly attributable exploration expenditure, are capitalised as intangible exploration and evaluation assets.

The technical feasibility and commercial viability of extracting a coal resource is considered to be determinable when proven reserves are determined to exist. Upon determination of proven reserves, intangible exploration and evaluation assets attributable to those reserves are tested for impairment and impaired if required. These assets are only amortised once they are available for use which is expected to be when they are in commercial production. Intangible exploration and evaluation assets are, as a result, not amortised. Intangible exploration and evaluation assets are assessed for impairment annually based on the information available regarding the reserves.

2.4 Property, plant and equipment

2.4.1 Recognition and measurement

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

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

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

2.4.2 Subsequent costs

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

2.4.3 Depreciation

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

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

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

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

• buildings	50 years
• mining assets	Over the anticipated life of mine
• plant and equipment	5 years – 10 years
• motor vehicles	5 years
• furniture, fittings and equipment	10 years

Leased assets are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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

2.5 Impairment of non-financial assets

The carrying amount of the Group's assets, other than inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is an indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

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

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

Impairment charges are included in the administrative expenses line in the consolidated income statement, except to the extent that they reverse gains previously recognised in the consolidated statement of changes in equity.

2.6 Inventories

Inventories are mine operating supplies, equipment spares and other materials held in the ordinary course of business, consumed in the production process or in the rendering of services. Inventories are stated at the lower of cost and net realisable value using the first-in-first-out method. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and costs necessary to make the sale.

2.7 Provisions

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

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2009

2.8 Financial instruments

Financial assets and liabilities are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instruments.

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

Financial assets

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

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

Loans and receivables

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

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

Cash and cash equivalents

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

These balances are initially and subsequently valued at fair value.

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

Financial liabilities

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

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

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

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

2.9 Taxation

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

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

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for:

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

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

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

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

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

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

2.10 Share capital

The Group's ordinary shares are classified as equity instruments. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of tax effects.

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

2.11 Revenue

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

2.12 Borrowing costs

Borrowing costs are not capitalised but recognised in the income statement in the period incurred.

2.13 Dividends

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

2.14 Leased assets

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

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2009

2.15 Segment reporting

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a Group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

Segment information is presented in respect of the Group's business and geographical segments, The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments (other than investment property) and related revenue, loans and borrowings and related expenses, and income tax assets and liabilities.

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

2.16 Employee benefits

2.16.1 Defined contribution plans

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

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

2.16.2 Short-term employee benefits

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

2.16.3 Share based payment transactions

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

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

2.17 Contingent assets and liabilities

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

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

2.18 Critical accounting estimates and judgements

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

- **Useful lives of intangible assets and property, plant and equipment**
  As described in 2.4 above, the estimated useful lives of property, plant and equipment are reassessed at the end of each annual reporting period. The Group amortises its assets over their estimated useful lives, as more fully described in the accounting policies for property, plant and equipment and intangible assets. The actual lives of these assets can vary depending on a variety of factors, including technological innovation and maintenance programmes. Changes in estimates can result in significant variations in the carrying value and amounts charged to the consolidated income statement in specific periods.

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

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

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

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

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

- **Income taxes**
  The Group is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when, despite the Group's belief that its tax return positions are supportable, the Group believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

- **Share based payments**
  The Group has four types of equity-settled share based remuneration schemes for employees. Employee services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non-market vesting conditions. The fair value of share options is estimated by using the binominal valuation models, on the date of grant based on certain assumptions. Those assumptions are described in note 7 and include, among others, the dividend growth rate, expected volatility, expected life of the options and number of options expected to vest.

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2009

3 Adoption of new and revised statements

3.1 Standards and interpretations effective in the current year

The two interpretations issued by the International Financial Reporting Interpretations Committee effective for the current year are: IFRIC 12 Service Concession Arrangements and IFRIC 14 (IAS19) – The Limit on a Defined Benefit Asset, Minimum, Funding Requirements and their Interaction. These statements have no impact on the Group and have not been adopted.

3.2 Standards and interpretations in issue not yet adopted

The following standards and interpretations were in issue but not yet effective for the year ended 31 March 2009:

- IAS 1 (Revised) Presentations of Financial Statements (effective for accounting periods beginning on or after 1 January 2009)
- IAS 1 Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation (effective for accounting periods beginning on or after 1 January 2009)
- IAS 16 (Revised) Property, Plant and Equipment (effective for accounting periods beginning on or after 1 January 2009)
- IAS 23 (Revised) Borrowing Costs Liquidation (effective for accounting periods beginning on or after 1 January 2009)
- IAS 27 (Revised) Consolidated and Separate Financial Statements (effective for accounting periods beginning on or after 1 July 2009)
- IAS 28 Investments in Associate (effective for accounting periods beginning on or after 1 July 2009)
- IAS 31 Interest in Joint Venture (effective for accounting periods beginning on or after 1 July 2009)
- IAS 32 Financial Instruments Presentation (effective for accounting periods beginning on or after 1 January 2009)
- IAS 39 Financial Instruments: Recognition and measurement (effective for accounting periods beginning on or after 1 July 2009)
- IFRS 1 First-time adoption of International Financial Reporting Standards: (effective for accounting periods beginning on or after 1 July 2009)
- IFRS 2 Share Based Payments: Vesting Conditions and Cancellations (amendments effective on or after 1 January 2009)
- IFRS 3 (Revised) Business Combinations (effective for accounting periods beginning on or after 1 July 2009)
- IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations (effective for accounting periods beginning on or after 1 July 2009)
- IFRS 8 Operating segments (effective for accounting periods beginning on or after 1 January 2009)
- IFRIC 13 Customer Loyalty Programmes (effective for accounting periods beginning on or after 1 July 2008)
- IFRIC 16 Hedges of Net Investment in a Foreign Operation (effective for accounting periods beginning on or after 1 October 2008)
- IFRIC 17 Distributions of Non-cash Assets to Owners (effective for accounting periods beginning on or after 1 July 2009)
- IFRIC 18 Transfers of Assets from Customers (effective for accounting periods beginning on or after 1 July 2009)

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

		2009 R'000	Restated 2008 R'000
4	**Revenue**	**2 989 835**	2 656 039
	Revenue is derived from opencast contract mining, rehabilitation, earthworks, mining services, exploration drilling, crane hire, and sale of equipment and spares.		
	Opencast mining and earth moving	**1 731 272**	1 315 533
	Drilling and blasting	**179 936**	132 430
	Coal mining	**34 009**	—
	Exploration drilling	**872 113**	774 179
	Crane hire	**44 317**	28 960
	Equipment trading and spares	**120 799**	404 937
	Mauritius	**7 389**	—
		2 989 835	2 656 039
5	**Profit from operations**		
	After allowing for the following:		
	Income		
	Profit on disposal of property, plant and equipment	**8 130**	8 017
	Net foreign exchange gains	**45 364**	5 790
	– Foreign exchange gains	**51 507**	5 790
	– Foreign exchange losses	**(6 143)**	—
	Profit on disposal of subsidiary	**16 346**	—
	Expenses		
	Bad debts written off	**17 253**	71
	Restraint of trade payments	**—**	2 875
	Royalties	**1 115**	—
	Auditors' remuneration		
	Audit fees – current year	**11 466**	5 630
	Forensic services	**3 165**	—
	Other accounting services	**3 784**	2 475
	Loss on disposal of property, plant and equipment	**9 494**	1 827
	Amortisation of intangible assets	**9 109**	46 258
	Amortisation of mineral rights	**1 225**	—
	Depreciation	**375 254**	239 177
	– plant and equipment	**338 551**	216 498
	– motor vehicles	**32 585**	21 065
	– furniture, fittings and equipment	**2 527**	1 614
	– mining assets	**1 256**	—
	– buildings	**335**	—
	Impairment of property, plant and equipment	**506**	2 131
	Scrapping of assets	**8 517**	—

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2009

		2009 R'000	Restated 2008 R'000
5	**Profit from operations** *(continued)*		
	Staff costs		
	– Salaries and wages	**632 400**	529 349
	– Provident fund	**17 279**	21 510
	– Equity-settled share based payment expense	**16 709**	20 606
	Operating lease charges		
	Premises		
	– Contractual amount	**7 056**	8 374
	Motor vehicles and equipment	**—**	11
	Future minimum lease payments		
	– up to 1 year	**6 745**	9 988
	– 1 to 5 years	**6 921**	17 199
	– more than 5 years	**—**	9 438

The lease agreements are entered into on market related terms and conditions and are subject to annual market related escalation in the lease rates. Property lease agreements are subject to a lease extension option. During 2008 Sentula Mining Services acquired the property that was previously leased by Geosearch and no lease has been entered into between the subsidiaries.

6 Provision for unaccounted funds

A forensic investigation identified an undisclosed bank account which had not been accounted for at the time of the release of the 2008 reviewed results. This account has been recorded in the ledger of Scharrighuisen Opencast Mining (Proprietary) Limited and a provision was created for the apparent irregular payments and transfers from this account. The directors' report discloses progress made in the forensic investigation into these irregularities.

		Number of shares '000	'000
7	**Share based payments**		
	Share appreciation rights scheme	**10 370**	**10 425**
	Schamin Trust scheme	**1 680**	**2 343**
		12 050	**12 768**

The following three schemes were approved in the previous year by the Annual General Meeting held on 12 October 2007 and are defined as follows:

Share Appreciation Rights Scheme

The Share Appreciation Rights Scheme ("SARS"), was established and approved by the Sentula's shareholders, is a scheme whereby senior and middle management (the "Employees") of Sentula (the "Company") are incentivised by means of the award of options, where the offer price is determined as the 30 day value weighted average price (vwap) of Sentula's listed equity on the date of presentation of Sentula's annual results (the "Offer Date") and the Employees can exercise the said options in 5 equal tranches annually from the 1st to the 6th anniversary of the Offer Date. The award and allocation of options under the scheme is governed by Sentula's remuneration committee acting under the direction of Sentula's Board. The options awarded during the year ending 31 March 2009 were offered at an average price of R6,66 (2008: R21,85). The scheme is settled in shares.

	2009 '000	2008 '000
7 Share based payments *(continued)*		
Outstanding at the beginning of the year	**10 425**	—
Granted number of options during the year	**1 800**	10 425
Forfeited options	**(1 855)**	—
Number of options exercised	**—**	—
Outstanding at the end of the year	**10 370**	10 425
Weighted average exercise price of issued options (cents)	**1 030**	2 185
Weighted average exercise price of exercised options	**—**	—
Weighted average exercise price of outstanding options (cents)	**1 951**	2 185
Weighted average exercise price of forfeited options (cents)	**2 179**	—
Weighted average exercise price of exercisable options (cents)	**2 022**	—
Fair value of options granted	**1 787**	61 630
Average remaining life (months)	**45**	63

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

– Issue price ranging from 950 cents to 2 206 cents
– Exercise multiple of 2,2,
– Expected volatility of 33,8%,
– A staff turnover of 5,45% per annum,
– A forecast dividend growth rate of 20%,
– A historic 5-year earnings growth rate of 61,7%,
– A historic 5-year dividend growth rate of 53,4%.

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

Deferred bonus scheme

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

All shares are awarded at the 30 day value weighted average price (vwap) of Sentula's listed equity on the date of presentation of the Group's annual results (the "Offer Date") on the day of issue. There were no nominal Sentula shares issued during the current year (2008: 281 052).

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2009

7 Share based payments *(continued)*

Long-term incentive plan

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

No shares have been awarded under this scheme to date.

	2009 '000	2008 '000
Schamin Trust Scheme		
Under the employee share incentive scheme, the following changes took place during the year under review:		
Outstanding at the beginning of the year	**2 343**	2 701
Granted number of options during the year	**—**	283
Lapsed	**—**	(123)
Number of options exercised	**(663)**	(518)
Outstanding at the end of the year	**1 680**	2 343
Weighted average price of options exercised	**624 cents**	2 182 cents
Fair value of options granted	**n/a**	93 cents
Weighted average price of issued options	**n/a**	53 cents
Weighted average price of outstanding options	**958 cents**	861 cents
Weighted average exercise price of exercisable options	**914 cents**	53 cents
Weighted average price of options lapsed	**n/a**	53 cents
– Issue price ranging from 53 cents to 1 000 cents		
Average remaining life	**43 months**	51 months

The maximum number of shares that may be issued in terms of the amended trust deed may not in aggregate exceed 23 556 594 (2008: 10 000 000) shares of Sentula's issued capital. Shares vest in the option holder on the date on which the option was granted. Thereafter the option holder may exercise the options in individual tranches of 20% on each subsequent anniversary. The Schamin Trust scheme is being replaced by the three schemes mentioned above.

The same assumptions apply to the valuation method as disclosed under the SARS scheme.

