SEPHAKU
HOLDINGS LTD

Sephaku Holdings Ltd and its Subsidiaries
Group Annual Financial Statements
for the year ended 28 February 2009

General Information

Country of incorporation and domicile	South Africa	
Nature of business and principal activities	Mining and development	
Directors	L Mohuba	Chairman
	NR Crafford-Lazarus	Chief Executive Officer
	CR de Wet de Bruin	
	RR Matjiu	
	ME Smit	
	GS Mahlati	Non-Executive Director
	MM Ngoasheng	Non-Executive Director
	MG Mahlare	Non-Executive Director
	D Twist	Alternate director to CRD de Bruin
	J Bennette	Alternate director to RR Matjiu
Registered office	4A Manhattan Office Park 16 Pieter Road Highveld Technopark Centurion 0169	
Postal address	PO Box 68149 Highveld 0169	
Bankers	ABSA Centurion	
Auditors	PKF (Pretoria) Incorporated Registered Auditors	
Secretary	Sephaku Management (Pty) Ltd	
Company registration number	2005/003306/06	

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The reports and statements set out below comprise the Group Annual Financial Statements presented to the shareholder:

The following supplementary information does not form part of the group annual financial statements and is unaudited:

PKF

chartered accountants
& business advisers

previously

Fisher Hoffman PKF

Report of the Independent Auditors

To the shareholder of Sephaku Holdings Ltd and its Subsidiaries

We have audited the accompanying group annual financial statements of Sephaku Holdings Ltd and its Subsidiaries, which comprise the directors' report, the balance sheet as at 28 February 2009, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 47.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these group annual financial statements in accordance with International Financial Reporting Standards, and in the manner required by the South African Companies Act, 1973. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of group annual 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these group annual 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 group annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the group annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the group annual 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 group annual 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 the directors, as well as evaluating the overall presentation of the group annual 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, the group annual financial statements present fairly, in all material respects, the financial position of the company as of 28 February 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the South African Companies Act, 1973.

Supplementary Information

We draw your attention to the fact that the supplementary information set out on page 48 does not form part of the group annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

PKF (Pta) Inc.

PKF (Pretoria) Incorporated
Registered Auditors
Per: JF Grobler

22 July 2009

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Directors' Responsibilities and Approval

The directors are required by the South African Companies Act, 1973, to maintain adequate accounting records and are responsible for the content and integrity of the group annual financial statements and related financial information included in this report. It is their responsibility to ensure that the group annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the group annual financial statements.

The group annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the group annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 28 February 2010 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the group's group annual financial statements. The group annual financial statements have been examined by the group's external auditors and their report is presented on page 3.

The group annual financial statements set out on pages 5 to 48, which have been prepared on the going concern basis, were approved by the board of directors on 22 July 2009 and were signed on its behalf by:

L Mohuba **ME Smit**

Centurion, South Africa

22 July 2009

Directors' Report

The directors submit their report for the year ended 28 February 2009.

1. Review of activities

Main business and operations

The group is engaged in mining and development and operates principally in South Africa. During the year the group secured its first mining right for limestone.

The operating results and state of affairs of the company are fully set out in the attached group annual financial statements and do not in our opinion require any further comment.

Net loss of the group was R 10 498 696 (2008: loss R 7 648 763), after taxation of R 644 687 (2008: R 1 149 883).

2. Going concern

The group 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.

3. Post balance sheet events

The directors are not aware of any matter or circumstance arising since the end of the financial year that will have any negative impact on the financial statements.

The company is planning to list on the JSE Ltd in August 2009 in terms of its obligation towards those shareholders who took up shares in Sephaku Holdings Ltd in exchange for their shares in Sephaku Cement (Pty) Ltd.

4. Directors' interest in contracts

Tanton Investments (Pty) Ltd - during the year under review the company rendered services to Sephaku Management (Pty) Ltd at market related prices to the value of R 216 000 (2008: R 1 200 000). CRD de Bruin is a director of both Tanton Investments (Pty) Ltd and Sephaku Holdings Ltd, of which Sephaku Management (Pty) Ltd is a wholly owned subsidiary.

The Makings (Pty) Ltd - during the year under review the company rendered services to Sephaku Management (Pty) Ltd at market related prices to the value of R 783 074 (2008: R 1 936 795). ME Smit is a director of both The Makings (Pty) Ltd and Sephaku Holdings Ltd of which Sephaku Management (Pty) Ltd is a wholly owned subsidiary.

5. Authorised and issued share capital

During the year under review the company issued a total of 48 081 462 (2008: 17 115 385) ordinary shares of R0.001 each and 10 000 (2008: 5 316 184) non-voting convertible preference shares of R0.001 each. Included in this year's issue were 37 663 333 ordinary shares at an issue price of R11.11 per share to acquire 41 960 951 ordinary shares in Sephaku Cement (Pty) Ltd at R10 per share.

Subsequent to the year-end all non-voting redeemable preference shares were converted to ordinary shares on a one-for-one basis.

6. Non-current assets

Details of major changes in the nature of the non-current assets of the group during the year were as follows:

Additions to intangible assets of the group amounted to R 15 450 894 (2008: R 29,389,885).

Additions to property, plant and equipment amounted to R 139 668 769 (2008: R 5 174 226).

7. Dividends

No dividends were declared or paid to shareholder during the year.

Directors' Report

8. Directors

The directors of the company during the year and to the date of this report are as follows:

Name		Changes
L Mohuba	Chairman	
NR Crafford-Lazarus	Chief Executive Officer	
CR de Wet de Bruin		
RR Matjiu		
ME Smit		
GS Mahlati	Non-Executive Director	
MM Ngoasheng	Non-Executive Director	
MG Mahlare	Non-Executive Director	Appointed 29 January 2009
D Twist	Alternate director to CRD de Bruin	
J Bennette	Alternate director to RR Matjiu	

9. Secretary

The secretary of the company is Sephaku Management (Pty) Ltd, appointed 09 April 2007.

Business address

Suite 4A Manhattan Office Park
16 Pieter Street
Highveld Technopark
Centurion
0169

Postal address

PO Box 68149
Highveld
0169

10. Interest in subsidiaries

Name of subsidiary	Net income (loss) after tax
Sephaku Exploration Holdings (Pty) Ltd	(144 538)
Sephaku Gold Holdings (Pty) Ltd	(1 969 338)
Sephaku PGM Holdings (Pty) Ltd	(36 708)
Sephaku Vanadium (Pty) Ltd	(50)
Sephaku Coal Holdings Ltd	(2 975 957)
Sephaku Management (Pty) Ltd	666 868
Sephaku Tin (Pty) Ltd	(194 880)
Sephaku Cement (Pty) Ltd	2 765 958
Sephaku Uranium (Pty) Ltd	(7 317)
Blue Waves Properties 198 (Pty) Ltd	(556 804)
Aquarella Investments 555 (Pty) Ltd	(714 801)

Details of the company's investment in subsidiaries are set out in note 6.

11. Auditors

PKF (Pretoria) Incorporated will continue in office in accordance with section 270(2) of the Companies Act.

Balance Sheet

		Group		Company	
Figures in Rand	**Notes**	**2009**	**2008**	**2009**	**2008**
Assets					
Non-Current Assets					
Property, plant and equipment	3	140 982 257	5 383 466	-	-
Goodwill	4	748 900	748 900	-	-
Intangible assets	5	47 177 424	32 415 296	-	-
Investments in subsidiaries	6	-	-	434 620 393	15 010 580
Investments in associates	7	38 266 887	28 457 900	52	26
Other financial assets	9	200 000	-	-	-
Deposits for rehabilitation	11	333 500	258 500	-	-
		227 708 968	**67 264 062**	**434 620 445**	**15 010 606**
Current Assets					
Loans to group companies / associates	8	8 018 367	4 809 949	109 225 334	86 301 449
Loans to directors, managers and employees	13	25 060	451 754	1 100	1 100
Other financial assets	9	512 224	9 106 365	2 267	1 000
Trade and other receivables	14	4 179 578	17 221 751	219 814	-
Other loans receivable	12	941 230	941 200	-	-
Cash and cash equivalents	15	271 677 674	54 186 691	12 842 873	4 558 985
		285 354 133	**86 717 710**	**122 291 388**	**90 862 534**
Non-current assets held for sale and assets of disposal groups	16	14 117 996	-	-	-
Total Assets		**527 181 097**	**153 981 772**	**556 911 833**	**105 873 140**
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital	17	214 981 537	84 652 163	537 258 014	84 835 031
Reserves		1 677 572	1 677 572	1 677 572	1 677 572
Retained income		212 702 184	39 965 610	2 983 959	10 315 156
Minority interest		83 578 683	20 733 423	-	-
		512 939 976	**147 028 768**	**541 919 545**	**96 827 759**
Liabilities					
Current Liabilities					
Loans from group companies / associates	8	110 027	1 160 223	1 899 326	2 741 172
Current tax payable	20	4 098 028	3 453 342	1 149 883	1 149 883
Trade and other payables	21	10 022 566	2 328 875	11 943 079	5 154 326
Loans payable		10 500	10 500	-	-
Bank overdraft	15	-	64	-	-
		14 241 121	**6 953 004**	**14 992 288**	**9 045 381**
Total Equity and Liabilities		**527 181 097**	**153 981 772**	**556 911 833**	**105 873 140**
Net asset value per share (cents)	28	284.19	122.63		
Tangible net asset value per share (cents)	28	252.47	90.43		

Income Statement

		Group		Company	
Figures in Rand	**Notes**	**2009**	**2008**	**2009**	**2008**
Other income		15 385 716	9 728 757	-	14 999 900
Operating expenses		(53 378 143)	(18 335 007)	(7 805 283)	(5 233 453)
Operating (loss) profit	23	**(37 992 427)**	**(8 606 250)**	**(7 805 283)**	**9 766 447**
Investment revenue	24	30 373 192	2 439 604	474 086	2 095 409
Income from equity accounted investments		(1 964 142)	(325 002)	-	-
Finance costs	25	(270 632)	(7 232)	-	-
(Loss) profit before taxation		**(9 854 009)**	**(6 498 880)**	**(7 331 197)**	**11 861 856**
Taxation	26	(644 687)	(1 149 883)	-	(1 149 883)
(Loss) profit for the year		**(10 498 696)**	**(7 648 763)**	**(7 331 197)**	**10 711 973**
Attributable to:					
Equity holders of the parent		(11 045 802)	(7 404 846)	(7 331 197)	10 711 973
Minority Interest		547 106	(243 917)	-	-
Basic earnings per share (cents)	28	(8.88)	(7.56)		
Diluted earnings per share (cents)	28	(8.59)	(7.54)		
Headline earnings per share (cents)	28	(9.35)	(7.47)		
Diluted headline earnings per share (cents)	28	(9.04)	(7.45)		

