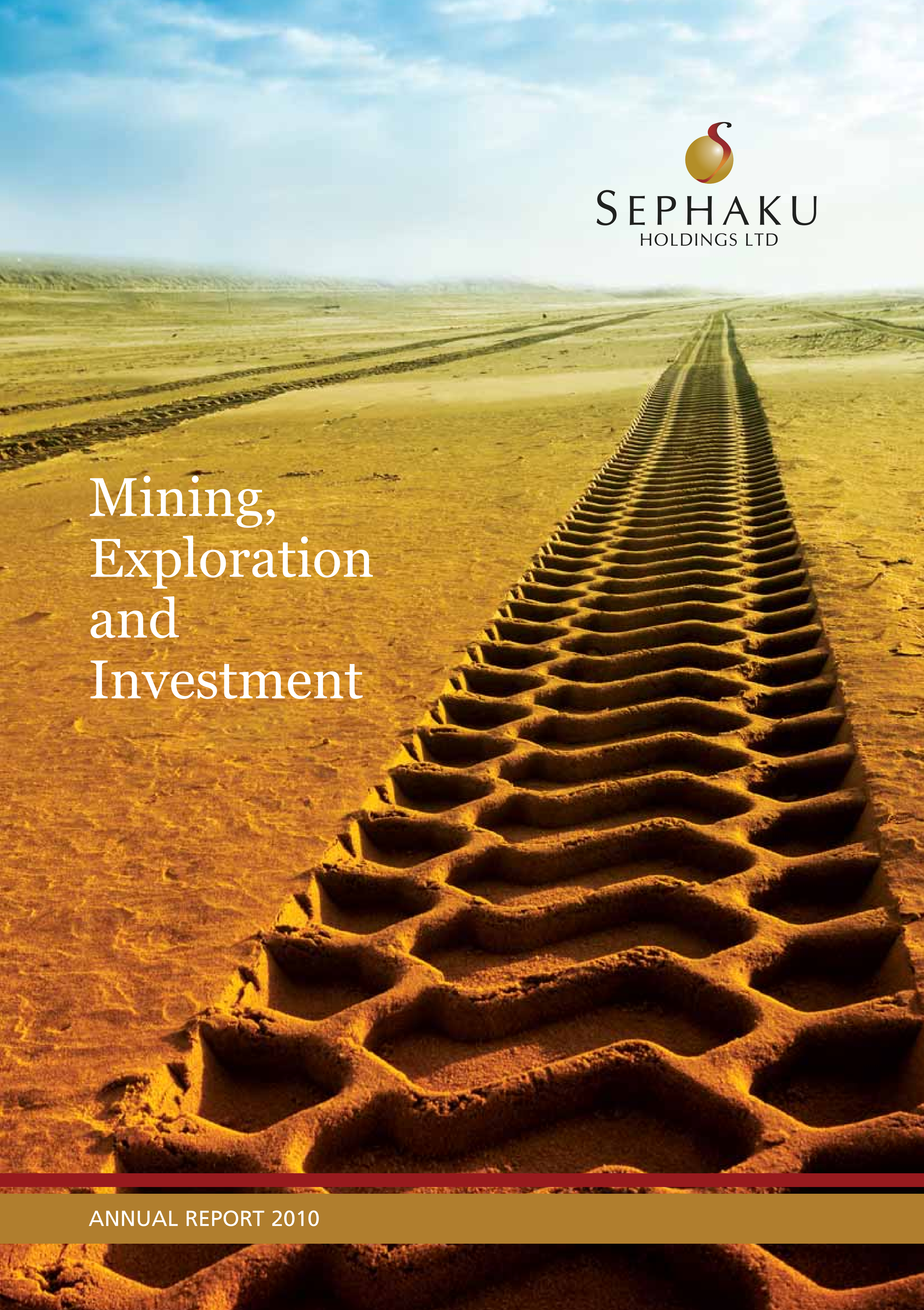


SEPHAKU HOLDINGS LTD

Mining, Exploration and Investment

ANNUAL REPORT 2010

Scope of the report

This annual report presents the operating and financial results for the 16-month period from 1 March 2009 to 30 June 2010 for Sephaku Holdings Limited (Sephaku Holdings). The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and this report has been prepared in compliance with the South African Companies Act No. 61 of 1973 (as amended), and the Listings Requirements of the JSE Limited (JSE). The guidelines of the King Report on Corporate Governance, 2002 (King II) and the King III revision which became effective on 1 March 2010, have also been taken into account. The annual report is submitted to the JSE as this is the company's registered exchange. The company's key focus for the period under review has been concluding the funding agreement with the Dangote Group for the company's cement projects, the agreement was signed shortly after the period end.