8 Finance charges	**2009 R'000**	Restated 2008 R'000
Finance income	**15 694**	8 766
– Financial institutions	**9 560**	7 745
– Loan to associate	**6 134**	1 021
Finance expense	**267 999**	162 949
– Non-current borrowings	**223 511**	151 030
– Bank overdraft	**20 959**	5 169
– Other	**17 275**	4 638
– Fees paid	**6 254**	2 112
Net finance expense	**252 305**	154 183

9 **Investment in equity-accounted associate**

During 2008 the Group acquired a 49,998% investment in Siyanda Coal (Proprietary) Limited, which owns the Koornfontein coal mine. The Koornfontein coal mine is based in Mpumalanga, and it is a large underground coal mining operation adjacent to Eskom's Komati power station with good infrastructure and accessibility to rail transport. The mine produced sales of approximately 4,5 million tons of coal during the year under review of which about 2,2 million tons was exported utilising the Company's Richards Bay Coal Terminal export allocation, and that of third parties. The balance was sold to Eskom. The rationale for the transaction was to increase the Group's exposure to high quality coal operations and to benefit from the continued robust demand for thermal coal in the future.

	2009 R'000	Restated 2008 R'000
The carrying amount is made up of the following:		
Shares at cost	**115 570**	115 570
Loans acquired	**27 156**	49 847
Purchase of investment in associate	**142 726**	165 417
Income from investment in associate	**190 499**	101 693
– Excess of fair value of assets and liabilities acquired over purchase price	**83 407**	83 407
– Accumulated equity-accounted profits (net of tax)	**107 092**	18 286
Investment in equity-accounted associate	**333 225**	267 110
Analysis of Movement in investment		
– Opening balance	**267 110**	—
– Purchase of shares in associate	**—**	115 570
– Loan (repaid)/advanced to/by associate	**(22 691)**	49 847
– Realisation of investment through dividend received	**(1 501)**	—
– Income from investment in associate (net of tax)	**90 307**	101 693
	333 225	267 110

The loan bears interest at prime and is repayable in equal monthly instalments over five years. Included in the loan is an amount of R5 million which is interest free and repayable by 16 July 2012. The interest bearing loan is subject to priority payments in terms of the senior loan agreement.

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2009

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

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

R'000	Ownership	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Revenues	Expenses**	Profit
2009										
Koornfontein	**49,998%**	**260 371**	**1 041 381**	**1 301 752**	**168 807**	**535 263**	**704 070**	**1 340 532**	**(1 149 130)**	**191 402**
2008										
Koornfontein – restated*	49,998%	282 043	849 249	1 131 292	190 311	531 701	722 012	462 323	(55 370)	406 953
Koornfontein – as previously reported	49,998%	125 297	1 008 080	1 133 377	143 574	661 664	805 238	462 323	(132 506)	329 817

The year-end for the equity accounted investment is 28 February and is reflected as per the summary of assets and liabilities in this note.

Sentula's attributable portion of revenue and expenses for 12 months ending 31 March 2009 (2008: 2 months) is equity accounted.

*A purchase price adjustment was made in the Koornfontein financial statements resulting in a restatement.

**Expenses are reflected after deduction of negative goodwill in 2008.

10 Investment in significant joint venture

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

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

R'000	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Revenues	(Loss)
2009								
Jonah Coal Botswana Limited	**17 705**	**59 935**	**77 640**	**(1 813)**	**—**	**(1 813)**	**—**	**(6 175)**

		2009 R'000	Restated 2008 R'000
11	**Taxation**		
	Current tax expense	**47 595**	63 912
	– SA normal	**31 046**	57 758
	– Foreign	**16 549**	6 154
	Secondary tax on companies	**2 300**	4 821
	Deferred taxation	**10 204**	(34 070)
	– Current year	**30 614**	(34 070)
	– Prior year	**(20 410)**	—
		60 099	34 663
	Reconciliation of effective tax rate		
	Profit for the year	**338 746**	144 934
	Taxation	**(60 099)**	(34 663)
	Profit for the year after tax	**278 647**	110 271
	Income tax expense using 28% (2008: 29%)	**94 849**	42 031
	– Non-deductible expenses/non-taxable gains	**10 054**	47 303
	– Assessed loss utilised/unredeemed Capex utilised	**(6 265)**	(28 946)
	– Rate differential in current year deferred tax due to change in income tax rate from 29% to 28%	**(772)**	(7 207)
	– Secondary tax on companies	**2 300**	4 821
	– Foreign tax adjustments	**(2 349)**	6 152
	– Capital gains tax	**(12 431)**	—
	– Equity-accounted investment	**(25 287)**	(29 491)
	Income tax expense recognised in profit	**60 099**	34 663
	Effective tax rate	**17,7%**	23,9%

The tax rate used for the 2009 reconciliation above is the corporate tax rate of 28% (2008: 29%) payable by corporate entities in South Africa on taxable profits under the tax law in that jurisdiction.

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2009

	2009	Restated 2008
12 Earnings per share		
Basic earnings per share	**121,1**	54,7
Diluted earnings per share	**121,1**	54,5
Headline (loss) earnings per share	**109,1**	(26,5)
Diluted headline (loss) earnings per share	**109,1**	(26,4)
Adjusted basic earnings per share	**84,9**	109,6
Adjusted diluted earnings per share	**84,9**	109,2
The weighted average number of shares was:		
Weighted average number of shares ('000)	**230 012**	201 699
Add: Potential share based payment effect ('000)	**64**	688
Diluted weighted average number of shares ('000)	**230 076**	202 387

Adjusted and headline earnings

The Group has also presented an adjusted earnings per share figure to exclude the impact of impairments, amortisation of intangible and other non-recurring items in order to present a more useful comparison for the years shown in the consolidated financial statements. Adjusted earnings per share has been based on the adjusted headline earnings for each financial year and on the same weighted average shares in issue as the basic earnings per share calculation. Headline earnings per share has been calculated in accordance with the South African Circular 8/2007 entitled 'Headline Earnings' which forms part of the Listing Requirements for the JSE Limited.

The adjustments made to arrive at headline earnings and adjusted earnings are as follows:	R'000	R'000
Net profit for the year attributable to equity holders of the parent	**278 531**	110 271
Adjust for:		
Profit on sale of plant and equipment	**(8 130)**	(8 017)
Loss on sale of plant and equipment	**9 494**	1 827
Impairment of plant and equipment	**506**	2 131
Scrapping of assets	**8 517**	—
Profit on disposal of subsidiary	**(16 346)**	—
Excess of fair value of assets and liabilities acquired over purchase price – Koornfontein	**—**	(83 407)
Excess of fair value of assets and liabilities acquired over purchase price – Nkomati	**—**	(77 411)
Excess of fair value of assets and liabilities acquired over purchase price – Benicon Mining	**(21 075)**	—
Tax effect of above adjustment	**(538)**	1 177
Headline earnings attributable to ordinary shareholders	**250 959**	(53 429)
Provision for unaccounted funds	**(45 749)**	241 661
Recovery of assets	**(17 308)**	—
Amortisation of customer base and workforce	**9 109**	46 258
Amortisation of mineral rights	**1 225**	—
Tax effect on the above	**(2 894)**	(13 415)
Adjusted earnings attributable to ordinary shareholders	**195 342**	221 075

	2009 R'000	Restated 2008 R'000

13 Dividend paid

	2009 R'000	Restated 2008 R'000
Final Dividend no. 22 of 10,0 cents per share paid on 27 August 2007 to members recorded on 24 August 2007	—	21 057
Interim Dividend no. 23 of 11,0 cents per share paid on 18 December 2007 to members recorded on 14 December 2007	—	23 550
Final Dividend no 24 of 10,0 cents per share paid on 6 October 2008 to members recorded on 3 October 2008	**23 558**	—
Total dividend paid	**23 558**	44 607
Dividends paid to subsidiaries	**555**	1 756
Net dividend paid	**23 003**	42 851

The Board of directors have not declared an interim or final dividend for the year ended 31 March 2009.

14 Property, plant and equipment

R'000	**2009** Cost	**2009** Accumulated depreciation and impairment losses	**2009** Net book value	Restated 2008 Cost	Restated 2008 Accumulated depreciation and impairment losses	Restated 2008 Net book value
Land and buildings	**49 003**	**358**	**48 645**	21 571	23	21 548
Mining assets	**124 666**	**8 916**	**115 750**	51 045	7 376	43 669
Plant and equipment	**3 432 472**	**930 587**	**2 501 885**	2 817 556	733 243	2 084 313
Motor vehicles	**231 093**	**76 170**	**154 923**	207 840	64 804	143 036
Furniture, fittings and equipment	**16 811**	**8 489**	**8 322**	14 330	6 669	7 661
	3 854 045	**1 024 520**	**2 829 525**	3 112 342	812 115	2 300 227

	Land and buildings	Mining assets	Plant and equipment	Motor vehicles	Furniture, fittings and equipment	Total	Restated 2008 Total
Net book value at beginning of year as previously reported	21 548	43 669	2 084 313	143 036	7 661	2 300 227	1 302 318
Reclassifications	—	—	—	—	—	—	(135)
Net book value at beginning of year	21 548	43 669	2 084 313	143 036	7 661	2 300 227	1 302 183
Additions due to acquisition of business combinations	305	—	—	—	—	305	221 209
Additions	31 530	73 337	880 959	54 226	4 347	1 044 399	1 162 816
Recovery of missing assets	—	—	10 873	6 435	—	17 308	—
Foreign currency translation	—	—	4 724	—	—	4 724	—
Disposals	(1 709)	—	(135 369)	(14 940)	(1 143)	(153 161)	(144 673)
Depreciation	(335)	(1 256)	(338 551)	(32 585)	(2 527)	(375 254)	(239 177)
Scrapping of assets	(2 694)	—	(4 558)	(1 249)	(16)	(8 517)	—
Impairment of assets	—	—	(506)	—	—	(506)	(2 131)
	48 645	115 750	2 501 885	154 923	8 322	2 829 525	2 300 227

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2009

14 Property, plant and equipment *(continued)*

Assets pledged as security

The Group's obligations under the senior debt facility are secured by registered notarial bonds, which have a carrying amount of R2 163 million (2008: R1 801 million).

The Group's obligations under the instalment sale liabilities are secured by lessors' title to the property, plant and equipment, which have a carrying amount of R666 million (2008: R143 million).

Change in classifications

The change in the classification in the prior year of the net book value at the beginning of the year is due to the erroneous inclusion of land and buildings and office equipment in plant and machinery and motor vehicles. The balance was included in repairs and maintenance in the income statement.

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

	2009 R'000	Restated 2008 R'000
15 Mineral rights		
Carrying value at the beginning of the year	**364 305**	—
– Gross carrying value	**364 305**	—
– Accumulated amortisation	**—**	—
Acquisitions during the year	**55 330**	364 305
Amortisation for the period	**(1 225)**	—
Carrying value at the end of the year	**418 410**	364 305
– Gross carrying value	**419 635**	364 305
– Accumulated amortisation	**(1 225)**	—

During 2009 the Group acquired the entire issued share capital of Benicon Mining which holds the prospecting rights on the remaining extent of Portion 7 (a Portion of Portion 1) of the farm Bankfontein 215 IS situated in the magisterial/administrative district of Ermelo and comprising 513,9190 hectares in extent. The prospecting right expires on 2 April 2011. During 2008 the Group acquired the entire issued share capital on the Benicon Coal Group which holds the mining licence number 4198 in the magisterial district of Kamhlushwa in Mpumalanga consisting of the following farms: Grobler 479JU, Guillaume 480JU, Wildebeest 494JU, Rusplek 495JU, Sweet home 495JU, Bonnie vale 497JU, Excelsior 498JU, Murray 502JU, Fig tree 503JU, Beginsel 504JU and a portion of unsurveyed state land. The licence entitles the Benicon Coal Group to mine until 19 October 2015.

	2009 R'000	Restated 2008 R'000
16 Intangible assets and goodwill		
Customer base and workforce		
Carrying amount at the beginning of the year	**12 008**	38 667
– Gross carrying value	**77 599**	58 000
– Accumulated amortisation	**(65 591)**	(19 333)
Fair value on acquisition of subsidiaries	**—**	19 599
Exploration and evaluation	**9 275**	—
Amortisation for the period	**(9 109)**	(46 258)
Carrying amount at the end of the year	**12 174**	12 008
– Gross carrying value	**86 874**	77 599
– Accumulated amortisation	**(74 700)**	(65 591)

16 Intangible assets and goodwill *(continued)*

The intangible assets, relating to the customer base and the assembled workforce have a remaining estimated useful life of one and four years, respectively.

The exploration and evaluation asset relates to the Asenjo Energy and Indongo Mining projects. These assets are currently not available for use and are therefore not amortised.

	2009 R'000	Restated 2008 R'000
Goodwill		
Carrying value at the beginning of the year	**372 691**	203 425
Acquisitions through business combinations	**—**	72 564
Acquisition of minority interest	**—**	96 702
Investment in joint venture	**50 584**	—
Carrying value at the end of the year	**423 275**	372 691

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

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

17 Inventories

	2009 R'000	Restated 2008 R'000
Finished goods	**18 382**	5 739
Work-in-progress	**16 395**	17 079
Consumables	**231 511**	211 252
Spares	**56 282**	67 050
	322 570	301 120

18 Trade and other receivables

	2009 R'000	Restated 2008 R'000
Trade receivables	**402 691**	431 394
Other receivables	**56 126**	102 912
Unaccounted funds	**195 912**	241 661
VAT	**12 754**	17 152
	667 483	793 119
Provision for unaccounted funds	**(195 912)**	(241 661)
	471 571	551 458
Impairment loss	**17 253**	71

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in note 30.