Statement of Changes in Equity

Figures in Rand	Share capital	Share premium	Total share capital	Other NDR	Retained income	Total attributable to equity holders of the group / company	Minority interest	Total equity
Group								
Balance at 01 March 2007	**80 762**	**23 773 504**	**23 854 266**	**-**	**12 486 550**	**36 340 816**	**25**	**36 340 841**
Changes in equity								
Gain on issue of shares to minorities	-	-	-	-	35 004 482	35 004 482	-	35 004 482
Total recognised income and expenses for the year	-	-	-	-	35 004 482	35 004 482	-	35 004 482
Loss for the year	-	-	-	-	(7 404 846)	(7 404 846)	(243 917)	(7 648 763)
Total recognised income and expenses for the year	-	-	-	-	27 599 636	27 599 636	(243 917)	27 355 719
Issue of shares	17 114	37 836 734	37 853 848	-	-	37 853 848	-	37 853 848
Treasury shares held by subsidiary	(360)	(182 507)	(182 867)	-	(120 576)	(303 443)	-	(303 443)
Options granted	-	-	-	1 677 572	-	1 677 572	-	1 677 572
Issue of preference shares	5 316	22 927 552	22 932 868	-	-	22 932 868	-	22 932 868
Ordinary shares in the process of being issued	194 250	-	194 250	-	-	194 250	-	194 250
Preference shares from previous year included in issue	(202)	-	(202)	-	-	(202)	-	(202)
Business combinations	-	-	-	-	-	-	20 977 315	20 977 315
Total changes	216 118	60 581 779	60 797 897	1 677 572	27 479 060	89 954 529	20 733 398	110 687 927

Statement of Changes in Equity

Figures in Rand	Share capital	Share premium	Total share capital	Other NDR	Retained income	Total attributable to equity holders of the group / company	Minority interest	Total equity
Balance at 01 March 2008	296 880	84 355 283	84 652 163	1 677 572	39 965 610	126 295 345	20 733 423	147 028 768
Changes in equity								
Gain on issue of shares to minorities	-	-	-	-	187 951 518	187 951 518	-	187 951 518
Total recognised income and expenses for the year	-	-	-	-	187 951 518	187 951 518	-	187 951 518
Loss for the year	-	-	-	-	(11 045 802)	(11 045 802)	547 106	(10 498 696)
Total recognised income and expenses for the year	-	-	-	-	176 905 716	176 905 716	547 106	177 452 822
Issue of shares	48 081	445 389 503	445 437 584	-	-	445 437 584	-	445 437 584
Treasury shares held by subsidiary	(272)	(2 234 283)	(2 234 555)	-	(4 169 142)	(6 403 697)	-	(6 403 697)
Premium paid on acquisition of additional shares in subsidiary	-	(319 859 055)	(319 859 055)	-	-	(319 859 055)	-	(319 859 055)
Issue of preference shares	10	99 990	100 000	-	-	100 000	-	100 000
Preference share to be issued	7 079 650	-	7 079 650	-	-	7 079 650	-	7 079 650
Ordinary shares from previous period included in issue	(194 250)	-	(194 250)	-	-	(194 250)	-	(194 250)
Business combinations	-	-	-	-	-	-	62 298 154	62 298 154
Total changes	6 933 219	123 396 155	130 329 374	-	172 736 574	303 065 948	62 845 260	365 911 208
Balance at 28 February 2009	**7 230 099**	**207 751 438**	**214 981 537**	**1 677 572**	**212 702 184**	**429 361 293**	**83 578 683**	**512 939 976**
Notes	17	17	17					

Statement of Changes in Equity

Figures in Rand	Share capital	Share premium	Total share capital	Other NDR	Retained income	Total attributable to equity holders of the group / company	Minority interest	Total equity
Company								
Balance at 01 March 2007	**80 762**	**23 773 504**	**23 854 266**	-	**(396 817)**	**23 457 449**	-	**23 457 449**
Changes in equity								
Profit for the year	-	-	-	-	10 711 973	10 711 973	-	10 711 973
Issue of ordinary shares	17 115	37 836 734	37 853 849	-	-	37 853 849	-	37 853 849
Issue of preference shares	5 316	22 927 552	22 932 868	-	-	22 932 868	-	22 932 868
Options granted	-	-	-	1 677 572	-	1 677 572	-	1 677 572
Ordinary shares in the process of being issued	194 250	-	194 250	-	-	194 250	-	194 250
Preference shares from the previous period included in issue	(202)	-	(202)	-	-	(202)	-	(202)
Total changes	216 479	60 764 286	60 980 765	1 677 572	10 711 973	73 370 310	-	73 370 310
Balance at 01 March 2008	**297 241**	**84 537 790**	**84 835 031**	**1 677 572**	**10 315 156**	**96 827 759**	-	**96 827 759**
Changes in equity								
Loss for the year	-	-	-	-	(7 331 197)	(7 331 197)	-	(7 331 197)
Issue of shares	48 080	445 389 503	445 437 583	-	-	445 437 583	-	445 437 583
Issue of preference shares	10	99 990	100 000	-	-	100 000	-	100 000
Ordinary shares from the previous period included in issue	(194 250)	-	(194 250)	-	-	(194 250)	-	(194 250)
Ordinary shares in the process of being issued	7 079 650	-	7 079 650	-	-	7 079 650	-	7 079 650
Total changes	6 933 490	445 489 493	452 422 983	-	(7 331 197)	445 091 786	-	445 091 786
Balance at 28 February 2009	**7 230 731**	**530 027 283**	**537 258 014**	**1 677 572**	**2 983 959**	**541 919 545**	-	**541 919 545**
Notes	17	17	17					

Cash Flow Statement

		Group		Company	
Figures in Rand	Notes	2009	2008	2009	2008
Cash flows from operating activities					
Cash (used in) generated from operations	29	(15 996 868)	(19 135 392)	(1 236 344)	1 799 691
Interest income		30 373 192	2 439 604	474 086	2 095 409
Finance costs		(270 632)	(7 232)	-	-
Net cash from operating activities		**14 105 692**	**(16 703 020)**	**(762 258)**	**3 895 100**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(136 298 647)	(5 174 226)	-	-
Sale of property, plant and equipment	3	6 054	63 017	-	-
Purchase of other intangible assets	5	(15 911 046)	(28 241 176)	-	-
Loans (advanced to) / received from group companies		(4 258 614)	523 565	(23 765 731)	(83 793 123)
Movement in other financial assets		9 352 136	(8 070 106)	(1 267)	29 217
Purchase of deposits for rehabilitation		(75 000)	(74 500)	-	-
Other loans receivable		-	(941 200)	-	-
Purchase of other financial asset		(375 000)	-	-	-
Increase in investments in associates		(11 773 129)	(28 782 622)	(326)	(100)
Transfer assets of disposal groups		(14 117 996)	-	-	-
Net cash from investing activities		**(173 451 242)**	**(70 697 248)**	**(23 767 324)**	**(83 764 006)**
Cash flows from financing activities					
Proceeds on share issue	17	445 437 584	37 853 848	25 828 070	37 853 849
Preference share issue	17	100 000	22 932 868	100 000	22 932 868
Movement in other loans payable		-	(10 000)	-	-
Movement in loans to directors, managers and employees		426 694	101 422	-	-
Finance lease payments		-	(95 600)	-	-
Cash raised from / (paid to) minority shareholders		(76 013 080)	55 678 354	-	-
Cash received for shares not yet issued		6 885 400	194 048	6 885 400	194 048
Net cash from financing activities		**376 836 598**	**116 654 940**	**32 813 470**	**60 980 765**
Total cash movement for the year		**217 491 048**	**29 254 672**	**8 283 888**	**(18 888 141)**
Cash at the beginning of the year		54 186 627	24 931 956	4 558 985	23 447 126
Total cash at end of the year	15	**271 677 675**	**54 186 628**	**12 842 873**	**4 558 985**

Accounting Policies

1. Presentation of Group Annual Financial Statements

The group annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the South African Companies Act, 1973. The group annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 Critical accounting estimates and judgements

In preparing the group annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the group annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the group annual financial statements. Significant judgements include:

Critical accounting estimates and assumptions

Impairment testing

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the balance sheet date could be impacted.

Critical judgements in applying the entity's accounting policies

Exploration expenses capitalised

Exploration and evaluation expenses are those expenses incurred in connection with acquisition of rights to explore, investigate, examine and evaluate an area of mineralization including related overhead costs. The directors exercise judgment to determine if the costs associated with a specific project must be capitalised against the specific project or written off.

Exploration assets are reviewed at balance sheet date, and where the directors consider there to be indicators of impairment, impairment tests will be performed on the capitalised costs and any impairments will be recognised through the income statement.

Site restoration cost

Provision for future site restoration costs are based on the estimate made of the expenditure needed to settle the present obligation arising. When site restoration occurs on an on-going basis during prospecting, the cost of this restoration is included in the prospecting expenses and no provision for future restoration costs are required.

Accounting Policies

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Item	Average useful life
Furniture and fixtures	6
Motor vehicles	5
Office equipment	6
IT equipment	3

The residual value and the useful life of each asset are reviewed at each financial period-end.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Goodwill

Goodwill is initially measured at cost, being the excess of the business combination over the company's interest of the net fair value of the identifiable assets, liabilities and contingent liabilities.

Subsequently goodwill is carried at cost less any accumulated impairment.

The excess of the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in profit or loss.

Internally generated goodwill is not recognised as an asset.