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2009

	2009 R'000	Restated 2008 R'000
19 Cash and cash equivalents		
Bank balances	**124 684**	193 539
Call deposits	**—**	91 264
Cash on hand	**1 090**	372
	125 774	285 175
Bank overdraft	**(88 326)**	—
Cash and cash equivalents	**37 448**	285 175
The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in note 30.		
20 Share capital and premium		
Authorised share capital		
260 000 000 (2008: 260 000 000) ordinary shares of 1 cent each		
Issued share capital		
235 565 936 (2008: 235 565 936) ordinary shares of 1 cent each		
Balance at beginning of year	**2 356**	1 884
Shares issued for cash	**—**	320
Shares issued for business acquisitions	**—**	152
Shares issued to share incentive trust	**—**	—
Balance at end of year	**2 356**	2 356
Share premium		
Balance at beginning of year	**1 558 640**	572 684
Shares issued for cash	**—**	698 410
Shares issued for business acquisitions	**3 644**	291 619
Share based payments	**(4 604)**	(4 073)
Balance at end of year	**1 557 680**	1 558 640
Treasury shares		
Balance at beginning of year	**(30 779)**	(35 626)
Prior year adjustment	**—**	—
Shares issued	**—**	—
Share options exercised	**5 113**	4 847
	(25 666)	(30 779)
Total share capital, premium and treasury shares	**1 534 370**	1 530 217

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

	2009 R'000	Restated 2008 R'000
21 Loans and borrowings		
Interest bearing borrowings		
Secured at amortised costs		
Standard Bank Senior debt facility	**1 161 668**	1 546 585
ABSA Vehicle asset finance	**487 133**	158 738
Wesbank instalment sale agreement	**87 940**	—
	1 736 741	1 705 323
Standard Bank Senior debt facility	**1 161 668**	1 546 585
Secured by – amount owing in respect of plant, vehicles and equipment with book values amounting to R2 163 million (2008: R1 801 million)		
The effective average interest rate applicable to these liabilities is 13,25%. The interest rate for 11 months is 1,19% above 3 month JIBAR, reset quarterly. The rate was adjusted in March 2009 to 2,5% above 1 month JIBAR.		
Aggregate repayments due as follows:		
Year ended 31 March		
– 2009	**—**	410 335
– 2010	**404 168**	378 750
– 2011	**378 750**	757 500
– 2012 and later	**378 750**	—
	1 161 668	1 546 585
ABSA Vehicle asset finance	**487 133**	158 738

Secured by – amount owing in respect of plant, vehicles and equipment with book values amounting to R572 million (2008: R143 million).

The effective average interest rate applicable to these liabilities is 13,6% and based at 0,9% below prime. All assets acquired from 1 February 2009 are financed at prime.

Aggregate repayments due as follows:

	2009 R'000 Capital	2009 R'000 Interest	2009 R'000 Total	2008 R'000 Capital	2008 R'000 Interest	2008 R'000 Total
Year ended 31 March						
– 2009				62 123	15 867	77 990
– 2010	**224 243**	**45 673**	**269 916**	55 822	8 887	64 709
– 2011	**192 965**	**20 722**	**213 687**	40 793	2 098	42 891
– 2012 and later	**69 925**	**3 238**	**73 163**			
	487 133	**69 633**	**556 766**	158 738	26 852	185 590

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2009

	2009 R'000	Restated 2008 R'000
21 Loans and borrowings *(continued)*		
Wesbank instalment sale agreement	**87 940**	—

Secured by – amount owing in respect of plant, vehicles and equipment with book values amounting to R94 million (2008: R0 million).
The effective average interest rate applicable to these liabilities is 12,79% and based on 1,0% below prime.
Aggregate repayments due as follows:

	2009 R'000 Capital	Interest	Total
Year ended 31 March			
– 2010	**32 082**	**8 665**	**40 747**
– 2011	**33 617**	**4 881**	**38 498**
– 2012 and later	**22 241**	**930**	**23 171**
	87 940	**14 476**	**102 416**

	2009 R'000	Restated 2008 R'000
Balance at the end of the year	**1 736 741**	1 705 323
Current portion of Long term borrowings	**(660 493)**	(472 458)
	1 076 248	1 232 865

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

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in note 30.

	2009 R'000	Restated 2008 R'000
22 Rehabilitation provision		
Carrying value at the beginning of the year	**67 790**	—
Acquisition of Benicon Coal – Nkomati Mine	**—**	67 790
Unwinding charges to the income statement	**6 607**	—
Additional mining	**2 738**	—
Carrying value at the end of the year	**77 135**	67 790

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

	2009 R'000	Restated 2008 R'000
23 Trade and other payables		
Trade payables	**127 319**	277 275
Other payables	**307 939**	140 066
VAT	**20 619**	11 757
	455 877	429 098

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in note 30.

	2009 R'000	Restated 2008 R'000
24 Deferred tax		
Balance at the beginning of the year	**211 618**	129 812
Acquired through business combinations	**15 492**	115 876
Originating temporary differences	**10 204**	(34 070)
Balance at end of the year	**237 314**	211 618
The balance comprises:		
Accelerated wear and tear for tax purposes on property, plant and equipment	**511 952**	392 760
Fair value on business combinations and other	**117 559**	105 079
Intangible assets	**—**	5 488
Assessable losses	**(392 197)**	(291 709)
Net tax (assets)/liabilities	**237 314**	211 618
Deferred tax asset	**13 907**	18 344
Deferred tax liability	**251 221**	229 962

Unrecognised tax losses are recognised when management considers it probable that future taxable profits will be available against which they can be utilised.

25 Prior year restatement

The financial position and results of the Group for the year ended 31 March 2008 were restated. Refer to the directors report for details and circumstances giving rise to the restatement.

The effect of the restatement is as follows:

	Before restatement R'000	After restatement R'000
Balance sheet		
Property, plant and equipment	2 234 927	2 300 227
Investment in equity accounted associate	233 550	267 110
Retained earnings	329 360	326 064
Deferred tax liability	211 678	229 962
Trade and other payables	345 226	429 098
Income statement		
Cost of sales	(2 112 874)	(2 126 808)
Finance expense	(158 311)	(162 949)
Income from investment in associate (net of tax)	68 133	101 693
Taxation	(16 379)	(34 663)
Cents per share		
Basic earnings per share (cents)	56,3	54,7
Diluted earnings per share (cents)	56,1	54,5
Headline earnings (loss) per share (cents)	(8,2)	(26,5)

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2009

	Share-holding acquired	Acquisition date	Contribution to consolidated profit/(loss) for the year ended R'000	Company profit/(loss) for the year ended R'000	Company revenue for the year ended R'000
26 Acquisitions of subsidiaries and minority interest					
26.1 Acquisitions of subsidiary companies during the year					
2009					
Benicon Mining (Pty) Ltd a company holding coal mining rights.	100%	3 April 2008	(187)	(187)	—
Pre-acquisition book values					
Property, plant and equipment			305		
Current loans and receivables			1 495		
Current loans and payables			(301)		
Book value			1 499		
Fair value Adjustments					
Mineral rights			55 330		
Deferred tax			(15 492)		
Fair value of asset acquired			41 337		
Goodwill/(Excess of fair value of assets and liabilities acquired over purchase price)			(21 075)		
Consideration paid					
Contingent payment at start up of mining operations			4 617		
Ordinary shares issued in prior year			12 001		
Ordinary shares adjusted at effective date			3 644		
Costs of acquisition			20 262		
Number of shares issued in 2008			888 889		
The fair value of the shares issued as consideration is determined as the ruling market price at the effective date of acquisition. No revenue is reported for the year ended 31 March 2009 as the subsidiary is in the exploration phase.					
2008					
Benicon Coal (Pty) Ltd a group engaged in the mining of coal with a 60% shareholding in Nkomati Anthracite (Pty) Ltd.	100%	31 March 2008	—	(5 035)	46 519
Classic Challenge Trading (Pty) Ltd, a company engaged in general trading and contract mining.	100%	1 October 2007	13 715	20 721	122 250
Acquisitions of assets and liabilities					
The assets and liabilities of Pioneer Drilling & Blasting CC were acquired in a new company Scharrighuisen Drilling & Blasting (Pty) Ltd (100% held subsidiary of the Group). The company is engaged in providing drilling and blasting services.		1 June 2007	(13 430)	(13 430)	202 089
The assets and liabilities of Ritchie Crane Hire CC were acquired in a new company, Ritchie Crane Hire (Pty) Ltd. The newly formed Ritchie Crane Hire (Pty) Ltd is engaged in providing cranes for hire and the Group holds 100% of its issued share capital.		1 April 2007	14 114	14 114	28 960

26.1 *Acquisitions of subsidiary companies during the year (continued)*

	Benicon Coal (Pty) Limited R'000	Ritchie Crane Hire (Pty) Limited R'000	Classic Challenge Trading (Pty) Limited R'000	Assets and liabilities of Pioneer Drilling and Blasting CC R'000	Total R'000
Pre-acquisition book values					
Property, plant and equipment	59 898	36 402	25 042	51 098	172 440
Other receivables	4 474		9 651		14 125
Inventories	10 655	761	199	1 091	12 706
Receivables	18 584		17 058	22 504	58 146
Cash and cash equivalents	3 303		9 123	(6 226)	6 200
Leases			(19 165)	(37 038)	(56 203)
Long-term liabilities	(34 657)	(7 496)	(614)		(42 767)
Payables	(46 518)		(9 105)	(12 588)	(68 211)
Provisions	(68 040)				(68 040)
Tax payable			(13 454)		(13 454)
Book value	(52 301)	29 667	18 735	18 841	14 942
Fair value adjustments					
Property, plant and equipment			21 447	27 322	48 769
Receivables				1 538	1 538
Mineral rights	364 305				364 305
Intangibles				19 599	19 599
Deferred tax	(102 005)		(6 005)	(5 488)	(113 498)
Minority interest	(87 335)				(87 335)
Fair value of asset acquired	122 664	29 667	34 177	61 812	248 320
Goodwill/(excess of fair value of assets and liabilities acquired over purchase price)	(77 411)	17 739	35 138	19 687	(4 847)
Consideration paid					
Cash	112	21 776	22 929	19 200	64 017
Loan acquired	8 193				8 193
Ordinary shares	36 948	25 630	46 386	62 299	171 263
Costs of acquisition	45 253	47 406	69 315	81 499	243 473
Number of shares issued	1 719	1 481	2 069	3 032	8 301

The fair value of the shares issued as consideration is determined at the ruling market price at the effective date of acquisition.

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2009

26 Acquisitions of subsidiaries and minority interest *(continued)*

26.2 Acquisition of minority interest

During April 2007 the Group acquired the remaining minority shareholding of 20% (80% was acquired in 2007) in Geosearch Holdings (Proprietary) Limited an exploration Company. The Group recognised a decrease in minority interest of R8 389.

	2009 R'000	Restated 2008 R'000
Property, plant and equipment		30 011
Amortised customer base		7 733
Goodwill		37 291
Inventories		6 752
Trade and other receivables		30 506
Cash and cash equivalents		14 589
Long-term liabilities		(81 861)
Trade and other payables		(28 929)
Tax payable		(5 325)
Deferred tax liability		(2 378)
Intangibles purchased		8 389
		8 389
Less Cash acquired		
Less Vendor finance		
Goodwill		96 702
		105 091
Cash		13 880
Loan acquired		(17 296)
Ordinary shares		108 507
Costs of acquisition		105 091
Number of shares issued		5 946

27 Other financial liabilities

	2009 R'000	Restated 2008 R'000
Opening balance	**5 851**	5 851
Vendor finance acquired	**4 617**	—
	10 468	5 851

This relates to amounts payable to the vendors on the acquisition of businesses acquired during the year and is repayable based on the mining plan.

	2009 R'000	Restated 2008 R'000
28 Capital commitments		
Capital expenditure contracted for in respect of plant and equipment*	**13 036**	87 219
Capital expenditure authorised by the directors not contracted for in respect of property, plant and equipment		503 415
– New Replacement equipment	**50 000**	
– Refurbishments	**100 000**	
*The capital expenditure was financed through the ABSA vehicle and asset finance facility in April 2009.		

29 Contingent liabilities

During the year under review Scharrighuisen Opencast Mining (Proprietary) Limited ("SOC") instituted legal proceedings against Umcebo Mining (Proprietary) Limited for the recovery of R29,8 million owing to SOC for work performed on their Middelkraal operation.

Subsequent to the above claim, a demand for payment of R45,4 million was brought against SOC in respect of an alleged breach of contract and sub-standard mining practices allegedly adopted by SOC. To date no formal claim has been instituted. The Company and its attorneys believe that there is a strong defense against the alleged claim and are not able to estimate the probable loss or possible loss.

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

30 Financial instruments

30.1 Risk management activities

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

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

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2009

30 Financial instruments *(continued)*

30.2 Credit Risk

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

	2009 R'000	Restated 2008 R'000
Exposure to credit risk		
The ageing of trade receivables at the reporting date was:		
Not past due	**200 146**	272 042
Past due 0-30 days	**108 454**	100 399
Past due 31-120 days	**89 262**	57 356
Past due 121-180 days	**4 829**	902
Past due 181 days and over	**—**	694
	402 691	431 394
Impairment loss	**17 253**	71

30.3 Foreign exchange risk

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

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

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

At the balance sheet date the Group had the following open foreign exchange contracts:

		Fixed forward exchange	Latest maturity date
Foreign currency purchased			
USD 62 330,28	Purchase of USD for monthly creditors	10.0075	14/4/09
USD 2 400,000	Purchase of USD for final payment for Geosearch acquisition	7.9656	29/5/09

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

30 Financial instruments *(continued)*

30.3 *Foreign exchange risk* *(continued)*

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	2009 '000			Restated 2008 '000		
	ZAR	**USD**	**BWP**	ZAR	USD	BWP
Trade receivables	**61 624**	**5 248**	**6 086**	131 093	5 669	10 214
Secured bank loans	**—**	**—**	**—**	—	—	—
Trade payables	**(12 886)**	**(138)**	**(1 494)**	(93 132)	(1 057)	(6 251)
Gross balance sheet exposure	**48 738**	**5 110**	**4 592**	37 961	4 612	3 963
Estimated forecast sales	**294 506**	**21 465**	**74 267**	394 267	52 209	35 556
Estimated forecast purchases	**(226 770)**	**(16 528)**	**(57 186)**	(272 044)	(36 024)	(24 534)
Gross exposure	**67 736**	**4 937**	**17 081**	122 223	16 185	11 022
Forward exchange contracts	**—**	**—**	**—**	—	—	—
Net exposure	**116 474**	**10 047**	**21 673**	160 184	20 797	14 985

The following significant exchange rates applied during the year:

	Average Rate		**Reporting date spot rate**	
ZAR	**2009**	2008	**2009**	2008
USD	**8.872**	7.142	**9.721**	8.194
BWP	**1.244**	1.176	**1.262**	1.263

Sensitivity analysis

A 10 percent strengthening of the Rand against the following currencies at 31 March 2009 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

The analysis is performed on the same basis for 2008.

	Equity R	**Profit or loss R**
31 March 2009		
USD	**4 967**	**4 380**
BWP	**579**	**2 125**
31 March 2008		
USD	3 779	11 560
BWP	501	1 296

A 10 percent weakening of the rand against the above currencies at 31 March 2009 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2009

30 Financial instruments *(continued)*

30.4 Interest rate risk

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

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

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

If interest rates had been 200 basis points lower/higher the Group's profit after tax for the year ended 31 March 2009 would decrease/increase by R26,7 million (2008: R23,4 million). This is attributable to the Group's exposure to interest rates in its variable borrowings.

30.5 Liquidity risk management

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

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

30 Financial instruments *(continued)*

30.5 *Liquidity risk management (continued)*

Maturity analysis – 2009	Weighted average effective interest rate	Less than 1 month April R'000	1 – 3 months July R'000	3 months to 1 year March 2010 R'000	1 – 5 years R'000	5+ years R'000	Total R'000
Standard Bank Senior debt facility	**13,25%**	**120 105**	**94 688**	**189 375**	**757 500**	**—**	**1 161 668**
ABSA Vehicle and asset finance	**13,60%**	**36 810**	**50 497**	**136 936**	**262 890**	**—**	**487 133**
Wesbank instalment sale agreement	**12,79%**	**4 613**	**7 181**	**20 288**	**55 858**	**—**	**87 940**
Maturity analysis – 2008							
Standard Bank senior debt facility	12,28%	126 272	94 688	189 375	1 136 250	—	1 546 585
ABSA Vehicle and asset finance	12,45%	10 954	13 955	37 214	96 615	—	158 738

	2009		Restated 2008	
	Book value R'000	**Fair value R'000**	Book value R'000	Fair value R'000
30.6 Fair value of financial instruments				
Financial assets				
Trade and other receivables	**471 571**	**471 571**	551 458	551 458
Cash and cash equivalents	**125 774**	**125 774**	285 175	285 175
Financial liabilities				
Loans and borrowings	**(1 076 248)**	**(1 076 248)**	(1 232 865)	(1 232 865)
Trade and other payables	**(455 877)**	**(455 877)**	(429 098)	(429 098)
Short-term portion of loans and borrowings	**(660 493)**	**(660 493)**	(472 458)	(472 458)
Other financial liabilities	**(10 468)**	**(10 468)**	(5 851)	(5 851)
Bank overdraft	**(88 326)**	**(88 326)**	—	—

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

30.7 *Concentration risk*

Concentration risk arises from financial instruments that have similar characteristics and are effected in a similar manner when there are changes in economic or other conditions. The Group manages concentration risk through various risk management procedures. The Group identifies its concentration risk in financial assets and financial liabilities by reviewing exposures of more than 10% to its counterparties on a regular basis.

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2009

31 Subsequent events

At the date of this report management was in the process of renegotiating the senior debt facility, which will result in a six month capital repayment holiday and will thereafter revert to monthly equal instalments. The term of the loan will also be extended by 6 months and the final date of repayment will extend to 31 May 2012. As part of the Consortium ABSA have agreed to join the consortium and the facilities will be combined at 30 September 2009 to form a merged facility. A condition of the debt reschedule is, *inter alia*, a levying of a 3% fee on the balance of the indebtedness should the indebtedness not be reduced by R300 million by 30 September 2009.

The restructure of the debt results in an increase in margin to 5,19% and linked to 1 month JIBAR and the repayment profile will be effected as follows:

	Less than 1 month April R'000	1 – 3 months July R'000	3 months to 1 year March 2010 R'000	1 – 5 years R'000	5+ years R'000	Total R'000
Merged term loan facility	—	—	260 670	1 335 092	—	1 595 762
SBSA Senior debt facility	38 612	—	—	—	—	38 612
ABSA Vehicle and asset finance facility	18 791	16 443	6 766	—	—	42 000

32 Going Concern

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

33 Related parties

33.1 Identity of related parties

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

Directors of the companies stated below were involved with the Group during the 2009 and 2008 financial year:

- African Energy Botswana (Proprietary) Limited*
- Bavarian Metal Industries (Proprietary) Limited
- Benicon Earthworks and Mining Services (Proprietary) Limited
- Benicon Holdings (Proprietary) Limited
- Benicon Mining (Proprietary) Limited*
- Calmar Trading
- CAMS (Proprietary) Limited
- C & K Boilermaking (Proprietary) Limited
- Central Africa Machine Sales (Proprietary) Limited
- Eastern Drilling (Proprietary) Limited
- Enjee Trust
- GHL Properties (Proprietary) Limited
- Giflo Investments (Proprietary) Limited
- Jonah Coal Botswana Limited*
- Laduma Metals CC
- Mabapa Mining Limited
- Martiq 406 CC
- Merafe Coal (Proprietary) Limited
- Newal (Proprietary) Limited
- New Joules Engineering
- Phoenix Steel (Proprietary) Limited
- Phoenix Steel Mpumalanga
- STF Tyres
- STF Investments

33.2 Related party transactions and balances

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

33 Related parties *(continued)*

33.2 Related party transactions and balances (continued)

	Capital expenditure		Revenue		Expenses		Amounts owed by related parties		Amounts owed to related parties	
	Year ended		Year ended		Year ended					
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000	**2009 R'000**	2008 R'000	**2009 R'000**	2008 R'000	**2009 R'000**	2008 R'000
African Energy Botswana (Pty) Ltd*	**—**	—	**—**	—	**—**	—	**—**	2 076	**—**	—
Bavarian Metal Industries (Pty) Ltd	**—**	502 852	**—**	—	**—**	—	**—**	—	**—**	—
Benicon Earthworks and Mining Services (Pty) Ltd	**—**	—	**—**	—	**—**	—	**—**	63	**—**	—
Benicon Mining (Pty) Ltd*	**—**	—	**—**	—	**—**	—	**—**	12 000	**—**	—
Calmar Trading	**—**	—	**—**	—	**—**	59 733	**—**	—	**—**	5 074
CAMS (Pty) Ltd	**—**	—	**—**	—	**—**	—	**—**	1	**—**	—
C & K Boilermaking (Pty) Ltd	**—**	—	**—**	—	**96**	144	**—**	—	**—**	—
Central Africa Machine Sales (Pty) Ltd	**—**	—	**—**	—	**—**	—	**—**	—	**—**	487
Eastern Drilling (Pty) Ltd	**—**	—	**—**	—	**—**	—	**—**	—	**2 937**	—
Enjee Trust	**—**	—	**—**	—	**—**	—	**—**	17 466	**—**	—
GHL Properties (Pty) Ltd	**—**	—	**—**	—	**—**	456	**—**	—	**—**	—
Giflo Investments (Pty) Ltd	**—**	—	**—**	—	**—**	5 019	**—**	—	**—**	373
Jonah Coal Botswana Ltd*	**—**	—	**—**	—	**—**	—	**2 080**	12 315	**—**	—
Laduma Metals CC	**—**	—	**46**	—	**124**	—	**1**	—	**47**	—
Mabapa Mining Ltd	**—**	—	**—**	—	**—**	—	**2 053**	1 141	**—**	—
Martiq 406 CC	**—**	—	**—**	—	**549**	330	**—**	—	**—**	—
Merafe Coal (Pty) Ltd	**—**	—	**—**	—	**—**	—	**92**	92	**—**	—
Newal (Pty) Ltd	**—**	—	**—**	—	**4 324**	—	**—**	—	**—**	—
New Joules Engineering	**—**	—	**—**	—	**—**	171	**—**	—	**—**	—
Phoenix Steel (Pty) Ltd	**—**	—	**—**	—	**—**	225	**—**	—	**—**	15
Phoenix Steel Mpumalanga	**—**	—	**—**	—	**—**	4 632	**—**	—	**—**	152
STF Tyres	**—**	—	**—**	—	**—**	46 240	**—**	—	**—**	4 963
STF Investments	**—**	—	**—**	—	**—**	3 943	**—**	—	**—**	53
Witbank Steel Agencies CC	**—**	—	**210**	—	**32**	—	**2**	—	**8**	—
		502 852	**256**	—	**5 125**	120 893	**4 228**	45 154	**2 992**	11 117

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

*These companies have been included in the consolidation in 2009

Notes to the consolidated financial statements *continued*

for the year ended 31 March 2009

33 Related parties *(continued)*

33.3 Key management personnel compensation

Key management personnel compensation comprised:	2009 R'000	2008 R'000
Short-term employee benefits	**17 283**	10 088
Share based payments	**11 490**	12 579
	28 773	22 667

34 Directors' emoluments

2009

Executive directors	Basic R'000	Expense allowance R'000	Medical aid R'000	Gains on share options exercised R'000	Provident R'000	Bonus R'000	Total R'000
RC Berry	2 432	240	—	4 600	168	800	8 240
GP Louw	2 337	202	23	—	—	800	3 362
P Modisane (Appointed 1 October 2008)	430	230	—	—	17	—	677
C Moorcroft (Resigned 8 September 2008)	527	100	23	666	—	100	1 416
	5 726	772	46	5 266	185	1 700	13 695

Non-executive directors	Chairman's fees R'000	Deputy Chairman R'000	Directors' fees R'000	Audit and Risk R'000	Governance, remuneration and nominations R'000	Investment R'000	Total R'000
SE Jonah KBE	180				41		221
DCM Gihwala (Resigned 11 September 2008)		67			18		85
A Joffe** (Resigned 5 December 2008)			82	61	36	18	197
RK Jonah (Stood down 4 December 2008)			81	41		18	140
JG Best			120	413	18	23	574
EHJ Stoyell			120	41	63	18	242
P Huysamer (Resigned 9 July 2008)			33				33
TR Hendry (Resigned 18 June 2008)			24	19			43
A Kawa (Appointed 11 September 2008)			66	49	18		133
J van Rooyen (Appointed 11 September 2008)			26	49			75
J van Rooyen (as Deputy Chairman)		51					51
MDL Marole (Appointed 11 September 2008)			66	49			115
PN Kingston (Appointed 11 September 2008)			66	28	18		112
	180	118	684	750	212	77	2 021

34 Directors' emoluments *(continued)*

2008

Executive directors	Basic R'000	Expense allowance R'000	Medical aid R'000	Gains on share options exercised R'000	Provident R'000	Bonus R'000	Total R'000
RC Berry	1 668	240			142		2 050
GP Louw (Appointed 1 August 2007)	1 231		11				1 242
C Moorcroft	882	100	21	2 737	20	832	4 592
J Holland (Resigned 11 July 2007)	246	30	3	2 737	21		3 037
C Scharrighuisen (Resigned 1 December 2007)	1 808	154		859		162	2 983
	5 835	524	35	6 333	183	994	13 904

Non-executive directors	Chairman's fees R'000	Deputy Chairman R'000	Directors' fees R'000	Audit and Risk R'000	Governance, remuneration and nominations R'000	Investment R'000	Share options R'000	Total R'000
Sir SE Jonah	180							180
DCM Gihwala		150	90		18			258
A Joffe**			120	90				210
RK Jonah			120	90		18		228
JG Best (Appointed 18 July 2007)			85	79		23		186
EHJ Stoyell			120	90	45	18		273
P Huysamer			120		18			138
TR Hendry			120*	90*			859	1 069
	180	150	775	439	81	59	859	2 542

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

Executive directors do not receive directors' fees and the directors have service contracts with the Company.