1.4 Intangible assets

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Exploration assets are carried at cost less any impairment losses. All costs, including administration and other general overhead costs directly associated with the specific project are capitalised. The directors evaluate each project at each period end to determine if the carrying value should be written off. In determining whether expenditure meet the criteria to be capitalised, the directors use information from several sources, depending on the level of exploration. Purchased exploration and evaluation assets are recognised at the cost of acquisition or at the fair value if purchased as part of a business combination. Exploration assets are not amortised as it will only be available for use once transferred to the development cost of the project.

When the technical and commercial feasibility of a project has been established, the relevant exploration assets are transferred to development costs. No further exploration costs for the project will be capitalised. The costs transferred to development costs will be amortised over the life of the project based on the expected flow of economic resources associated with the project

Purchased software is amortised over the useful life of the software. Management reviews the useful life and carrying value annually.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	2 years
Deferred exploration cost	Not amortised

Accounting Policies

1.5 Investments in subsidiaries

Group annual financial statements

The group annual financial statements include those of the holding company and its subsidiaries. The results of the subsidiaries are included from the effective date of acquisition.

On acquisition the group recognises the subsidiary's identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale, which are recognised at fair value less costs to sell.

Company annual financial statements

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.6 Investments in associates

Group annual financial statements

An investment in an associate is accounted for using the equity method, except when the asset is classified as held-for-sale. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the group's share of the profits or losses of the investee after acquisition date. The use of the equity method is discontinued from the date the group ceases to have significant influence over an associate.

Any impairment losses are deducted from the carrying amount of the investment in associate.

Distributions received from the associate reduce the carrying amount of the investment.

Profits and losses resulting from transactions with associates are recognised only to the extent of unrelated investors' interests in the associate.

The excess of the group's interest of the net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost is accounted for as goodwill, and is included in the carrying amount of the associate.

The excess of the group's share of the net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost is excluded from the carrying amount of the investment and is instead included as income in the period in which the investment is acquired.

Company annual financial statements

An investment in an associate is carried at fair value and classified as fair value through profit or loss.

1.7 Financial instruments

Initial recognition

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Accounting Policies

1.7 Financial instruments (continued)

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries and associates and are recognised initially at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. Where the loans carry no interest and no fixed terms of repayment have been set, the loans are classified as current assets and are carried at fair value.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Loans to shareholders, directors, managers and employees

These financial assets are initially recognised at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. Where the loans carry no interest and no fixed terms of repayment have been set, the loans are classified as current assets and are carried at fair value.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Accounting Policies

1.7 Financial instruments (continued)

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Available for sale financial assets

These financial assets are non-derivatives that are either designated in this category or not classified elsewhere.

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

These investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the security is disposed of or is determined to be impaired.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and nonmonetary securities classified as available-for-sale are recognised in equity.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of 'other income'. Dividends on available-for-sale equity instruments are recognised in the income statement as part of 'other income' when the group's right to receive payments is established.

Equity investments for which a fair value is not determinable are held at cost. Impairments on such investments are not reversed.

1.8 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
  - is not a business combination; and
  - at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that both of the following conditions are satisfied:

- the parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

Accounting Policies

1.8 Tax (continued)

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint ventures, to the extent that it is probable that:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, directly in equity, or
- a business combination.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1.9 Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in profit or loss.

1.10 Impairment of assets

The group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Accounting Policies

1.10 Impairment of assets (continued)

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.11 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

If the group reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments are deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments. Consideration paid or received shall be recognised directly in equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.12 Share based payments

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or as the services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions, the goods or services received are measured, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, their value and the corresponding increase in equity, indirectly, are measured by reference to the fair value of the equity instruments granted.

For cash-settled share-based payment transactions, the goods or services acquired and the liability incurred are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

If the share based payments granted do not vest until the counterparty completes a specified period of service, group accounts for those services as they are rendered by the counterparty during the vesting period, (or on a straight line basis over the vesting period).

If the share based payments vest immediately the services received are recognised in full.

For share-based payment transactions in which the terms of the arrangement provide either the entity or the counterparty with the choice of whether the entity settles the transaction in cash (or other assets) or by issuing equity instruments, the components of that transaction are recorded, as a cash-settled share-based payment transaction if, and to the extent that, a liability to settle in cash or other assets has been incurred, or as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred.

Accounting Policies

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.14 Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 32.

1.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Accounting Policies

1.15 Borrowing costs (continued)

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.16 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each balance sheet date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous group annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands, by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Notes to the Group Annual Financial Statements

	Group		Company	
	2009	2008	2009	2008

2. New standards and interpretations

2.1 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 March 2009 or later periods:

IAS 1 (Revised) Presentation of Financial Statements

The main revisions to IAS 1 (AC 101):

- Require the presentation of non-owner changes in equity either in a single statement of comprehensive income or in an income statement and statement of comprehensive income.
- Require the presentation of a at the beginning of the earliest comparative period whenever a retrospective adjustment is made. This requirement includes related notes.
- Require the disclosure of income tax and reclassification adjustments relating to each component of other comprehensive income. The disclosures may be presented on the face of the statement of comprehensive income or in the notes.
- Allow dividend presentations to be made either in the statement of changes in equity or in the notes only.
- Have changed the titles to some of the financial statement components, where the 'balance sheet' becomes the 'statement of financial position' and the 'cash flow statement' becomes the 'statement of cash flows.' These new titles will be used in International Financial Reporting Standards, but are not mandatory for use in financial statements.

The effective date of the standard is for years beginning on or after 01 January 2009.

The group expects to adopt the standard for the first time in the 2010 group annual financial statements.

It is unlikely that the standard will have a material impact on the company's group annual financial statements.

IAS 23 (Revised) Borrowing Costs

The revision requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed.

The effective date of the standard is for years beginning on or after 01 January 2009.

The group expects to adopt the standard for the first time in the 2010 group annual financial statements.

It is unlikely that the standard will have a material impact on the company's group annual financial statements.

IFRS 8 Operating segments

IFRS 8 (AC 145) replaces IAS 14 (AC 115) Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

The effective date of the standard is for years beginning on or after 01 January 2009.

The group expects to adopt the standard for the first time in the 2010 group annual financial statements.

It is unlikely that the standard will have a material impact on the company's group annual financial statements.

IFRS 2 Amendment: IFRS 2 – Share-based Payment: Vesting Conditions and Cancellations

The amendment clarifies that vesting conditions are only performance conditions or service conditions. All other conditions are non-vesting conditions. Non-vesting conditions are accounted for in the same manner as market conditions. It further clarifies that if either party can choose not to satisfy a non-vesting condition, then the arrangement is treated as a cancellation upon non fulfillment of that condition.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group expects to adopt the amendment for the first time in the 2010 group annual financial statements.

It is unlikely that the amendment will have a material impact on the company's group annual financial statements.

Notes to the Group Annual Financial Statements

2. New standards and interpretations (continued)

May 2008 Annual Improvements to IFRS's: Amendments to IFRS 7 Financial Instruments: Disclosures

The amendment relates to changes in the Implementation Guidance of the Standard. 'Total interest income' was removed as a component of finance costs from paragraph IG13. This was to remove inconsistency with the requirement of IAS 1 (AC 101) Presentation of Financial Statements which precludes the offsetting of income and expenses.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group expects to adopt the amendment for the first time in the 2010 group annual financial statements.

It is unlikely that the amendment will have a material impact on the company's group annual financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 1 Presentation of Financial Statements

The amendment is to clarify that financial instruments classified as held for trading in accordance with IAS 39 (AC 133) Financial Instruments: Recognition and Measurement are not always required to be presented as current assets/liabilities.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group expects to adopt the amendment for the first time in the 2010 group annual financial statements.

It is unlikely that the amendment will have a material impact on the company's group annual financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 10 Events after the Reporting Period

The amendment clarified that if dividends are declared (appropriately authorised and no longer at the discretion of the entity) after the reporting period but before the financial statements are authorised for issue, the dividends may not be recognised as a liability as no obligation exists at the reporting date. Thus clarifying that in such cases a liability cannot be raised even if there is a constructive obligation.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group expects to adopt the amendment for the first time in the 2010 group annual financial statements.

It is unlikely that the amendment will have a material impact on the company's group annual financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 16 Property, Plant and Equipment

The term 'net selling price' has been replaced with 'fair value less cost to sell' in the definition of recoverable amount.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group expects to adopt the amendment for the first time in the 2010 group annual financial statements.

It is unlikely that the amendment will have a material impact on the company's group annual financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 16 Property, Plant and Equipment

The amendment requires entities that routinely sell items of property, plant and equipment that they have previously held for rental to others, to transfer such assets to inventories at their carrying amount when they cease to be rented and are held for sale. The proceeds from the sale of such assets should be recognised as revenue in accordance with IAS 18 (AC 111) Revenue. IFRS 5 (AC 142) Non-current Assets Held for Sale and Discontinued Operations does not apply in these situations.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group expects to adopt the amendment for the first time in the 2010 group annual financial statements.

It is unlikely that the amendment will have a material impact on the company's group annual financial statements.

Notes to the Group Annual Financial Statements

2. New standards and interpretations (continued)

May 2008 Annual Improvements to IFRS's: Amendments to IAS 7 Statement of Cash Flows

Cash payments to manufacture or acquire property, plant and equipment that entities routinely sell and which they have previously held for rentals to others, and cash receipts from rental and sale of such assets are to be included within operating activities.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group expects to adopt the amendment for the first time in the 2010 group annual financial statements.

It is unlikely that the amendment will have a material impact on the company's group annual financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 23 Borrowing Costs (as revised in 2007)

The description of specific components of borrowing costs has been replaced with a reference to the guidance in IAS 39 (AC 133) Financial Instruments: Recognition and Measurement on effective interest rate.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group expects to adopt the amendment for the first time in the 2010 group annual financial statements.

It is unlikely that the amendment will have a material impact on the company's group annual financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 27 Consolidated and Separate Financial Statements

The amendment requires that investments in subsidiaries, jointly controlled entities and associates accounted for in accordance with IAS 39 (AC 133) Financial Instruments: Recognition and Measurement in the parent's separate financial statements should continue to be measured in accordance with IAS 39 (AC 133) when classified as held for sale (or included in a disposal group classified as held for sale), and not in accordance with IFRS 5 (AC 142) Non-current Assets held for Sale and Discontinued Operations.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group expects to adopt the amendment for the first time in the 2010 group annual financial statements.