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

*Payable to Argent Industrial Limited

**Paid to Coronation Capital (Proprietary) Limited

Company income statement

for the year ended 31 March 2009

	Notes	2009 R'000	Restated 2008 R'000
Other income		**85 722**	53 347
Administrative expenses		**(59 073)**	(27 722)
Profit from operations	2	**26 649**	25 625
Finance expense	4	**(257 689)**	(67 654)
Finance income	4	**270 060**	70 944
Profit before taxation		**39 020**	28 915
Taxation	5	**(2 300)**	(2 293)
Profit for the year		**36 720**	26 622

Company balance sheet

as at 31 March 2009

	Notes	2009 R'000	2008 R'000
Assets			
Non-current assets		**3 435 451**	3 086 090
Property, plant and equipment	10	**330**	—
Investment in associate	7	**142 726**	165 417
Loans to subsidiaries	22	**2 989 912**	2 651 150
Interest in subsidiaries	22	**280 929**	251 943
Share incentive trust loan	8	**14 917**	15 042
Sentula Mining transformation trust	9	**4 099**	—
Deferred tax	16	**2 538**	2 538
Current assets		**13 667**	196 128
Trade and other receivables	11	**8 702**	22 566
Other financial assets	18	**4 963**	18 740
Cash and cash equivalents	12	**2**	154 822
TOTAL ASSETS		**3 449 118**	3 282 218
Equity and liabilities			
Total ordinary shareholders' funds		**1 593 336**	1 559 821
Share capital	13	**2 356**	2 356
Share premium	13	**1 555 797**	1 552 153
Reserves		**33 877**	21 353
Retained earnings		**1 306**	(16 041)
Total shareholders' funds		**1 593 336**	1 559 821
Liabilities			
Non-current liabilities		**1 076 248**	1 232 865
Loans and borrowings	14	**1 076 248**	1 232 865
Current liabilities		**779 534**	489 532
Trade and other payables	15	**28 563**	17 011
Loans and borrowings	14	**660 493**	472 458
Bank overdraft	12	**88 115**	—
Taxation payable		**2 363**	63
Total liabilities		**1 855 782**	1 722 397
TOTAL EQUITY AND LIABILITIES		**3 449 118**	3 282 218

Company statement of changes in equity

for the year ended 31 March 2009

	Notes	Share capital R'000	Share premium R'000	Employee share incentive reserve R'000	(Accumulated loss)/ retained earnings R'000	Total ordinary shareholders' funds R'000
Balance as at 31 March 2007		1 884	562 124	1 110	1 581	566 699
Profit for the year					26 622	26 622
Dividend paid	6				(44 607)	(44 607)
Share based payments				20 606		20 606
Share options exercised				(363)	363	—
Shares issued		472	990 029			990 501
Balance as at 31 March 2008		2 356	1 552 153	21 353	(16 041)	1 559 821
Profit for the year					36 720	36 720
Dividend paid	6				(23 558)	(23 558)
Share based payments				16 709		16 709
Benicon Mining acquisition premium			3 644			3 644
Share options forfeited				(4 185)	4 185	—
Balance as at 31 March 2009		**2 356**	**1 555 797**	**33 877**	**1 306**	**1 593 336**

Company cash flow statement

for the year ended 31 March 2009

	Notes	2009 R'000	2008 R'000
Cash flows from operating activities			
Profit for the year		**36 720**	26 622
Adjustments for:			
Depreciation	2	**17**	—
Foreign exchange gains	2	**(16 094)**	(5 790)
Impairment	2	**2 764**	—
Contribution to socio-economic and enterprise development	2	**8 200**	—
Finance income	4	**(270 060)**	(70 944)
Finance expense	4	**257 689**	67 654
– Paid		**227 160**	36 068
– Accrued		**30 529**	31 586
Dividends received	2	**(66 000)**	(47 557)
Equity-settled share based payment expense	2	**7 985**	8 793
Income tax expense	5	**2 300**	2 293
Cash flows from operating activities before changes in working capital		**(36 479)**	(18 929)
Decrease/(increase) in trade and other receivables		**11 100**	(6 977)
Increase in trade and other payables		**372**	16 726
Cash generated from operations		**(25 007)**	(9 180)
Income taxes paid		**—**	(2 293)
Interest paid		**(227 160)**	(36 068)
Net cash flows from operating activities		**(252 167)**	(47 540)
Investing activities			
Purchases of property, plant and equipment	10	**(347)**	—
Purchase of investments in associate	7	**—**	(165 417)
Repayment of loan in associate	7	**22 691**	—
(Advances) to subsidiaries		**(328 280)**	(2 059 841)
Proceeds/(advances) in financial assets		**1 777**	(18 740)
Interest received	4	**270 060**	70 944
Dividends received		**66 000**	47 557
Net cash utilised in investing activities		**31 901**	(2 125 497)
Financing activities			
Proceeds from issue of ordinary shares		**—**	698 730
Increase in borrowings		**889**	1 673 737
Dividends paid	6	**(23 558)**	(44 607)
Net cash (utilised)/from financing activities		**(22 669)**	2 327 860
Net (decrease)/increase in cash and cash equivalents		**(242 935)**	154 822
Cash and cash equivalents at beginning of year		**154 822**	—
Cash and cash equivalents at end of year	12	**(88 113)**	154 822

Notes to the financial statements

for the year ended 31 March 2009

		2009 R'000	2008 R'000
1	**Accounting policies**		
	The accounting policies are the same as the Group as set out on pages 44 to 52.		
2	**Profit from operations**		
	After allowing for the following:		
	Income		
	Dividends received from subsidiaries	**64 500**	47 557
	Dividends received from associate	**1 500**	—
	Unrealised foreign exchange gains	**16 094**	5 790
	Expenses		
	Impairment	**2 764**	—
	Restraint of trade payments	**—**	2 875
	Contribution to socio-economic and enterprise development	**8 200**	—
	Auditors' remuneration		
	Audit fees – current year	**2 589**	2 445
	Forensic investigations	**3 165**	—
	Other accounting services	**1 142**	337
	Depreciation	**17**	—
	Staff costs		
	– Salaries and wages	**14 320**	3 832
	– Provident fund	**307**	191
	– Equity-settled share based payment expense	**7 985**	8 793
	Operating lease charges		
	Premises		
	– Contractual amount	**789**	—
	Future minimum lease payments		
	– up to 1 year	**263**	—
	– 1 to 5 years	**373**	—
	– more than 5 years		

The lease agreements are entered into on market related terms and conditions and are subject to annual market related escalation in the lease rates. Property lease agreements are subject to a lease extension option.

3 Share based payments

	Number of shares '000	'000
Share appreciation rights scheme	**10 370**	10 425
Schamin Trust scheme	**1 600**	2 000
	11 970	12 425

3 Share based payments *(continued)*

The following three schemes were approved in the previous year by the Annual General Meeting held on 12 October 2007 and are defined as follows:

Share appreciation rights scheme

The Share Appreciation Rights Scheme ("SARS"), was established and approved by the Sentula's shareholders, is a scheme whereby senior and middle management (the "Employees") of Sentula (the "Company") are incentivised by means of the award of options, where the offer price is determined as the 30 day value weighted average price (vwap) of Sentula's listed equity on the date of presentation of Sentula's annual results (the "Offer Date") and the Employees can exercise the said options in 5 equal tranches annually from the 1st to the 6th anniversary of the Offer Date. The award and allocation of options under the scheme is governed by Sentula's remuneration committee acting under the direction of Sentula's Board. Options awarded during the year ended 31 March 2009 were offered at an average share price of R6,66 (2008: R21,85). The scheme is settled in shares.

	Number of shares	
	'000	'000
Outstanding at the beginning of the year	**10 425**	—
Granted number of options during the year	**1 800**	10 425
Forfeited options	**(1 855)**	—
Number of options exercised	**—**	—
Outstanding at the end of the year	**10 370**	10 425
Weighted average exercise price of issued options (cents)	**1 030**	2 185
Weighted average exercise price of outstanding options (cents)	**1 951**	2 185
Weighted average exercise price of forfeited options (cents)	**2 179**	—
Weighted average exercise price of exercisable options (cents)	**2 022**	—
Fair value of options granted	**1 787**	61 630
Average remaining life (months)*	**45**	63

*The average remaining life was erroneously disclosed in 2008 as 106 months, instead of 63 months.

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

- Issue price ranging from 950 cents to 2 206 cents
- Exercise multiple of 2,2,
- Expected volatility of 33,8%,
- A staff turnover of 5,45% per annum,
- A forecast dividend growth rate of 20%,
- A historic 5-year earnings growth rate of 61,7%,
- A historic 5-year dividend growth rate of 53,4%.

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

Deferred bonus scheme

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

Notes to the financial statements *continued*

for the year ended 31 March 2009

3 **Share based payments** *(continued)*

All shares are awarded at the 30 day value weighted average price (vwap) of the Sentula's listed equity on the date of presentation of the Group's annual results (the "Offer Date") on the day of issue. There were no nominal Sentula shares issued during the current year (2008: 281 052).

Long-term incentive plan

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

No shares have been awarded under this scheme to date.

Schamin Trust Scheme

Previously the Group only operated an employee share incentive scheme, the following changes took place during the year under review:

	Number of shares	
	'000	'000
Outstanding at the beginning of the year	**2 000**	2 000
Granted number of options during the year	**—**	—
Lapsed	**—**	—
Number of options exercised*	**(400)**	—
Outstanding at the end of the year	**1 600**	2 000
Fair value of options granted	**—**	—
Weighted average price of issued options (cents)	**n/a**	n/a
Weighted average price of outstanding options (cents)	**1 000**	1 000
Weighted average share price of options exercised (cents)	**2 150**	n/a
Weighted average exercise price of exercisable options (cents)	**1 000**	1 000
Average remaining life (months)	**44**	56

*Instruction to exercise options were submitted on 9 January 2008.

The maximum number of shares that may be issued in terms of the amended trust deed may not in aggregate exceed 23 556 594 (2008: 10 000 000) shares of Sentula's issued capital. Shares vest in the option holder on the date on which the option was granted. Thereafter the option holder may exercise the options in individual tranches of 20% on each subsequent anniversary. The Schamin Trust scheme is being replaced by the three schemes mentioned above.

The same assumptions apply to the valuation method as disclosed under the SARS scheme.

	2009 R'000	2008 R'000
4 **Finance charges**		
Finance income	**270 060**	70 944
– Financial Institutions	**1 787**	4 559
– Intercompany transactions	**262 139**	65 364
– Loan to associate	**6 134**	1 021
Finance expense	**257 689**	67 654
– Non-current borrowings	**239 575**	64 311
– Bank overdraft	**5 453**	1 231
– Intercompany transactions	**6 407**	—
– Fees paid	**6 254**	2 112
Net finance expense	**12 371**	3 290

		2009 R'000	2008 R'000
5	**Taxation**		
	Current tax expense	—	—
	– SA normal	—	—
	Secondary tax on companies	**(2 300)**	(2 ,293)
	Deferred taxation	—	—
	– Current year	—	—
		(2 300)	(2 293)
	Reconciliation of effective tax rate		
	Profit for the year	**39 020**	28 915
	Taxation	**(2 300)**	(2 293)
	Profit for the year after tax	**36 720**	26 622
	Income tax expense using 28% (2008: 29%)	**10 925**	8 385
	– Secondary tax on companies	**2 300**	2 293
	– Tax effect of non-taxable income	**(10 925)**	(8 385)
	Income tax expense recognised in profit	**2 300**	2 293
	Effective tax rate	**5,9%**	7,9%

The tax rate used for the 2009 reconciliation above is the corporate tax rate of 28% (2008: 29%) payable by corporate entities in South Africa on taxable profits under tax law in that jurisdiction.

		2009 R'000	2008 R'000
6	**Dividend**		
	Dividend no. 22 of 10,0 cents per share paid on 27 August 2007 to members recorded on 24 August 2007		21 057
	Dividend no. 23 of 11,0 cents per share paid on 18 December 2007 to members recorded on 14 December 2007		23 550
	Dividend no 24 of 10,0 cents per share paid on 6 October 2008 to members recorded on 3 October 2008	**23 558**	
	Total dividend paid	**23 558**	44 607

The Board of Directors have not declared an interim or final dividend for the year ended 31 March 2009.

		2009 R'000	2008 R'000
7	**Investment in associate**		
	Opening balance at beginning of year	**165 417**	—
	Purchase of shares in associate	—	115 570
	Loan (repaid)/advanced to associate	**(22 691)**	49 847
	Closing balance at end of year	**142 726**	165 417

The loan bears interest at prime and is repayable in equal monthly instalments over 5 years. Included in the lease is R5 million which is interest free and repayable by 16 July 2012. The interest bearing loan is subject to priority payments in terms of the senior loan agreement

Notes to the financial statements *continued*

for the year ended 31 March 2009

	2009 R'000	2008 R'000
8 Share Incentive Trust Loan		
An analysis of the Scharrig Share Incentive Trust Loan is as follows:		
Balance at beginning of loan period	**15 042**	16 364
Loan repaid	**—**	(603)
Shares issued to Trust	**—**	—
Expenses incurred	**173**	—
Bad debts written off	**(298)**	—
Share options exercised	**—**	(719)
Balance at end of year	**14 917**	15 042

The unallocated shares are under the control of the trustees of the scheme.
The loan is interest free and has no fixed repayment terms.