It is unlikely that the amendment will have a material impact on the company's group annual financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IFRS 7 Financial Instruments: Disclosures; IAS 32 Financial Instruments: Presentation; IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures

The amendment adjusted the disclosure requirements of investments in associates and interests in joint ventures which have been designated as at fair value through profit or loss or are classified as held for trading. The amendment provides that only certain specific disclosure requirements of IAS 28 (AC 110) Investments in Associates and IAS 31 (AC 119) Interests in Joint Ventures are required together with the disclosures of IFRS 7 (AC 144) Financial Instruments: Disclosures; IAS 32 (AC 125) Financial Instruments: Presentation.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group expects to adopt the amendment for the first time in the 2010 group annual financial statements.

It is unlikely that the amendment will have a material impact on the company's group annual financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 28 Investments in Associates

The amendment clarifies that because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognised, it is not tested separately for impairment. Instead the entire carrying amount of the investment is tested for impairment. Any resulting impairment loss is not allocated to any of the assets, including goodwill, that make up the carrying amount of the investment. Therefore any reversal of an impairment loss is reversed to the extent that the recoverable amount of the investment increases. This applies to the full impairment loss, because the impairment was not allocated to goodwill.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group expects to adopt the amendment for the first time in the 2010 group annual financial statements.

It is unlikely that the amendment will have a material impact on the company's group annual financial statements.

Notes to the Group Annual Financial Statements

2. New standards and interpretations (continued)

May 2008 Annual Improvements to IFRS's: Amendments to IAS 34 Interim Financial Reporting

The amendment clarifies that the requirement to present information on earnings per share in interim financial reports applies only to entities within the scope of IAS 33 (AC 104) Earnings per Share.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group expects to adopt the amendment for the first time in the 2010 group annual financial statements.

It is unlikely that the amendment will have a material impact on the company's group annual financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 36 Impairment of Assets

The amendment requires disclosures of estimates used to determine the recoverable amount of cash-generating units containing goodwill or intangible assets with indefinite useful lives. Specifically, the following disclosures are required when discounted cash flows are used to estimate fair value less costs to sell:

- The period over which management has projected cash flows;
- The growth rate used to extrapolate cash flow projections; and
- The discount rate(s) applied to the cash flow projections.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group expects to adopt the amendment for the first time in the 2010 group annual financial statements.

It is unlikely that the amendment will have a material impact on the company's group annual financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 38 Intangible Assets

The amendments clarify the circumstances in which an entity can recognise a prepayment asset for advertising or promotional expenditure. Recognition of an asset would be permitted up to the point at which the entity has the right to access the goods purchased or up to the point of receipt of services.

In addition, wording perceived as prohibiting the use of the unit of production method if it results in a lower amount of accumulated amortisation than under the straight line method has been removed. Entities may use the unit of production method when the resulting amortisation charge reflects the expected pattern of consumption of the expected future economic benefits embodied in an intangible asset.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group expects to adopt the amendment for the first time in the 2010 group annual financial statements.

It is unlikely that the amendment will have a material impact on the company's group annual financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 39 Financial Instruments: Recognition and Measurement

IAS 39 (AC 133) prohibits the classification of financial instruments into or out of the fair value through profit or loss category after initial recognition. The amendments set out a number of changes in circumstances that are not considered to be reclassifications for this purpose.

The amendments have also removed references to the designation of hedging instruments at the segment level.

The amendments further clarify that the revised effective interest rate calculated when fair value hedge accounting ceases, in accordance with paragraph 92 IAS 39 (AC 133) should be used for the remeasurement of the hedged item when paragraph AG8 of IAS 39 (AC 133) is applicable.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group expects to adopt the amendment for the first time in the 2010 group annual financial statements.

It is unlikely that the amendment will have a material impact on the company's group annual financial statements.

Notes to the Group Annual Financial Statements

2. New standards and interpretations (continued)

May 2008 Annual Improvements to IFRS's: Amendments to IAS 40 Investment Property and IAS 16 Property, Plant and Equipment

Property being constructed for use as investment property is now classified as investment property and not property, plant and equipment (as previously required). Even if the entity accounts for investment property at fair value, such property may be measured at cost until the earlier of date fair value is determinable or construction is complete.

Some terminology in the Standard has been amended to be consistent with other Standards and Interpretations.

In determining the carrying amount of investment property held under a lease and accounted for using the fair value model, the amendment clarified that any lease liability should be added back to the valuation to arrive at the carrying amount, rather than the fair value of the investment property.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group expects to adopt the amendment for the first time in the 2010 group annual financial statements.

It is unlikely that the amendment will have a material impact on the company's group annual financial statements.

IAS 36 Impairment of Assets: Consequential amendments

Under certain circumstances, a dividend received from a subsidiary, associate or joint venture could be an indicator of impairment. This occurs when:

- Carrying amount of investment in separate financial statements is greater than carrying amount of investee's net assets including goodwill in consolidated financial statements or
- Dividend exceeds total comprehensive income of investee in period dividend is declared.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group expects to adopt the amendment for the first time in the 2010 group annual financial statements.

It is unlikely that the amendment will have a material impact on the company's group annual financial statements.

IFRS 3 (Revised) Business Combinations

The revisions to IFRS 3 (AC 140) Business combinations require:

- Acquisition costs to be expensed.
- Non-controlling interest to either be calculated at fair value or at their proportionate share of the net identifiable assets of the acquiree.
- Contingent consideration to be included in the cost of the business combination without further adjustment to goodwill, apart from measurement period adjustments.
- All previous interests in the acquiree to be remeasured to fair value at acquisition date when control is achieved in stages, and for the fair value adjustments to be recognised in profit or loss.
- Goodwill to be measured as the difference between the acquisition date fair value of consideration paid, non-controlling interest and fair value of previous shareholding and the fair value of the net identifiable assets of the acquiree.
- The acquirer to reassess, at acquisition date, the classification of the net identifiable assets of the acquiree, except for leases and insurance contracts.
- Contingent liabilities of the acquiree to only be included in the net identifiable assets when there is a present obligation with respect to the contingent liability.

The effective date of the standard is for years beginning on or after 01 July 2009.

The group expects to adopt the standard for the first time in the 2011 group annual financial statements.

It is unlikely that the standard will have a material impact on the company's group annual financial statements.

Notes to the Group Annual Financial Statements

2. New standards and interpretations (continued)

IAS 27 (Amended) Consolidated and Separate Financial Statements

The revisions require:

- Losses of the subsidiary to be allocated to non-controlling interest, even if they result in the non-controlling interest being a debit balance.
- Changes in level of control without loss of control to be accounted for as equity transactions, without any gain or loss being recognised or any remeasurement of goodwill.
- When there is a change in the level of control without losing control, the group is prohibited from making reclassification adjustments.
- When control is lost, the net identifiable assets of the subsidiary as well as non-controlling interest and goodwill are to be derecognised. Any remaining investment is remeasured to fair value at the date on which control is lost, and a gain or loss on loss of control is recognised in profit or loss.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The group expects to adopt the amendment for the first time in the 2011 group annual financial statements.

It is unlikely that the amendment will have a material impact on the company's group annual financial statements.

IAS 7 Statement of Cash flows: Consequential amendments due to IAS 27 (Amended) Consolidated and Separate Financial Statements

Cash flows arising from changes in level of control, where control is not lost, are equity transactions and are therefore accounted for as cash flows from financing transactions.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The group expects to adopt the amendment for the first time in the 2011 group annual financial statements.

It is unlikely that the amendment will have a material impact on the company's group annual financial statements.

IAS 28 Investments in Associates: Consequential amendments due to IAS 27 (Amended) Consolidated and Separate Financial Statements

When an investment in an associate is reduced but significant influence is retained, a proportionate share of other comprehensive income must be reclassified to profit or loss.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The group expects to adopt the amendment for the first time in the 2011 group annual financial statements.

It is unlikely that the amendment will have a material impact on the company's group annual financial statements.

IAS 12 Income Taxes – consequential amendments due to IAS 27 (Amended) Consolidated and Separate Financial Statements

The amendment is as a result of amendments to IAS 27 (AC 132) Consolidate and Separate Financial Statements. The amendment refers to situations where a subsidiary, on acquisition date, did not recognise a deferred tax asset in relation to deductible temporary differences, because, for example, there may not have been sufficient future taxable profits against which to utilise the deductible temporary differences. If the deferred tax asset subsequently becomes recognisable, the amendment now requires that the deferred tax asset should be recognised against goodwill (and profit or loss to the extent that it exceeds goodwill), only if it results from information in the measurement period about circumstances that existed at acquisition date. No adjustment may be made to goodwill for information outside of the measurement period.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The group expects to adopt the amendment for the first time in the 2011 group annual financial statements.

It is unlikely that the amendment will have a material impact on the company's group annual financial statements.

Notes to the Group Annual Financial Statements

2. New standards and interpretations (continued)

May 2008 Annual Improvements to IFRS's: Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendment clarifies that assets and liabilities of a subsidiary should be classified as held for sale if the parent is committed to a plan involving loss of control of the subsidiary, regardless of whether the entity will retain a non-controlling interest after the sale.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The group expects to adopt the amendment for the first time in the 2011 group annual financial statements.

It is unlikely that the amendment will have a material impact on the company's group annual financial statements.

3. Property, plant and equipment

Group

	2009			2008		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	4 386 570	-	4 386 570	2 342 570	-	2 342 570
Buildings	931 186	-	931 186	-	-	-
Cement manufacturing plant	112 211 936	-	112 211 936	-	-	-
Furniture and fixtures	1 232 953	(228 838)	1 004 115	662 103	(90 252)	571 851
Motor vehicles	1 890 847	(567 874)	1 322 973	1 712 521	(213 598)	1 498 923
Office equipment	392 231	(101 272)	290 959	373 519	(55 934)	317 585
IT equipment	2 370 047	(669 956)	1 700 091	783 126	(197 478)	585 648
Ash processing plant	18 742 386	-	18 742 386	-	-	-
Cement grinding plant	335 459	-	335 459	-	-	-
Field equipment	87 513	(30 931)	56 582	85 964	(19 075)	66 889
Total	**142 581 128**	**(1 598 871)**	**140 982 257**	**5 959 803**	**(576 337)**	**5 383 466**

Reconciliation of property, plant and equipment - Group - 2009

	Opening Balance	Additions	Disposals	Classified as held for sale	Depreciation	Total
Land	2 342 570	2 044 000	-	-	-	4 386 570
Buildings	-	931 186	-	-	-	931 186
Cement manufacturing plant	-	112 211 936	-	-	-	112 211 936
Furniture and fixtures	571 851	1 036 368	-	(464 428)	(139 676)	1 004 115
Motor vehicles	1 498 923	1 505 664	-	(1 322 973)	(358 641)	1 322 973
Office equipment	317 585	265 092	-	(231 082)	(60 636)	290 959
IT equipment	585 648	2 124 710	-	(522 075)	(488 192)	1 700 091
Ash processing plant	-	18 742 386	-	-	-	18 742 386
Cement grinding plant	-	335 459	-	-	-	335 459
Field equipment	66 889	69 108	(6 054)	(56 582)	(16 779)	56 582
	5 383 466	**139 265 909**	**(6 054)**	**(2 597 140)**	**(1 063 924)**	**140 982 257**

Reconciliation of property, plant and equipment - Group - 2008

	Opening Balance	Additions	Disposals	Depreciation	Total
Land	-	2 342 570	-	-	2 342 570
Furniture and fixtures	179 844	458 452	-	(66 445)	571 851
Motor vehicles	183 242	1 504 276	-	(188 595)	1 498 923
Office equipment	119 450	287 082	(50 542)	(38 405)	317 585
IT equipment	186 691	558 512	(2 550)	(157 005)	585 648
Field equipment	59 286	23 334	-	(15 731)	66 889
	728 513	**5 174 226**	**(53 092)**	**(466 181)**	**5 383 466**

	Group 2009	Group 2008	Company 2009	Company 2008

3. Property, plant and equipment (continued)

Details of land

Remaining portion of portion 2 of the farm Bethlehem 75IO and portion 10 (portion of portion 8) of the farm Klein Westerford 78IO (334,7727 ha) and remaining portion of portion 8 of the farm Klein Westerford 78IO (321,7982 ha).

The group entered into an agreement on 19 September 2007 to purchase the above mentioned properties for an amount of R2,420,000. As security for the purchase price the group provided a bank guarantee. The amount became payable on registration date 1 March 2008.

	Group 2009	Group 2008	Company 2009	Company 2008
Purchase price: 1 March 2008	2 244 000	200 000	-	-
- Capitalised expenditure	26 645	26 645	-	-
	2 270 645	**226 645**	-	-

Remaining portion of the farm Klein Westerford 78IO (328,9083 ha)

	Group 2009	Group 2008	Company 2009	Company 2008
- Purchase price: 12 February 2008	2 100 000	2 100 000	-	-
- Capitalised expenditure	15 925	15 925	-	-
	2 115 925	**2 115 925**	-	-

Portion 4 of Erf 268, Lichtenburg

	Group 2009	Group 2008	Company 2009	Company 2008
- Purchase price: 19 August 2008	880 000	-	-	-
- Additions since purchase or valuation	39 340	-	-	-
- Capitalised expenditure	11 846	-	-	-
	931 186	-	-	-

4. Goodwill

Group	2009			2008		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Goodwill on acquisition of subsidiaries	748 900	-	748 900	748 900	-	748 900

Reconciliation of goodwill - Group - 2009

	Opening Balance	Total
Goodwill	748 900	748 900

Reconciliation of goodwill - Group - 2008

	Opening Balance	Total
Goodwill	748 900	748 900

Notes to the Group Annual Financial Statements

	Group		Company	
	2009	2008	2009	2008

5. Intangible assets

Group

	2009			2008		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software, other	3 651 884	(884 777)	2 767 107	580 621	(110 559)	470 062
Exploration assets	44 410 317	-	44 410 317	31 945 234	-	31 945 234
Total	**48 062 201**	**(884 777)**	**47 177 424**	**32 525 855**	**(110 559)**	**32 415 296**

Reconciliation of intangible assets - Group - 2009

	Opening Balance	Additions	Classified as held for sale	Impaired	Amortisation	Total
Computer software, other	470 062	3 439 610	(370 152)	-	(772 413)	2 767 107
Exploration assets	31 945 234	12 471 436	-	(6 353)	-	44 410 317
	32 415 296	**15 911 046**	**(370 152)**	**(6 353)**	**(772 413)**	**47 177 424**

Summary of exploration costs capitalised:

Group 2009	Opening balance	Additions	Closing balance
Limestone	23 067 897	3 522 234	26 590 131
Tin	3 436 004	831 171	4 267 175
Coal	1 659 127	4 225 730	5 884 857
Fluorspar	3 595 060	3 372 334	6 967 394
Other	187 145	513 614	700 759

Reconciliation of intangible assets - Group - 2008

	Opening Balance	Additions	Impaired	Amortisation	Total
Computer software, other	94 836	467 359	-	(92 133)	470 062
Exploration assets	4 265 002	27 773 817	(93 585)	-	31 945 234
	4 359 838	**28 241 176**	**(93 585)**	**(92 133)**	**32 415 296**

Summary of exploration cost capitalised:

Group 2008	Opening balance	Additions	Closing balance
Limestone	2 611 683	20 456 214	23 067 897
Tin	250 479	3 185 525	3 436 004
Coal	88 894	1 570 233	1 659 127
Fluorspar	1 002 571	2 592 489	3 595 060
Other	311 375	(124 230)	187 145

Purchasing of prospecting rights - Group

On 18 August 2005 Sephaku Development (Pty) Ltd ("Sephaku") entered into a Notarial Prospecting Contract with Anglo Operations Ltd ('AOL') in terms of which, AOL, as holder of the Old Order Right granted to Sephaku the opportunity to prospect and search for limestone in, on, under and in respect of the farms: Good Hope 96JO, Lucydale 105JO, Stiglingspan 731O and Klein Westerford 781O. During the 2008 fiscal year Sephaku exercised its rights and paid an amount of R3,000,000 for the purchase of the Prospecting Rights when the Prospecting Right was notarially registered in the name of Sephaku Development (Pty) Ltd.

Notes to the Group Annual Financial Statements

	Group		Company	
	2009	2008	2009	2008

6. Investments in subsidiaries

Name of company	Held by	% holding 2009	% holding 2008	Carrying amount 2009	Carrying amount 2008
Sephaku Cement (Pty) Ltd	Sephaku Holdings Ltd	80.22 %	70.00 %	434 609 613	15 000 100
Sephaku Gold Holdings (Pty) Ltd	Sephaku Holdings Ltd	100.00 %	100.00 %	100	100
Sephaku Exploration Holdings (Pty) Ltd	Sephaku Holdings Ltd	100.00 %	100.00 %	10 000	10 000
Sephaku Coal Holdings Ltd	Sephaku Holdings Ltd	100.00 %	100.00 %	70	70
Sephaku PGM Holdings (Pty) Ltd	Sephaku Holdings Ltd	100.00 %	100.00 %	100	100
Sephaku Management (Pty) Ltd	Sephaku Holdings Ltd	100.00 %	100.00 %	10	10
Sephaku Tin (Pty) Ltd	Sephaku Holdings Ltd	100.00 %	100.00 %	100	100
Sephaku Vanadium (Pty) Ltd	Sephaku Holdings Ltd	100.00 %	100.00 %	100	-
Aquarella Investments 555 (Pty) Ltd	Sephaku Holdings Ltd	100.00 %	- %	100	-
Blue Waves Properties 198 (Pty) Ltd	Sephaku Holdings Ltd	100.00 %	- %	100	-
Sephaku Uranium (Pty) Ltd		100.00 %	100.00 %	100	100
				434 620 393	**15 010 580**

All the subsidiaries are registered and operate within South Africa.

Refer to note 8 for information regarding loans to subsidiaries.

During 2008 Sephaku Exploration Holdings (Pty) Ltd sold its interest of 75% in Crowned Cormorant Investments 16 (Pty) Ltd to Boynton Investments (Pty) Ltd for an amount of R10 000.

7. Investments in associates

Name of company	% holding 2009	% holding 2008	Carrying amount 2009	Carrying amount 2008	Fair value 2009	Fair value 2008
Taung Gold (Pty) Ltd	30.00 %	26.00 %	29 343 448	19 501 236	29 343 448	19 501 236
Sephaku Gold Exploration (Pty) Ltd	30.00 %	26.00 %	8 923 137	8 956 388	8 923 137	8 956 388
Golden Dividend 524 (Pty) Ltd	26.00 %	- %	26	-	26	-
Defacto Investments 275 (Pty) Ltd	26.00 %	26.00 %	176	176	176	176
Private Preview Investments 39 (Pty) Ltd	26.00 %	26.00 %	26	26	26	26
African Spirit Trading 364 (Pty) Ltd	48.00 %	48.00 %	48	48	48	48
African Nickel Holdings (Pty) Ltd	26.00 %	26.00 %	26	26	26	26
			38 266 887	**28 457 900**	**38 266 887**	**28 457 900**

The carrying amounts of Associates are shown net of impairment losses.
All the associates are unlisted.

Fair value

The fair values on investments were determined annually at balance sheet date using the cost basis.

Summary of groups interest in associate

	2009	2008
Taung Gold Ltd and its Subsidiaries		
Total assets	47 244 864	22 390 556
Total liabilities	(21 420 952)	(24 847 193)
Profit or (loss)	(7 286 381)	(1 052 039)
Private Preview Investments 39 (Pty) Ltd		
Total assets	1 311 791	870 537
Total liabilities	(1 317 099)	(876 137)
Profit or (loss)	(5 308)	(5 600)

Notes to the Group Annual Financial Statements

	Group		Company	
	2009	2008	2009	2008

7. Investments in associates (continued)

	Group 2009	Group 2008	Company 2009	Company 2008
Defacto Investments (Pty) Ltd				
Total assets			635 941	609 992
Total liabilities			(1 053 356)	(911 205)
Profit or (loss)			(116 202)	(95 996)
Sephaku Gold Exploration (Pty) Ltd				
Total assets			1 759 566	936 784
Total liabilities			(2 017 173)	(1 083 553)
Profit or loss			(110 837)	(154 039)
African Nickel Holdings (Pty) Ltd and its Subsidiaries				
Total assets			16 667 035	1 608 611
Total liabilities			(20 433 767)	(2 649 264)
Profit or loss			(2 763 069)	(178 891)
Golden Dividend 524 (Pty) Ltd				
Total assets			27 331	-
Total liabilities			(108 336)	-
Profit or loss			(81 105)	-

Unrecognised share of losses of associates

The group has discontinued recognising its share of the losses of associates, as the investments are held at levels which are much lower than the proportionate value of net assets of these companies based on fair value. The group has no obligation for any losses of the associates. The associates do not fair value their exploration assets and therefore any change in value is not reflected in the income statement. Should these exploration assets have been fair valued, such fair value adjustments would have negated any losses in these companies.