9 Sentula Mining Transformation Trust

The Company established The Sentula Mining Transformation Trust – IT542/09 ("Trust") in 2009 as a Broad-Based Black Economic Empowerment Scorecard Investment Delivery Vehicle in which the Company and its branches execute the two elements of the Scorecard namely Enterprise Development and Socio Economic Development. The beneficiaries of the Trust are black South Africans, black-owned enterprises or black employees of the Company.

The Trust is controlled by the Company and in accordance with the requirements of SIC-12, it constitutes a Special Purpose Entity. In accordance with SIC-12, which requires the consolidation of special purpose entities under certain conditions, the trust has been included as a special purpose entity in the consolidated financial statements.

	2009 R'000	2008 R'000
Balance at beginning of year	**—**	—
Expenses incurred	**4 099**	—
	4 099	—

The loan is interest free and has no fixed repayment terms.

10 Property, plant and equipment

	2009 R'000 Cost	2009 R'000 Accumulated depreciation and impairment losses	2009 R'000 Net book value	2008 R'000 Cost	2008 R'000 Accumulated depreciation and impairment losses	2008 R'000 Net book value
Furniture, fittings and equipment	**347**	**17**	**330**	—	—	—
	347	**17**	**330**	—	—	—

	2009 R'000 Furniture, fittings and equipment	Total 2008 R'000
Net book value at beginning of year	**—**	—
Additions	**347**	—
Depreciation	**(17)**	—
	330	—

	2009 R'000	2008 R'000
11 Trade and other receivables		
Staff debtors	**1 342**	3 838
Other receivables	**78**	251
Deferred fees paid	**7 534**	13 538
VAT	**(252)**	4 939
	8 702	22 566

The Company's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 17.

	2009 R'000	2008 R'000
12 Cash and cash equivalents		
Bank Balances	**(88 115)**	63 558
Call deposits	**—**	91 264
Cash on hand	**2**	—
Cash and cash equivalents	**(88 113)**	154 822

The Company's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in note 17.

	2009 R'000	2008 R'000
13 Share capital and premium		
Authorised share capital		
260 000 000 (2008: 260 000 000) ordinary shares of 1 cent each		
Issued share capital		
235 565 936 (2008: 235 565 936) ordinary shares of 1 cent each		
Balance at beginning of year	**2 356**	1 884
Shares issued for cash	**—**	320
Shares issued for business acquisitions	**—**	152
Shares issued to Share Incentive Trust	**—**	—
Balance at end of year	**2 356**	2 356
Share premium		
Balance at beginning of year	**1 552 153**	562 124
Shares issued for cash	**—**	698 410
Shares issued for business acquisitions	**3 644**	291 619
Balance at end of year	**1 555 797**	1 552 153
Total share capital and premium	**1 558 153**	1 554 509

The authorised but unissued share capital is under the control and authority of the directors subject to the Companies Act and JSE Limited Listing Requirements, until the next annual general meeting. The directors do not have approval to issue ordinary shares, or sell treasury shares for cash, without the consent of the shareholders. Note 3 sets out the details in respect of the share option scheme.

Notes to the financial statements *continued*

for the year ended 31 March 2009

	2009 R'000	2008 R'000
14 Loans and borrowings		
Interest bearing borrowings		
Secured at amortised costs		
Standard Bank Senior debt facility	**1 161 668**	1 546 585
ABSA instalment sale agreement	**487 133**	158 738
Wesbank instalment sale agreement	**87 940**	—
	1 736 741	1 705 323
Standard Bank Senior debt facility	**1 161 668**	1 546 585
Secured by – amount owing in respect of plant, vehicles and equipment with book values amounting to R2 163 million (2008: R1 801 million).		
The effective average interest rate applicable to these liabilities is 13,25% and is based on a margin of 1,19% above 3 month JIBAR, reset quarterly.		
The rate was adjusted in March 2009 to 2,5% above 1 month JIBAR.		
Aggregate repayments due as follows:		
Year ended 31 March		
– 2010	**404 168**	410 335
– 2011	**378 750**	378 750
– 2012 and later	**378 750**	757 500
	1 161 668	1 546 585
ABSA instalment sale agreement	**487 133**	158 738

Secured by – amount owing in respect of plant, vehicles and equipment with book values amounting to R572 million (2008: R143 million).

The effective average interest rate applicable to these liabilities is 13,6% and is based on 0,9% below prime. All assets acquired from 1 February 2009 are financed at prime.

Aggregate repayments due as follows:

	2009 R'000			2008 R'000		
	Principal	**Interest**	**Total**	Principal	Interest	Total
Year ended 31 March						
– 2009	**—**	**—**	**—**	62 123	15 867	77 990
– 2010	**224 243**	**45 673**	**269 916**	55 822	8 887	64 709
– 2011	**192 965**	**20 722**	**213 687**	40 793	2 098	42 891
– 2012 and later	**69 925**	**3 238**	**73 163**	—	—	—
	487 133	**69 633**	**556 766**	158 738	26 852	185 590

	2009 R'000	2008 R'000
14 Loans and borrowings *(continued)*		
Wesbank instalment sale agreement	**87 940**	—

Secured by – amount owing in respect of plant, vehicles and equipment with book values amounting to R94 million (2008: R0 million).

The effective average interest rate applicable to these liabilities is 12,79% and based on 1% below prime.

Aggregate repayments due as follows:

	2009 R'000 Principal	2009 R'000 Interest	2009 R'000 Total	2008 R'000 Principal	2008 R'000 Interest	2008 R'000 Total
Year ended 31 March						
– 2010	**32 082**	**8 665**	**40 747**	—	—	—
– 2011	**33 617**	**4 881**	**38 498**	—	—	—
– 2012 and later	**22 241**	**930**	**23 171**	—	—	—
	87 940	**14 476**	**102 416**	—	—	—

	2009 R'000	2008 R'000
Balance at the end of the year	**1 736 741**	1 705 323
Current portion of long-term borrowings	**(660 493)**	(472 458)
	1 076 248	1 232 865

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

The Company's exposure to interest rate, foreign currency and liquidity risk related to loans and borrowings are disclosed in note 17.

	2009 R'000	2008 R'000
15 Trade and other payables		
Trade payables	**2 793**	1 522
Other payables	**25 770**	15 489
	28 563	17 011

The Company's exposure to foreign currency and liquidity risk related to trade and other payables are disclosed in note 17.

Notes to the financial statements *continued*

for the year ended 31 March 2009

	2009 R'000	2008 R'000
16 Deferred tax		
Balance at beginning of year	**2 538**	2 538
Acquired through business combinations	**—**	—
Originating temporary differences	**—**	—
Balance at end of year	**2 538**	2 538
The balance comprises:		
Restraint of trade	**2 538**	2 538
Deferred tax asset	**2 538**	2 538

Unrecognised tax losses are recognised when management considers it probable that future taxable profits will be available against which they can be utilised.

17 Financial Instruments

17.1 *Risk management activities*

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

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

17.2 *Credit Risk*

The Company does not have any credit risk as it has no debtors pertaining to the selling of goods and services. The Company is the holding company of the Group and fulfils a centralised treasury function.

17.3 *Foreign exchange risk*

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

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

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

At the balance sheet date the Company held the following open foreign exchange contracts on behalf of:

Amount in foreign currency purchased rate		Fixed forward exchange	Latest maturity date	Held on behalf of
USD 62 330,28	Purchase of USD for monthly creditors	10.0075	14/4/2009	Benicon Sales (Pty) Ltd
USD 2 400 000	Purchase of USD for final payment for Geosearch acquisition	7.9656	29/5/2009	Geosearch Holdings (Pty) Ltd

17 Financial Instruments *(continued)*

17.4 *Interest rate risk*

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

Contractual arrangement for committed borrowing facilities are maintained with three banking counterparts to meet the Company's funding requirements

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

If interest rates had been 200 basis points lower on all facilities and the margins remained constant, the Company's profit after tax for the year ended 31 March 2009 would increase by R7.4m (2008: decrease by R6,2m). This is attributable to the Company exposure to interest rates in its variable borrowings.

17.5 *Liquidity risk management*

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

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

Maturity analysis – 2009	**Weighted average effective interest rate**	**Less than 1 month April R'000**	**1-3 months July R'000**	**3 months to 1 year March R'000**	**1-5 years Mar 2010 R'000**	**5+ years R'000**	**Total R'000**
Standard Bank Senior debt facility	**13,25%**	**120 105**	**94 688**	**189 375**	**757 500**	**—**	**1 161 668**
ABSA Vehicle and asset finance	**13,60%**	**36 810**	**50 497**	**136 936**	**262 890**	**—**	**487 133**
Wesbank Instalment sale agreement	**12,79%**	**4 613**	**7 181**	**20 288**	**55 858**	**—**	**87 940**
Trade and other payables	**—**	**28 563**	**—**	**—**	**—**	**—**	**28 563**
Maturity analysis – 2008							
Standard Bank Senior debt facility	12,28%	126 272	94 688	189 375	1 136 250	—	1 546 585
ABSA Vehicle and asset finance	12,45%	10 954	13 955	37 214	96 615	—	158 738
Trade and other payables	—	17 011	—	—	—	—	17 011

17.6 *Capital management*

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

The capital structure of the Company consists of debt, which includes loans to subsidiaries, cash and cash equivalents, liabilities and equity, comprising issued share capital, reserve and retained earnings as disclosed.

Long-term borrowings pertain to a loan from Standard Bank of South Africa, ABSA and Wesbank provided centrally to the subsidiaries for the funding of their capital expenditure.

Notes to the financial statements *continued*

for the year ended 31 March 2009

17 Financial Instruments *(continued)*

17.7 Fair value of financial instruments

	2009 R'000 Book value	2009 R'000 Fair value	2008 R'000 Book value	2008 R'000 Fair value
Financial assets				
Trade and other receivables	**8 702**	**8 702**	22 566	22 566
Other financial assets	**4 963**	**4 963**	18 740	18 740
Cash and cash equivalents	**2**	**2**	154 822	154 822
Financial liabilities				
Loans and borrowings	**(1 076 248)**	**(1 076 248)**	(1 232 865)	(1 232 865)
Bank overdraft	**(88 115)**	**(88 115)**	—	—
Trade and other payables	**(28 563)**	**(28 563)**	(17 011)	(17 011)
Short-term portion of loans and borrowings	**(660 493)**	**(660 493)**	(472 458)	(472 458)

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

18 Related parties

18.1 Identity of related parties

Details of transactions between the Company and other related parties are disclosed below.

Directors of the companies stated below were involved with the Company during the 2009 financial year:

– African Energy Botswana (Proprietary) Limited
– Benicon Mining (Proprietary) Limited
– Jonah Coal Botswana Limited
– Mabapa Mining Limited
– Merafe Coal (Proprietary) Limited

18.2 Related party transactions and balances

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

	2009 R'000	2008 R'000
African Energy Botswana (Proprietary) Limited	**—**	2 076
Benicon Mining (Proprietary) Limited	**—**	12 000
Jonah Coal Botswana Limited	**2 080**	3 432
Mabapa Mining Limited	**2 053**	1 141
Merafe Coal (Proprietary) Limited	**830**	91
	4 963	18 740

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

19 Going Concern

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

20 Contingent liabilities

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

21 Subsequent events

At the date of this report management was in the process of renegotiating the senior debt facility, which will result in a six month capital repayment holiday and will thereafter revert to monthly equal instalments. The term of the loan will also be extended by 6 months and the final date of repayment will extend to 31 May 2012. As part of the Consortium ABSA have agreed to join the consortium and the facilities will be combined at 30 September 2009 to form a merged facility. A condition of the debt reschedule is, *inter alia*, a levying of a 3% fee on the balance of the indebtedness should the indebtedness not be reduced by R300 million by 30 September 2009.

The restructure of the debt results in an increase in margin of 5,19% and linked to 1 month JIBAR and the repayment profile will be effected as follows:

	Less than 1 month April R'000	1-3 months July R'000	3 months to 1 year Mar 2010 R'000	1-5 years R'000	5+ years R'000	Total R'000
Merged term loan facility	—	—	260 670	1 335 092	—	1 595 762
SBSA Senior debt facility	38 612	—	—	—	—	38 612
ABSA VAF facility	18 791	16 443	6 766	—	—	42 000

Notes to the financial statements *continued*

for the year ended 31 March 2009

22 Information on subsidiary companies

for the year ended 31 March 2009

Name of subsidiary	Issued share capital	Percentage held by Sentula 2009 %	Percentage held by Sentula 2008 %
Scharrighuisen Opencast Mining (Proprietary) Limited	100	**100**	100
Benicon Opencast Mining (Proprietary) Limited	120	**100**	100
Benicon Sales (Proprietary) Limited	100 000	**100**	100
Geosearch Holdings (Proprietary) Limited	100	**100**	100
Scharrighuisen Drilling & Blasting (Proprietary) Limited	100	**100**	100
Classic Challenge Trading (Proprietary) Limited	120	**100**	100
Ritchie Crane Hire (Proprietary) Limited	100	**100**	100
Benicon Coal (Proprietary) Limited	100	**100**	100
Benicon Mining (Proprietary) Limited	100	**100**	—
Caston Plant Sales (Proprietary) Limited	120	**100**	100
Sentula Mining Mauritius Limited*	100	**100**	100
Sentula Mining Services (Proprietary) Limited**	100	**100**	100
Sentula Coal (Proprietary) Limited**	100	**100**	100

The Company has subordinated its claims against the following subsidiaries in favour of all other creditors: Sentula Coal (Proprietary) Limited; Scharrighuisen Drilling & Blasting (Proprietary) Limited; Benicon Coal (Proprietary) Limited and Sentula Mining Mauritius Limited.