8. Loans to (from) group companies

Subsidiaries

	Group 2009	Group 2008	Company 2009	Company 2008
Sephaku Cement (Pty) Ltd	-	-	(1 899 000)	(39 700)
Sephaku Gold Holdings (Pty) Ltd	-	-	31 625 574	28 899 806
Sephaku Exploration Holdings (Pty) Ltd	-	-	943 753	943 753
Sephaku Coal Holdings Ltd	-	-	26 682	11 252
Sephaku PGM Holdings (Pty) Ltd	-	-	11 915	11 915
Sephaku Management (Pty) Ltd	-	-	74 166 885	51 630 589
Sephaku Tin (Pty) Ltd	-	-	1 725 026	1 721 822
Sephaku Vanadium (Pty) Ltd	-	-	(100)	-
Aquarella Investments 555 (Pty) Ltd	-	-	374 900	-
Blue Waves Properties 198 (Pty) Ltd	-	-	(100)	-
Sephaku Uranium (Pty) Ltd	-	-	(100)	-
Caitlin Investments (Pty) Ltd	-	-	186 941	183 886
Sephaku Developments (Pty) Ltd	-	-	-	(2 701 472)
	-	**-**	**107 162 376**	**80 661 851**

The loans bear no interest and are repayable on demand.

Notes to the Group Annual Financial Statements

	Group 2009	Group 2008	Company 2009	Company 2008

8. Loans to (from) group companies (continued)

Associates

	Group 2009	Group 2008	Company 2009	Company 2008
Taung Gold Ltd	7 731 127	1 797 650	-	2 734 768
Sephaku Gold Exploration (Pty) Ltd	161 032	856 603	163 658	163 658
African Nickel Holdings (Pty) Ltd	(12 118)	995 471	-	-
African Spirit Trading 364 (Pty) Ltd	600	-	-	-
Golden Dividend 524 (Pty) Ltd	27 699	-	(26)	-
	7 908 340	**3 649 724**	**163 632**	**2 898 426**

The loans are unsecured, bear no interest and are repayable on demand.

	Group 2009	Group 2008	Company 2009	Company 2008
Current assets	8 018 367	4 809 949	109 225 334	86 301 449
Current liabilities	(110 027)	(1 160 223)	(1 899 326)	(2 741 172)
	7 908 340	**3 649 726**	**107 326 008**	**83 560 277**

9. Other financial assets

	Group 2009	Group 2008	Company 2009	Company 2008
Available for sale				
Unlisted shares	375 000	-	-	-
Subtotal	375 000	-	-	-
Impairments	(175 000)	-	-	-
	200 000	-	-	-
Loans and receivables				
African Precious Minerals Ltd	(171 260)	4 524 123	(29 383)	-
African Nickel Ltd	249 801	2 311 173	1 000	1 000
Platmin Investments Ltd	-	53 412	-	-
Mineral Afrique Ltd	33 043	18 142	30 650	-
Mosambique Biofuel Industrios	-	2 199 515	-	-
Other loans	400 640	-	-	-
	512 224	**9 106 365**	**2 267**	**1 000**
Total other financial assets	**712 224**	**9 106 365**	**2 267**	**1 000**

The loans are unsecured, bear no interest and are repayable on demand.

	Group 2009	Group 2008	Company 2009	Company 2008
Non-current assets				
Available for sale	200 000	-	-	-
Current assets				
Loans and receivables	512 224	9 106 365	2 267	1 000
	712 224	**9 106 365**	**2 267**	**1 000**

The fair values of the financial assets were determined as follows:

- The fair values of listed or quoted investments are based on the quoted market price.
- The fair values on investments not listed or quoted are estimated using the discounted cash flow analysis.

Fair values are determined annually at balance sheet date.

There were no gains or losses realised on the disposal of held to maturity financial assets in 2009 and 2008, as all the financial assets were disposed of at their redemption date.

10. Financial assets by category

Group - 2009

	Loans and receivables	Available for sale	Total
Loans to group companies	8 018 367	-	8 018 367
Other financial assets	512 224	200 000	712 224
Loans to directors, managers and employees	25 060	-	25 060
Trade and other receivables	3 641 867	-	3 641 867
Cash and cash equivalents	264 032 585	-	264 032 585
Deposits for rehabilitation	333 500	-	333 500
Other loan	941 230	-	941 230
	277 504 833	**200 000**	**277 704 833**

Group - 2008

	Loans and receivables	Available for sale	Total
Loans to group companies	4 807 324	-	4 807 324
Other financial assets	9 106 365	-	9 106 365
Loans to directors, managers and employees	451 747	-	451 747
Trade and other receivables	17 221 751	-	17 221 751
Cash and cash equivalents	54 186 691	-	54 186 691
Deposits for rehabilitation	258 500	-	258 500
Other loan	941 200	-	941 200
	86 973 578	**-**	**86 973 578**

Company - 2009

	Loans and receivables	Available for sale	Total
Loans to group companies	109 225 334	-	109 225 334
Other financial assets	2 267	-	2 267
Loans to directors, managers and employees	1 000	-	1 000
Trade and other receivables	219 814	-	219 814
Cash and cash equivalents	12 842 873	-	12 842 873
	122 291 288	**-**	**122 291 288**

Company - 2008

	Loans and receivables	Available for sale	Total
Loans to group companies	86 301 449	-	86 301 449
Other financial assets	1 000	-	1 000
Loans to directors, managers and employees	1 100	-	1 100
Cash and cash equivalents	4 558 985	-	4 558 985
	90 862 534	**-**	**90 862 534**

Notes to the Group Annual Financial Statements

	Group 2009	Group 2008	Company 2009	Company 2008

11. Deposits for rehabilitation

In terms of section 41 of the Minerals and Petroleum Development Act an applicant for a prospecting right, mining right or mining permit must make the prescribed financial provision for the rehabilitation or management of negative environmental impacts. The group made deposits with the Department of Minerals and Energy in compliance herewith.

12. Other loans receivable

Sephaku Cement (Pty) Ltd advanced an amount to acquire Fixtrade 1423 CC, which is the owner of portion 11 of the farm Klein Westerford 78IO. Once this Close Corporation has been converted to a company the shares will be transferred to Sephaku Developments (Pty) Ltd.

13. Loans to directors, managers and employees

Loans to directors, managers and employees	Group 2009	Group 2008	Company 2009	Company 2008
At beginning of the year	451 754	553 175	1 100	1 100
Advances	23 960	508 509	-	-
Repayments	(450 654)	(609 930)	-	-
	25 060	**451 754**	**1 100**	**1 100**

The loans to directors, managers and employees bear no interest and are repayable on demand.

14. Trade and other receivables

	Group 2009	Group 2008	Company 2009	Company 2008
Trade receivables	895 132	14 256 230	-	-
Prepayments	515 712	3 500	-	-
Deposits	32 439	43 770	-	-
VAT	2 736 295	2 918 251	219 814	-
	4 179 578	**17 221 751**	**219 814**	**-**

15. Cash and cash equivalents

Cash and cash equivalents consist of:

	Group 2009	Group 2008	Company 2009	Company 2008
Cash on hand	38 722	588 208	-	-
Bank balances	271 638 952	53 194 306	12 842 873	4 558 985
Other cash and cash equivalents	-	404 177	-	-
Bank overdraft	-	(64)	-	-
	271 677 674	**54 186 627**	**12 842 873**	**4 558 985**
Current assets	271 677 674	54 186 691	12 842 873	4 558 985
Current liabilities	-	(64)	-	-
	271 677 674	**54 186 627**	**12 842 873**	**4 558 985**

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating	Group 2009	Group 2008	Company 2009	Company 2008
AAA	271 638 952	53 194 306	12 842 873	4 558 985

Notes to the Group Annual Financial Statements

16. Non-current assets held for sale and assets of disposal groups

The group has decided to discontinue its operations in Sephaku Management (Pty) Ltd. The group will continue to make use of the services provided by Sephaku Management (Pty) Ltd and therefore the ongoing effect on the financial performance of the group will be nil.

The assets and liabilities of the disposal group are set out below.

Assets and liabilities

	Group 2009	Group 2008	Company 2009	Company 2008
Assets of disposal groups				
Associates	1 169 970	-	-	-
Trade and other receivables	12 517 004	-	-	-
Other assets	431 022	-	-	-
	14 117 996	-	-	-

17. Share capital

	Group 2009	Group 2008	Company 2009	Company 2008
Authorised				
150 000 000 Ordinary shares of R0.001 each	150 000	150 000	150 000	150 000
50 000 000 non-voting convertible Preference shares of R0.001 each	50 000	50 000	50 000	50 000
	200 000	**200 000**	**200 000**	**200 000**

The unissued ordinary shares are under the control of the directors.

	Group 2009	Group 2008	Company 2009	Company 2008
Issued				
Ordinary	125 246	77 436	125 878	77 797
Preference	25 203	25 193	25 203	25 193
Ordinary shares to be issued	7 079 650	194 251	7 079 650	194 251
Share premium	207 751 438	84 355 283	530 027 283	84 537 790
	214 981 537	**84 652 163**	**537 258 014**	**84 835 031**

Sephaku Management Ltd holds 622 311 shares (2008: 360 355 shares) in Sephaku Holdings Ltd, which reduced the consolidated share capital by R 272 (2008: R 360) and the share premium by R 2 234 283 (2008: R 182 507).