*The Company is incorporated in Mauritius
**The Company commenced operations in 2009

The directors valuation of the above subsidiaries approximates the cost as disclosed in this note.

The following dormant companies were deregistered in 2009: Edencliff (Proprietary) Limited; Frigate Open Cast Mining (Proprietary) Limited and Scharrighuisen Administration (Proprietary) Limited.

Main business

A – Opencast mining and mining services
B – Exploration drilling
C – Drilling and blasting
D – Crane hire
E – Equipment trading and spares
F – Mining
G – Foreign operations

Investment at cost		Loans to subsidiaries		Share options issued		
2009 R'000	2008 R'000	**2009 R'000**	2008 R'000	**2009 R'000**	2008 R'000	Main business
21 005	21 004	**1 538 161**	1 410 254	**8 951**	5 452	A
—	—	**437 088**	314 896	**5 225**	2 870	A
—	—	**94 545**	108 970	**—**	—	E
104 558	104 558	**314 874**	398 674	**4 170**	2 200	B
—	—	**261 888**	226 264	**725**	383	C
69 315	69 315	**14 860**	17 702	**559**	430	A
—	—	**62 902**	60 087	**907**	478	D
45 252	45 252	**147 420**	32 363	**—**	—	F
20 262	—	**1 252**	—	**—**	—	F
—	—	**—**	—	**—**	—	E
—	—	**100 946**	81 940	**—**	—	G
—	—	**15 473**	—	**—**	—	A
—	—	**502**	—	**—**	—	F
260 392	240 130	**2 989 912**	2 651 150	**20 537**	11 813	

Shareholders' information

for the year ended 31 March 2009

Analysis of shareholders	Number of share-holders	% of shareholders	Number of shares	% of shares
Range				
1 – 1 000	1 633	28,64	996 887	0,42
1 001 – 5 000	2 413	42,32	6 445 045	2,74
5 001 – 10 000	723	12,68	5 725 689	2,43
10 001 – 50 000	676	11,86	14 647 309	6,22
50 001 – 100 000	103	1,81	7 478 858	3,17
100 001 – and more	154	2,70	200 272 148	85,02
Total	5 702	100,00	235 565 936	100,00
Major shareholders (owning 5% or more of the shares in issue)				
Public Investment Corporation			25 516 573	10,83
Liberty Group			21 076 587	8,95
Sankofa Trust			13 988 440	5,94
Shareholder spread				
Public	5 696	99,90	195 234 072	82,88
Non-Public	6	0,10	40 331 864	17,12
Holding 10% and more	1	0,02	25 516 573	10,83
Share Scheme	1	0,02	1 990 200	0,84
Subsidiary	1	0,02	5 553 871	2,36
Directors	3	0,05	7 271 220	3,09
Total	5 702	100,00	235 565 936	100,00

Directors' shareholdings	Shares held			% of total
Director	Direct	Indirect	Total	shareholding
R Berry	276 000	—	276 000	0,12
GP Louw	1 000	—	1 000	—
SE Jonah	—	6 994 220	6 994 220	2,97
	277 000	6 994 220	7 271 220	3,09

Shareholders' diary

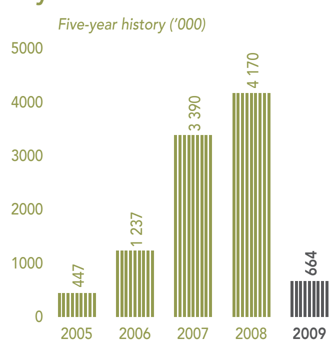
Financial year-end	31 March 2009
Audited results announced	24 June 2009
Reports and profit statement	
Half-year interim report	27 November 2009
Preliminary announcement of annual report	30 September 2009
Annual financial statements published	30 September 2009
Annual general meeting	4 December 2009

JSE performance

	2009	2008	Restated 2007	2006	2005
Number of shares traded ('000)	**182 667**	144 324	76 819	96 815	38 131
% of total issued shares	**77,54**	61,27	40,76	70,45	27,75
Value of shares trades (R'000)	**1 813 004**	3 093 980	973 849	435 700	84 155
Prices quoted (cents per share)					
– highest	**1 920**	2 650	1 845	925	375
– lowest	**180**	1 625	700	255	100
– closing	**282**	1 770	1 799	900	325
Market capitalisation at year-end (R'000)	**664 296**	4 169 517	3 389 871	1 236 878	446 650
Price earnings ratio (basic)	**2,33**	32,36	59,18	12,99	6,97
Earnings yield	**42,94**	3,09	1,69	7,70	14,30
Dividend yield	**—**	1,19	0,78	1,33	2,93

Number of shares traded

Market capitalisation at year-end



Directors' biographies

for the year ended 31 March 2009

SE (Sam) Jonah (KBE OSG) (59)

Non-executive Chairman – Appointed 2006, resigned 20 May 2009

Sam is internationally recognised as one of Africa's leading businessmen. He has been decorated with several awards and honours, including an honorary knighthood by Her Majesty the Queen Elizabeth II. Sir Sam joined Sentula in August 2006 as non-executive Chairman of the Board, but stepped down from that position due to the pressure of his commitments abroad. Sir Sam remained on the Board as a non-executive director. In terms of article 29 of the Company's articles of association, Sam retires by rotation at this years AGM. However, given his numerous commitments he has not offered himself up for re-election.

J (Jeff) van Rooyen (59)

Non-executive Chairman – Appointed 20 May 2009

Independent non-executive Director – Appointed 2008

BCom, BCompt (Hons), CA(SA)

Jeff is the founder member and CEO of Uranus Investment Holdings (Proprietary) Limited and previously served as CEO of the Financial Services Board. He is also a founder member and former president of the Association for the Advancement of Black Accountants of Southern Africa ("ABASA") and was chairperson of the Public Accountants and Auditors Board in 1995. Other directorships include the MTN Group, in the Uranus Group, Pick n Pay Stores Limited and Exxaro Resources Limited. He also acts as a trustee of the International Accounting Standards Committee Foundation.

JG (Jonathan) Best (60)

Deputy Chairman – Appointed 20 May 2009

Independent non-executive Director – Appointed 2007

ACIMA ACIS MBA

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

RC (Robin) Berry (47)

Chief Executive Officer – Appointed 2007

BSc Engineering (Mining)

Robin joined the Company as Chief Operating Officer in January 2007 and was promoted to Chief Executive Officer with effect from 1 December 2007. He joined the Group from his former position as Chief Executive Officer of Operations for Anglo Coal SA. He has over 20 years of experience in the mining industry at both managerial and operational levels.

GP (Gideon) "Deon" Louw (47)

Chief Financial Officer – Appointed 2007

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

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

PP (Patrick) "Pat" Modisane (48)

Executive director – Appointed 2008

BA (Hons)

Pat was appointed as an executive director and head of transformation and human resources with effect from 1 October 2008. Prior to joining Sentula, he was regional manager of employee relations and transformation at AngloCoal. From 2005 it was his core responsibility to effectively manage employee relations, strategies, practices and stakeholder management. Previously, he was Human Resources manager at Kleinkopje, Greenside and New Vaal Collieries.

EHJ (Hugh) Stoyell (65)

Independent non-executive director – Appointed 2005

PR Eng, BSc Engineering (Mining), MBL FSAIMM

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

A (Andisiwe) "Andy" Kawa (47)

Independent non-executive director – Appointed 2008

MBA, MA, EdM

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

PN (Pulane) Kingston (39)

Independent non-executive director – Appointed 2008

BA, LLB, LLM (International Law)

Pulane was appointed to the Sentula Board on 11 September 2008. She is the founder member and Chairperson of Sphere Holdings (Proprietary) Limited. Prior to Sphere, she was a senior associate partner at Edward Nathan & Friedland Inc.

ML (Marion) "Dawn" Marole (49)

Independent non-executive director – Appointed 2008

BCom UniZul, DTE (Diploma in Tertiary Education) Unisa, MBA

Dawn sits on the boards of Incwala Resources (Proprietary) Limited, JP Morgan Chase Bank (SA) and Richards Bay Minerals. She was appointed as a non-executive director of Sentula with effect from 11 September 2008.

Notice of annual general meeting

for the year ended 31 March 2009

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

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

Notice is hereby given that an annual general meeting of shareholders of the Company will be held at Sandton Sun, corner Fifth and Alice Streets, Sandton, Oleander Room at 10:00 on Friday, 4 December 2009 to conduct the following business:

1. To receive, consider and adopt the annual financial statements of the Company and the Group for the financial year ended 31 March 2009, including the directors' report and the report of the auditors, therein.
2. To re-elect, Jonathan Gourlay Best who, in terms of Article 29 of the Company's articles of association, retires by rotation at this annual general meeting but, being eligible to do so, offers himself for re-election.

   An abbreviated curriculum vitae in respect of Jonathan Gourlay Best who offers himself for re-election appears on page 100 of the annual report to which this notice is attached.
3. To confirm the re-appointment of KPMG Inc. as independent auditors of the Company, with Hendrik van Heerden being the individual registered auditor who has undertaken the audit of the Company, for the ensuing financial year and to authorise the directors to determine the auditors' remuneration.
4. To ratify the non-executive directors' remuneration for the year ended 31 March 2009 as reflected in note 34 to the annual financial statements.
5. To approve an 8,5% increase in the remuneration payable to the non-executive directors, which increase shall be effective from 1 November 2009.

The reason for proposing the increase in non-executive directors remuneration is that following an independent review of remuneration paid to non-executive directors in comparative companies, the board concluded that the non-executive directors were being remunerated below current market related fees. It was therefore agreed that in order to attract and retain suitably qualified and professional directors, the remuneration should be increased in order to align the fees with the lower quartile of the remuneration currently paid in the market.

As special business, to consider and, if deemed fit, to pass, with or without modification, the following resolutions:

ORDINARY RESOLUTION NUMBER 1

Control of authorised but unissued ordinary shares

6. "**Resolved** by way of a general authority that the authorised but unissued ordinary shares in the capital of Sentula Mining Limited ("the Company") be and are hereby placed under the control and authority of the directors of the Company ("directors") and that the directors be and are hereby authorised and empowered to allot and issue all or any of such ordinary shares, or to issue any options in respect of all or any of such ordinary shares, to such person/s on such terms and conditions and at such times as the directors may from time to time and in their discretion deem fit, subject to the provisions of sections 221 and 222 of the Companies Act, 1973 (Act 61 of 1973), as amended, the articles of association of the company and the Listing Requirements of JSE Limited from time to time."

ORDINARY RESOLUTION NUMBER 2

Approval to issue ordinary shares, and to sell treasury shares, for cash

7. "**Resolved that** the directors of Sentula Mining Limited ("the Company") and/or any of its subsidiaries from time to time be and are hereby authorised, by way of a general authority, to –
   - allot and issue, or to issue any options in respect of, all or any of the authorised but unissued ordinary shares in the capital of the Company; and/or

- sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the Company purchased by subsidiaries of the Company,

for cash, to such person/s on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the Companies Act, 1973 (Act 61 of 1973), as amended, the articles of association of the Company and its subsidiaries and the Listing Requirements of JSE Limited ("the JSE Listing Requirements") from time to time.

The JSE Listing Requirements currently provide, *inter alia*, that:

- the securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue may only be made to "public shareholders" as defined in the JSE Listing Requirements and not to related parties;
- the number of ordinary shares issued for cash shall not in any one financial year in the aggregate exceed 15% (fifteen percent) of the number of issued ordinary shares. The number of ordinary shares which may be issued shall be based, *inter alia*, on the number of ordinary shares in issue, added to those that may be issued in future (arising from the conversion of options/convertibles) at the date of such application, less any ordinary shares issued, or to be issued in future arising from options/convertible ordinary shares issued during the current financial year; plus any ordinary shares to be issued pursuant to a rights issue which has been announced, is irrevocable and is fully underwritten, or an acquisition which has had final terms announced;
- this general authority will be valid until the earlier of the Company's next annual general meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- an announcement giving full details, including the impact on net asset value per share, net tangible asset value per share, earnings per share and headline earnings per share and, if applicable, diluted earnings and headline earnings per share, will be published when the Company has issued ordinary shares representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of ordinary shares in issue prior to the issue;
- in determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE Limited of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities; and
- whenever the Company wishes to use ordinary shares, held as treasury stock by a subsidiary of the Company, such use must comply with the JSE Listing Requirements as if such use was a fresh issue of ordinary shares."