18. Share based payments

Share Option Group	Number	Weighted exercise price	Total value
Share options granted during the 2009 year	5 850 000	2.50	14 625 000
Share options granted during the 2008 year	200 000	1.50	300 000

Outstanding options	Exercise date within one year	Exercise date from two to five years	Exercise date after five years	Total
5 850 000 options with exercise price of R2.50, vesting over 3 years, expiring 31/03/2015	4 875 000	9 750 000	-	14 625 000
200 000 options with exercise price of R1.50 from 30/6/2007 to 30/6/2011	150 000	150 000	-	300 000

Information on options granted during the year

Weighted fair value of options issued during the year	-	1 677 572	-	1 677 572

Fair value was determined by using the Black Sholes method.

Total expenses of R 1 677 572 related to equity-settled share based payments transactions were recognised in 2008.

Notes to the Group Annual Financial Statements

	Group		Company	
	2009	2008	2009	2008

19. Provisions

Reconciliation of provisions - Group - 2008

	Opening Balance	Utilised during the year	Total
Provision	2 008 699	(2 008 699)	-

The provision was for the cost of drilling data from Anglo Operations Ltd.

20. Current tax payable (receivable)

An amount of R644 687 relates to current tax payable for the 2009 tax year, R1 149 883 relates to Capital Gains Tax payable for the 2008 tax year and R2 303 458 relates to current tax payable from the 2007 tax year.

21. Trade and other payables

	Group 2009	Group 2008	Company 2009	Company 2008
Trade payables	9 257 157	1 956 790	11 942 920	5 154 326
Staff claims	18 420	-	159	-
Accrued leave pay	715 270	372 085	-	-
Accrued medical aid contributions	19 719	-	-	-
Accrued audit fees	12 000	-	-	-
	10 022 566	**2 328 875**	**11 943 079**	**5 154 326**

22. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

Group - 2009

	Financial liabilities at amortised cost	Total
Loans from group companies	110 027	110 027
Loans from shareholders	10 500	10 500
Other financial liabilities	1 148 709	1 148 709
Trade and other payables	9 661 377	9 661 377
	10 930 613	**10 930 613**

Group - 2008

	Financial liabilities at amortised cost	Total
Loans from group companies	1 157 597	1 157 597
Loans from shareholders	10 500	10 500
Trade and other payables	2 328 872	2 328 872
Bank overdraft	64	64
	3 497 033	**3 497 033**

Notes to the Group Annual Financial Statements

	Group 2009	Group 2008	Company 2009	Company 2008

22. Financial liabilities by category (continued)

Company - 2009

	Financial liabilities at amortised cost	Total
Loans from group companies	1 899 326	1 899 326
Trade and other payables	11 943 069	11 943 069
	13 842 395	**13 842 395**

Company - 2008

	Financial liabilities at amortised cost	Total
Loans from group companies	2 741 172	2 741 172
Trade and other payables	5 154 326	5 154 326
	7 895 498	**7 895 498**

23. Operating (loss) profit

Operating profit for the year is stated after accounting for the following:

	Group 2009	Group 2008	Company 2009	Company 2008
Operating lease charges				
Premises				
• Contractual amounts	517 486	661 068	-	-
Equipment				
• Contractual amounts	1 578 416	186 890	-	-
	2 095 902	**847 958**	-	-
Profit on sale of non-current assets	(757 995)	(9 925)	-	(14 999 900)
Impairment on investment in associate	175 000	-	-	-
Amortisation on intangible assets	772 413	92 133	-	-
Depreciation on property, plant and equipment	1 063 924	466 181	-	-
Employee costs	25 210 027	9 117 865	-	-
Auditors remunerations: Fees	45 723	-	-	-
Capital raising fee	4 613 375	-	-	-
Loss on non-current assets held for sale or disposal groups	-	4 592	-	-
Impairment of intangible assets	6 353	93 585	-	-
(Profit) / Loss on foreign exchange	(261 016)	16	-	-

Notes to the Group Annual Financial Statements

	Group		Company	
	2009	2008	2009	2008

24. Investment revenue

Interest revenue				
Loans	38 943	60 180	-	-
Bank	29 914 783	1 269 227	54 620	985 212
Other interest	419 466	1 110 197	419 466	1 110 197
	30 373 192	**2 439 604**	**474 086**	**2 095 409**

25. Finance costs

Trade and other payables	2 018	427	-	-
Bank	268 614	6 805	-	-
	270 632	**7 232**	**-**	**-**

26. Taxation

Major components of the tax expense

Current				
Local income tax - current period	644 687	1 149 883	-	1 149 883

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	28.00 %	29.00 %	- %	- %
Portion of capital gain not taxed	- %	33.40 %	- %	- %
Deferred tax asset on tax losses not raised	(34.50)%	(81.90)%	- %	- %
Assessed loss utilised	- %	1.80 %	- %	- %
	(6.50)%	**(17.70)%**	**- %**	**- %**

The income tax rate of 29% in 2008 was reduced to 28% in 2009.

No provision has been made for 2009 tax as the group has no taxable income. The estimated tax loss available for set off against future taxable income is R 396 793 (2008: R 396 793).

27. Auditors' remuneration

Fees	45 723	-	5 250	-

Notes to the Group Annual Financial Statements

	Group		Company	
	2009	2008	2009	2008

28. Net asset value per share and earnings per share

Net asset value and tangible net asset value per share				
Total assets	527 181 097	153 981 708		
Total liabilities	(14 241 121)	(6 952 942)		
Minority interest	(83 578 683)	(20 733 423)		
Net asset value attributable to equity holders of parent	429 361 292	126 295 344		
Goodwill	(748 900)	(748 900)		
Intangible assets	(47 177 424)	(32 415 296)		
Tangible net asset value	381 434 968	93 131 148		
Ordinary and preference shares in issue *	151 081 000	102 990 000		
Net asset value per share (cents)	284.19	122.63		
Tangible net asset value per share (cents)	252.47	90.43		
Earnings and headline earnings per ordinary share				
Reconciliation of basic earnings to diluted earnings and headline earnings:				
Basic earnings and diluted earnings	(11 045 802)	(7 404 847)		
Profit on sale of non-current assets	(757 995)	(9 925)		
Loss on non-current assets held for sale and disposal groups	-	4 592		
Impairment of intangible assets	6 353	93 585		
Impairment of investment in associate	175 000	-		
Headline earnings attributable to equity holders of parent	(11 622 444)	(7 316 595)		
Reconciliation of basic weighted average number of shares to diluted weighted average number of shares:				
Basic weighted average number of ordinary and preference shares *	124 331 930	98 003 796		
Dilutive effect of share options	4 221 875	200 000		
Diluted weighted average number of ordinary shares	128 553 805	98 203 796		
Basic earnings per share (cents)	(8.88)	(7.56)		
Diluted earnings per share (cents)	(8.59)	(7.54)		
Headline earnings per share (cents)	(9.35)	(7.47)		
Diluted headline earnings per share (cents)	(9.04)	(7.45)		

* Preference shares are included in the number of shares as they rank pari passu with the ordinary shares.

Basic earnings per ordinary share

The calculation of basic earnings per share of (8.88) cents (2008: (7.56) cents) is based on the earnings attributable to equity holders of the parent of (R11 045 802) (2008: R7 404 847) and the weighted average of 124 331 930 (2008: 98 003 796) ordinary and preference shares in issue during the year. The preference shares are included as they rank pari passu with the ordinary shares.

Diluted earnings per ordinary share

The calculation of diluted earnings per share of (8.59) cents (2008: (7.54) cents) is based on earnings attributable to equity holders of the parent of (R11 045 802) (2008: (R7 404 847)) and the diluted weighted average of 124 531 930 (2008: 98 203 796) ordinary and preference shares. The preference shares are included as they rank pari passu with the ordinary shares.

Headline earnings per ordinary share

The calculation of headline earnings per ordinary share of (9.35) cents (2008: (7.47) cents) is based on the headline earnings attributable to equity holders of the parent of (R11 622 444) (2008: (R7 316 595)) and the weighted average of 124 331 930 (2008: 98 003 796) ordinary and preference shares in issue during the year. The preference shares are included as they rank pari passu with the ordinary shares.

Diluted headline earnings per ordinary share

The calculation of diluted headline earnings per ordinary share of (9.04) cents (2008: (7.45) cents) is based on headline earnings attributable to equity holders of the parent of (R11 622 444) (2008: (R7 316 595)) and the diluted weighted average of 128 553 805 (2008: 98 203 796) ordinary shares.

Notes to the Group Annual Financial Statements

	Group		Company	
	2009	2008	2009	2008

29. Cash (used in) generated from operations

	Group 2009	Group 2008	Company 2009	Company 2008
(Loss) profit before taxation	(9 854 009)	(6 498 880)	(7 331 197)	11 861 856
Adjustments for:				
Depreciation and amortisation	1 836 337	558 314	-	-
Profit on sale of non-current assets	(757 995)	(9 925)	-	(14 999 900)
Income from equity accounted investments	1 964 142	325 002	-	-
Interest received	(30 373 192)	(2 439 604)	(474 086)	(2 095 409)
Finance costs	270 632	7 232	-	-
Impairment of investment in associate	175 000	-	-	-
Transfer to NDR	-	1 677 572	-	1 677 572
Deferred exploration cost written off/impaired	6 353	93 585	-	-
Changes in working capital:				
Trade and other receivables	13 042 173	(8 241 031)	(219 814)	201 425
Trade and other payables	7 693 691	(2 598 958)	6 788 753	5 154 147
Movements in provisions	-	(2 008 699)	-	-
	(15 996 868)	(19 135 392)	(1 236 344)	1 799 691

30. Tax paid

	Group 2009	Group 2008	Company 2009	Company 2008
Balance at beginning of the year	(3 453 342)	(2 303 459)	(1 149 883)	-
Current tax for the year recognised in income statement	(644 686)	(1 149 883)	-	(1 149 883)
Balance at end of the year	4 098 028	3 453 342	1 149 883	1 149 883
	-	-	-	-

31. Commitments

Authorised capital expenditure

Already contracted for but not provided for

	Group 2009	Group 2008	Company 2009	Company 2008
Purchase of shares in West Dune Properties (Pty) Ltd	19 000 000	-	19 000 000	-
Ash Plant	51 457 614	-	51 457 614	-

This committed expenditure relates to the purchase of shares in West Dune Properties (Pty) Ltd in which the property needs to be registered in the company's name by 30 June 2009 or Sephaku Cement may cancel the agreement entered into. It will be financed by existing cash resources.

Sephaku Cement entered into an agreement on 10 December 2008 with PMB M.E.I.P Construction Services CC for the design and construction of the Ash plant to a value of R55,663,443. As part of this agreement two MCS-600 Air Classification systems of USD 1,108,370 are supplied by RSG Inc. Atlanta. The agreement commenced on 19 November 2008.

During the 2007 year the group entered into an agreement with Alchemy Property Management to lease premises from 1 October 2007. The lease period is 2 years with the termination date 30 September 2009. The group will have the option to extend the lease to 31 March 2010.

Sephaku Management has entered into a lease agreement with Emergent Investments (Pty) Ltd in respect of the offices leased by the Sephaku Group, which are situated in Centurion. This lease agreement terminates on 30 September 2009 and the total monthly rental is R152 535. Sephaku Holdings reimburses Sephaku Management on a cost recovery basis for this rental.

Notes to the Group Annual Financial Statements

	Group		Company	
	2009	2008	2009	2008

31. Commitments (continued)

Operating leases – as lessee (expense)

	Group 2009	Group 2008	Company 2009	Company 2008
Minimum lease payments due				
- within one year	2 018 411	1 536 568	-	-
- in second to fifth year inclusive	-	2 018 411	-	-
	2 018 411	**3 554 979**	**-**	**-**

Operating lease payments represent rentals payable by the group for certain of its office properties. Leases are negotiated on an annual basis. No contingent rent is payable.

32. Contingent liabilities

Sephaku Development (Pty) Ltd issued a bank guarantee to the Department of Minerals and Energy for the amount of R6 859 281 to guarantee the potential cost of rehabilitation in respect of a mining right granted.

Sephaku Cement (Pty) Ltd issued a guarantee for the amount of R2 763 000 to Eskom for the temporary supply of electricity.

Sephaku Cement Ltd and Sephaku Management (Pty) Ltd have ceded amounts of R664 397 and R254 877 respectively, in favour of ABSA Bank Ltd and in respect of ABSA credit card facilities.

33. Related parties

Relationships	
Subsidiaries	Refer to note 6
Associates	Refer to note 7
Subsidiaries of associates	Taung Gold Exploration (West) (Pty) Ltd Taung Gold (Free State) (Pty) Ltd Taung Gold Exploration Ltd Taung Gold (North West) (Pty) Ltd African Nickel (Ermelo) (Pty) Ltd African Nickel (NW) (Pty) Ltd African Nickel (Koster) (Pty) Ltd African Nickel (Northern Cape) (Pty) Ltd
Members of key management	CRdW de Bruin D Twist RR Matjiu NR Crafford-Lazarus L Mohuba GS Mahlati ME Smit J Bennette
Companies with common directors	Tanton Investments (Pty) Ltd The Makings (Pty) Ltd

Notes to the Group Annual Financial Statements

	Group		Company	
	2009	2008	2009	2008

33. Related parties (continued)

Related party balances

Loan accounts - Owing (to) by related parties				
Taung Gold Ltd and subsidiaries			7 731 127	1 797 650
Sephaku Gold Exploration (Pty) Ltd			161 032	856 603
African Nickel Holdings (Pty) Ltd and subsidiaries			(12 118)	995 471
African Spirit Trading 364 (Pty) Ltd			600	-
Golden Dividend 524 (Pty) Ltd			27 699	-
CRdW de Bruin			550	87 737
J Bennette			-	5 000

Amounts included in Trade Receivable (Trade Payable) regarding related parties				
Taung Gold Ltd and subsidiaries			-	(3 342 485)
Sephaku Gold Exploration (Pty) Ltd			(586 500)	(327 699)
African Nickel Holdings (Pty) Ltd and subsidiaries			(631 707)	(398 486)
Golden Dividend 524 (Pty) Ltd			(43 440)	-

Related party transactions

Administration fees paid to (received from) related parties				
Taung Gold Ltd and subsidiaries			1 795 919	707 518
Sephaku Gold Exploration (Pty) Ltd			12 401	54 894
African Nickel Holdings (Pty) Ltd and subsidiaries			233 221	284 286
Golden Dividend 524 (Pty) Ltd			1 234	-

34. Directors' emoluments

The amounts below comprise of the gross remuneration paid to directors of the company. Remuneration directly attributable to exploration expenses have been capitalised against the relevant projects.

Executive

2009	Remuneration	Total
In connection with the affairs of the company or its subsidiaries	4 701 500	4 701 500

2008	Remuneration	Total
In connection with the affairs of the company or its subsidiaries	5 536 514	5 536 514

Non-executive

2009	Remuneration	Total
In connection with the affairs of the company or its subsidiaries	1 774 756	1 774 756

2008	Remuneration	Total
In connection with the affairs of the company or its subsidiaries	486 576	486 576

Details of service contracts

None of the directors of the company have written service contracts with the company. Directors are employed by the board and rotate in terms of the Articles of Association. Certain key directors of the subsidiaries are employed on 5 year contracts.

35. Risk management

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Due to the nature of the business and the lack of cash flow the company limits its capital resources to equity only.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

The group's risk to liquidity as a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and the utilisation of borrowing facilities are monitored.

Interest rate risk

The group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

Credit risk

Credit risk is managed on a group basis.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Foreign exchange risk

The group does not hedge foreign exchange fluctuations.

The group reviews its foreign currency exposure, including commitments on an ongoing basis. The company expects its foreign exchange contracts to hedge foreign exchange exposure.

36. Post balance sheet events

Subsequent to the year-end, Sephaku Cement (Pty) Ltd, a subsidiary of Sephaku Holdings Ltd, placed an order for the turnkey cement plant erection and implementation with Sinoma Industries, a Chinese supplier for an amount of USD 273 700 383, which will be delivered over a period of 28 months.

37. Segment information

Management has determined the operating segments based on the information used by the board to make strategic decisions. The board considers the business primarily from a commodity perspective. The gold and nickel operations are not classified as separate sectors, since the company is not primarily responsible for the strategic decisions to be made in those businesses. The reportable operating segments will derive their revenue primarily from the mining, beneficiation and sale of the relevant minerals. Other services included refer to the revenue gained from supplying infrastructure and services in mining and exploration activities to related companies as well as the commodities which have not yet reached strategic emphasis.

Segment information for the Group - 2009

	Cement	Fluorspar	Tin	Coal	Other	Consolidation adjustment and elimination	Total
Segment revenue	301 528	-	-	-	-	-	301 528
Segment expense	22 211 632	144 538	194 816	2 975 615	9 713 547	(6 236 198)	29 003 951
Segment result	21 910 104	144 538	194 816	2 975 615	9 713 547	(6 236 198)	28 702 423
Depreciation	778 500	-	-	-	1 057 838	-	1 836 338
Interest received	25 246 787	-	-	-	474 087	-	25 720 874
Finance cost	221 825	-	-	-	-	-	221 825
Income tax expense	644 687	-	-	-	-	-	644 687
Fair value adjustment	-	-	-	-	175 000	-	175 000
Income from equity accounted investments					1 964 142	-	1 964 142
Fair value adjustment through profit / loss	-	-	-	-	757 995	-	775 995
Loss from discontinued operations	-	-	-	-	5 269 486	-	5 269 486
Segment assets	437 091 982	1 269 730	(438 666)	(174 070)	78 672 865	284 940 569	801 362 411
Total assets includes additions to non-current assets	167 372 201	6 967 394	4 267 175	5 884 857	3 668 054	319 859 055	508 018 736
Investment in associates	-	-	-	-	38 266 887	-	38 266 887
Non-current assets of disposal group	-	-	-	-	32 966 483	(18 848 487)	14 117 996
Segment liability	13 986 357	2 756 791	268 095	1 784 270	14 183 935	(18 738 326)	14 241 122

37. Segment information (continued)

Segment information for the Group - 2008

	Cement	Fluorspar	Tin	Coal	Other	Consolidation adjustment and elimination	Total
Segment revenue	-	-	-	-	9 925	-	9 925
Segment expense	1 517 166	141 264	71 701	126 728	(8 876 610)	9 637 348	2 617 596
Segment result	1 517 166	141 264	71 701	126 728	(8 886 535)	9 637 348	2 607 671
Depreciation	1 473	-	-	-	556 841	-	558 314
Interest received	284 015	-	-	-	2 095 409	-	2 379 424
Finance cost	2	-	-	-	-	-	2
Income tax expense	-	-	-	-	1 149 883	-	1 149 883
Income from equity accounted investments	-	-	-	-	325 002	-	325 002
Loss from discontinued operations	-	-	-	-	5 945 631	-	5 945 631
Segment assets	81 242 116	557 299	(181 123)	1 659 127	22 584 369	19 965 528	125 827 317
Total assets includes additions to non-current assets	25 595 625	3 595 060	3 436 004	1 659 127	3 512 944	-	37 798 760
Investment in associates	-	-	-	-	28 457 900	-	28 457 900
Segment liabilities	13 047 320	1 235 612	489 277	1 286 552	(26 145 969)	17 040 213	6 953 006

Business segments for management purposes are those minerals and commodities regarded as key to the company's business model and which are actively managed by the company. The company has two associates in Gold and Nickel, but these associates are primarily managed by the majority shareholder and therefore the company does not yet regard these as reportable segments.

The company operates only in South Africa and does not regard geographical segments as reportable.

The Other section includes:

- unallocated management expenditure and other assets and liabilities;
- revenue from other non-group companies for expenditure charged to these companies;
- any revenue and expenditure and assets and liabilities in respect of the associate companies exploring for Gold and Nickel; and
- any revenue and expenditure and assets and liabilities in respect of the smaller operations in Vanadium, Platinum, Chrome and Diamonds.

Statement from Secretary

We conducted the duties of company secretary for Sephaku Holdings Ltd and its Subsidiaries. The secretarial matters are the responsibility of the company's directors. Our responsibility is providing the directors collectively and individually with guidance as to their duties, responsibilities and powers.

OPINION

In our opinion, the company has lodged with the Registrar all such returns as are required of a public company in terms of the Companies Act and all such returns are true, correct and up to date.

Sephaku Management (Pty) Ltd

Company Secretary

Centurion, South Africa

22 July 2009