Under the JSE Limited ("the JSE") Listing Requirements, ordinary resolution number 2 must be passed by a 75% (seventy five percent) majority of the votes cast in favour of the resolution by all members present or represented by proxy at the annual general meeting.

SPECIAL RESOLUTION NUMBER 1

General approval to acquire shares

8. **"Resolved,** by way of a general approval that Sentula Mining Limited ("the Company" or "Sentula") and/or any of its subsidiaries from time to time be and are hereby authorised to acquire ordinary shares in the Company in terms of sections 85 to 89 of the Companies Act, 1973 (Act 61 of 1973), as amended, the articles of association of the Company and its subsidiaries and the Listing Requirements of JSE Limited ("the JSE") from time to time.

Notice of annual general meeting *continued*

for the year ended 31 March 2009

The JSE Listing Requirements currently provide, *inter alia*, that:

- the acquisition of the ordinary shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party;
- this general authority shall only be valid until the earlier of the Company's next annual general meeting or the expiry of a period of 15 (fifteen) months from the date of passing of this special resolution;
- in determining the price at which the Company's ordinary shares are acquired in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date on which the transaction is effected;
- the acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of the Company's issued ordinary share capital;
- the Company or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements, unless a repurchase programme is in place where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed in an announcement over the Securities Exchange News Service (SENS) prior to the commencement of the prohibited period;
- the repurchase of ordinary shares may only be undertaken if, after such repurchase, the Company will still comply with paragraphs 3.37 to 3.41 of the JSE Listings Requirements concerning shareholder spread;
- an announcement will be published once the Company has cumulatively repurchased 3% (three percent) of the number of the ordinary shares in issue at the time this general authority is granted ("initial number"), and for each 3% (three percent) in aggregate of the initial number acquired thereafter; and
- at any point in time, the Company may only appoint one agent to effect any acquisition/s on its behalf.

8.1 Reason for and effect of Special Resolution Number 1

The **reason for** and **effect of** this special resolution number 1 is to obtain an authority for, and to authorise, the Company and the Company's subsidiaries, by way of a general authority, to acquire the Company's issued ordinary shares.

It is the intention of the directors of the Company to use such authority should prevailing circumstances (including tax dispensations and market conditions) in their opinion warrant it.

8.2 Other disclosure in terms of Section 11.26 of the JSE Listing Requirements

The JSE Listing Requirements require the following disclosure, which are contained in the annual report of which this notice forms part:

- directors and management – page 8;
- major shareholders of Sentula – page 98;
- directors' interests in securities – page 98;
- share capital of the Company – page 64; and
- litigation statement – page 33.

8.3 Material change

There have been no material changes in the affairs or financial position of Sentula and its subsidiaries since Sentula's financial year end and the date of this notice.

8.4 Directors' responsibility statement

The directors, whose names are given on page 31 of the annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 1 and certify that to the best of their knowledge and belief there are no facts in relation to special resolution number 1 that have been omitted which would make any statement in relation to special resolution number 1 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that special resolution number 1 together with this notice contains all information required by law and the JSE Listing Requirements in relation to special resolution number 1.

8.5 Adequacy of working capital

At the time that the contemplated repurchase is to take place, the directors will ensure that, after considering the effect of the maximum repurchase and for a period of 12 (twelve) months after the date of this notice of annual general meeting:

- the Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
- the consolidated assets of the Company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the Company and its subsidiaries;
- the issued share capital and reserves of the Company and its subsidiaries will be adequate for the purpose of the ordinary business of the Company and its subsidiaries; and
- the working capital available to the Company and its subsidiaries will be sufficient for the Group's requirements.

The Company may not enter the market to proceed with the repurchase until its Designated Sponsor, Merchantec (Proprietary) Limited, has discharged of all of its responsibilities in terms of the JSE Listing Requirements insofar as they apply to working capital statements for the purposes of undertaking an acquisition of its issued ordinary shares.

ORDINARY RESOLUTION NUMBER 3

Signature of documents

9. "**Resolved that** each director of Sentula Mining Limited ("the Company") be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of those resolutions to be proposed at the annual general meeting convened to consider the resolutions which are passed, in the case of ordinary resolutions, or are passed and registered by the Companies and Intellectual Property Registration Office, in the case of special resolutions."

10. **Other business**

    To transact such other business as may be transacted at the annual general meeting of the Company.

Voting and proxies

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

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

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

Ordinary shareholders who have dematerialised their ordinary shares through a CSDP or broker without "own name" registration and who wish to attend the annual general meeting, must instruct their CSDP or broker to provide them with the relevant Letter of Representation to attend the meeting in person or by proxy and vote. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Proxy forms should be forwarded to reach the transfer secretaries, Link Market Services South Africa (Proprietary) Limited, at least 48 (forty eight) hours excluding, Saturdays, Sundays and public holidays, before the time of the meeting.

Forms of proxy may also be obtained from the Company's registered office.

By order of the Board

Morestat Corporate Services (Proprietary) Limited
Company Secretary

Friday, 25 September 2009
Pretoria

Administration

Sentula Mining Limited
(Registration number 1992/001973/06)

Registered office
Ground Floor, Building 14, The Woodlands Office Park
Woodlands Drive, Woodmead, 2080
(PO Box 76, Woodlands Office Park, Woodmead, 2080)
Tel: 011 656 1303

Company Secretary
Morestat Corporate Services (Proprietary) Limited
24 18th Street, Menlo Park, 0081
(PO Box 35686, Menlo Park, 0102)
Tel: 012 346 7787

Transfer Secretaries
Link Market Services South Africa (Proprietary) Limited
5th Floor, 11 Diagonal Street, Johannesburg, 2001
(PO Box 4844, Johannesburg, 2001)
Tel: 011 834 2266

Sponsor
Merchantec (Proprietary) Limited
2nd Floor, North Block, Hyde Park Office Towers
Corner of 6th Road and Jan Smuts Avenue
Hyde Park, 2196
(PO Box 41480, Craighall, 2024)
Tel: 011 325 6363

Attorneys
Werksmans
155 5th Street, Sandown, Sandton, 2196
(Private Bag 10015, Sandton, 2146)
Tel: 011 535 8000

Cliffe Dekker Hofmeyr
6 Sandown Valley Crescent, Sandown, Sandton, 2196
(Private Bag X40, Benmore, 2010)
Tel: 011 286 1100

Fluxmans Inc
11 Biermann Avenue, Rosebank, Johannesburg, 2196
(Private Bag X41, Saxonwold, 2132)
Tel: 011 328 1700

Corporate Advisers
Investec Bank Limited
Investec Corporate Finance
Second Floor, 100 Grayston Drive
Sandown, Sandton, 2196
(PO Box 785700, Sandton, 2146)
Tel: 011 286 7000

RFA Consulting (Proprietary) Limited
1st Floor, 36 Fricker Road, Illovo, 2196
(PO Box 691, Melrose Arch, 2026)
Tel: 011 447 6115

Bankers
Standard Bank
Corporate and Investment Banking
3 Simmonds Street, Johannesburg, 2001
(PO Box 61344, Marshalltown, 2107)
Tel: 011 636 9155

Absa
9th Floor, The Diamond Building
11 Diagonal Street
Newtown, Johannesburg, 2001
(PO Box 7735, Johannesburg, 2000)
Tel: 011 556 6000

Wesbank
Home of Wesbank
Enterprise Road, Fairlands, 2170
(PO Box 1066, Fairlands, 2000)
Tel: 011 632 6000

Auditors
KPMG Inc.
KPMG Crescent, 85 Empire Road, Parktown, 2193
(Private Bag X9, Parkview, 2122)
Tel: 011 647 7111

Reporting Accountants
BDO Spencer Steward
BDO Place, 457 Rodericks Road, Linwood, Pretoria, 0081
(PO Box 954367/8/9, Waterkloof, 0145)
Tel: 012 348 2000

Public Relations/Communications
College Hill
Fountain Grove, 5 Second Road, Hyde Park, Sandton, 2196
(PO Box 413187, Craighall, 2024)
Tel: 011 447 3030

Form of proxy

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

For use only by ordinary shareholders who:

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

at the annual general meeting of ordinary shareholders of the Company to be held at Sandton Sun, corner Fifth and Alice Streets, Sandton, Oleander Room, at 10:00 on Friday, 4 December 2009 and any adjournment thereof.

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

I/We (BLOCK LETTERS please)

of (address)

Telephone work (   ) Telephone home (   )

being the holder/custodian of ordinary shares in the Company, hereby appoint (see note):

1. or failing him/her,

2. or failing him/her,

3. the Chairperson of the meeting,

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

		Number of ordinary shares		
		For	**Against**	**Abstain**
1.	To receive, consider and adopt the annual financial statements of the Company and Group for the financial year ended 31 March 2009			
2.	To approve the re-election as director of Jonathan Gourlay Best who retires by rotation			
3.	To confirm the re-appointment of KPMG Inc. as auditors of the Company together with Hendrik van Heerden for the ensuing financial year			
4.	To ratify the non-executive directors' remuneration for the financial year ended 31 March 2009			
5.	To approve an 8,5% increase in the remuneration payable to the non-executive directors			
6.	**Ordinary resolution number 1** Control of authorised but unissued ordinary shares			
7.	**Ordinary resolution number 2** Approval to issue ordinary shares, and to sell treasury shares, for cash			
8.	**Special resolution number 1** General approval to acquire shares			
9.	**Ordinary resolution number 3** Signature of documents			

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

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

Signed at   on   2009

Signature

Assisted by *(where applicable)*

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

Form of proxy *continued*

Notes

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

    Hand deliveries to:
    16th, 11 Diagonal Street
    Johannesburg, 2001

    Postal deliveries to:
    PO Box 4844
    Johannesburg, 2000

    to be received by no later than 10:00 on Wednesday, 2 December 2009 (or 48 (forty eight) hours before any adjournment of the annual general meeting which date, if necessary, will be notified on SENS).
14. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.

Abbreviations

Abbreviations	Explanation
"BEE"	Black economic empowerment
"BBBEE"	Broad-based black economic empowerment
"Benicon"	Benicon Opencast Mining (Proprietary) Limited
"Benicon Sales"	Benicon Sales (Proprietary) Limited
"BWP"	Botswana Pula
"Caston"	Caston Plant Sales (Proprietary) Limited
"CCT"	Classic Challenge Trading (Proprietary) Limited
"CIPRO"	Companies and Intellectual Property Registration Office
"CFO"	Chief Financial Officer
"COMSOC"	Chamber of Mines Safety Organisation Certificate
"CPR"	Competent person report
"ED"	Enterprise development
"EE"	Employment equity
"EME"	Exempted micro enterprise
"Geosearch"	Geosearch Holdings (Proprietary) Limited
"JEF"	JEF Drill and Blast (Proprietary) Limited (previously Scharrighuisen Drilling and Blasting (Proprietary) Limited)
"JSE"	JSE Limited
"King II Report" or "King Reports"	The King Report on Corporate Governance for South Africa 2002 and King III
"Koornfontein"	An operating mine held by Siyanda Coal (Proprietary) Limited
"Megacube"	Megacube Mining (Proprietary) Limited (previously Scharrighuisen Opencast Mining (Proprietary) Limited)
"QSE"	Qualifying small enterprise
"Ritchie"	Ritchie Crane Hire (Proprietary) Limited
"SA"	The Republic of South Africa
"SED"	Socio-economic development
"SENS"	Stock exchange news service
"the Board"	The Board of directors of Sentula Mining Limited
"the Company"	Sentula Mining Limited
"the current year"	The financial year ending 31 March 2010
"the Group"	Sentula Mining Limited, its subsidiaries, associates and affiliates
"the previous year" or "the prior year"	The financial year ended 31 March 2008
"the year" or "the year under review"	The financial year ended 31 March 2009
"ZAR"	South African Rand
"USD"	US Dollar

Wholly-owned subsidiaries	Registration number
Megacube Mining (Proprietary) Limited	1989/000748/07
JEF Drill and Blast (Proprietary) Limited	1996/017991/07
Benicon Opencast Mining (Proprietary) Limited	1993/007616/07
Benicon Sales (Proprietary) Limited	1970/005781/07
Benicon Mining (Proprietary) Limited	1982/009206/07
Benicon Coal (Proprietary) Limited	1993/003007/07
Caston Plant Sales (Proprietary) Limited	1991/003355/07
Classic Challenge Trading (Proprietary) Limited	2001/025633/07
Geosearch Holdings (Proprietary) Limited	2006/027773/07
Geosearch South Africa (Proprietary) Limited	2005/042886/07
Geosearch International (Proprietary) Limited	1986/003933/07
Rynov Investments (Proprietary) Limited	1997/007761/07
Sentula Coal (Proprietary) Limited	2007/032919/07
Sentula Mining Services (Proprietary) Limited	2007/023898/07
Ritchie Crane Hire (Proprietary) Limited	2007/006831/07
Robust Opencast Resources (Proprietary) Limited	1994/091620/07
Business Venture Investments No 1132 (Proprietary) Limited	2007/001551/07
Sentula Mining Mauritius Limited	77609 C1/GBL
Sentula Mining Services Mauritius Limited	77730 C1/GBL
Sentula Mining Ventures Mauritius Limited	77898 C1/GBL