Forward-looking statement for the cement project

The ultimate strategy for Sephaku Cement is to develop into a diversified building materials group. Sephaku Cement has already identified various vertical integration opportunities in aggregates, ready-mix concrete and fly ash which it will seek to pursue in due course. In addition, the Sephaku Group also holds limestone exploration assets in the northern part of the Western Cape, the Mpumalanga Province and the Limpopo Province. Sephaku Cement intends to apply the R35 million loan to be procured by Dangote to conduct further exploration on these assets to determine their viability for expansion of its cement business through South Africa, as well as considering expansion opportunities in Southern Africa.

Sephaku Holdings is ideally placed in terms of its track record of milestones achieved to date, including the commissioning of the Fly Ash Classification Project and the progress made on the Cement Project, its exceptional management team, its access to other cement and related opportunities and the timing of its entry into the South African cement market to become an exciting new entrant in the market and a significant player in its sector.

Forward-looking statement for the Nokeng concentrator and the beneficiation production facility

The Nokeng concentrator: The company has completed a definitive feasibility study for the Nokeng concentrator within the +10%/-5% range. The basic engineering has been completed and the project execution plan envisages that on-site work will commence in October 2010. Long lead items and risks have been identified, surface rights negotiated and quotes secured from Eskom. The grant of a new order mining right is expected in the near future, an Environmental Impact Assessment is ongoing and metallurgical test work has commenced.

The beneficiation production facility: The company has completed a pre -feasibility study on the beneficiation production facility within a +25%/-25% range. Approximately 10% of the basic engineering has been completed. The site identification has been finalised and an Environmental Impact Assessment scoping study is in progress. A safety and risk advisor has been appointed and the preliminary engineering work has commenced.

The company's main objectives for its fluorspar assets in the next 18 months will be to complete the tasks set out above and to commence with the processes associated with raising the capital required to fund the project, which will include identifying and seeking strategic technical partners and/or concluding off-take agreements.

Contents

Key developments and highlights

Finalisation of an agreement to **build the Delmas and Aganang clinker and cement plants** with Sinoma International Engineering Company Limited, the largest manufacturer of cement plants in the world, in March 2009

Successful completion of a **listing on the JSE Limited** in August 2009

Commissioning of Sephaku Holdings' **fly ash plant** in September 2009

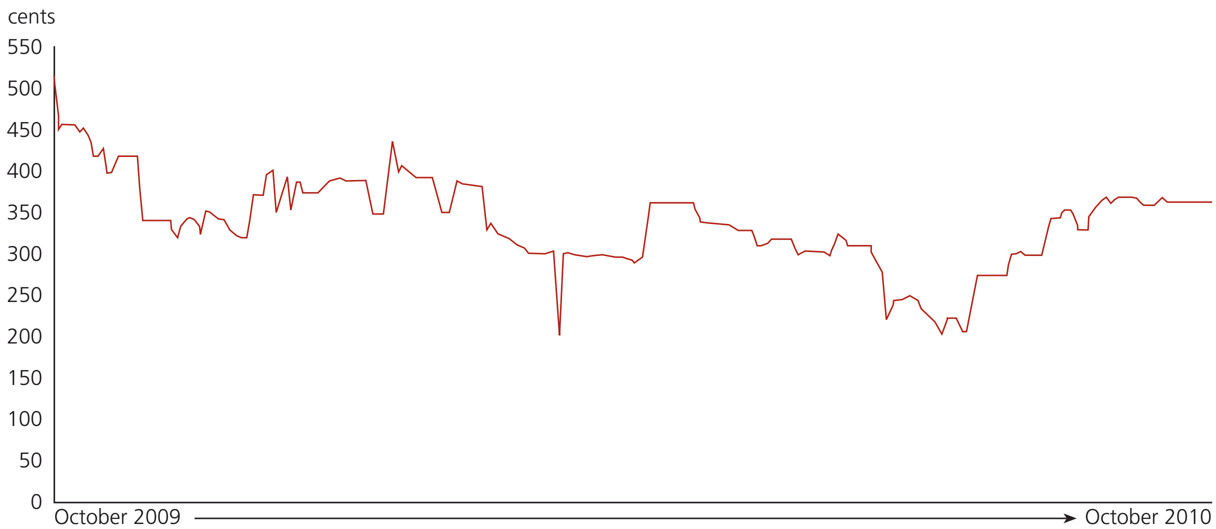
Completion of a **bankable feasibility study on the fluorspar project** at Nokeng, approval of an EIA for the Delmas cement grinding plant in October 2009

Sale completed of Sephaku Holdings' **gold and nickel assets for R80 million** in January 2010, a key step in creating a more focussed industrial minerals company

Unbundling of the **exploration assets** post period end

Conclusion of a **R779 million equity funding agreement** between Dangote Group and Sephaku Cement post period end

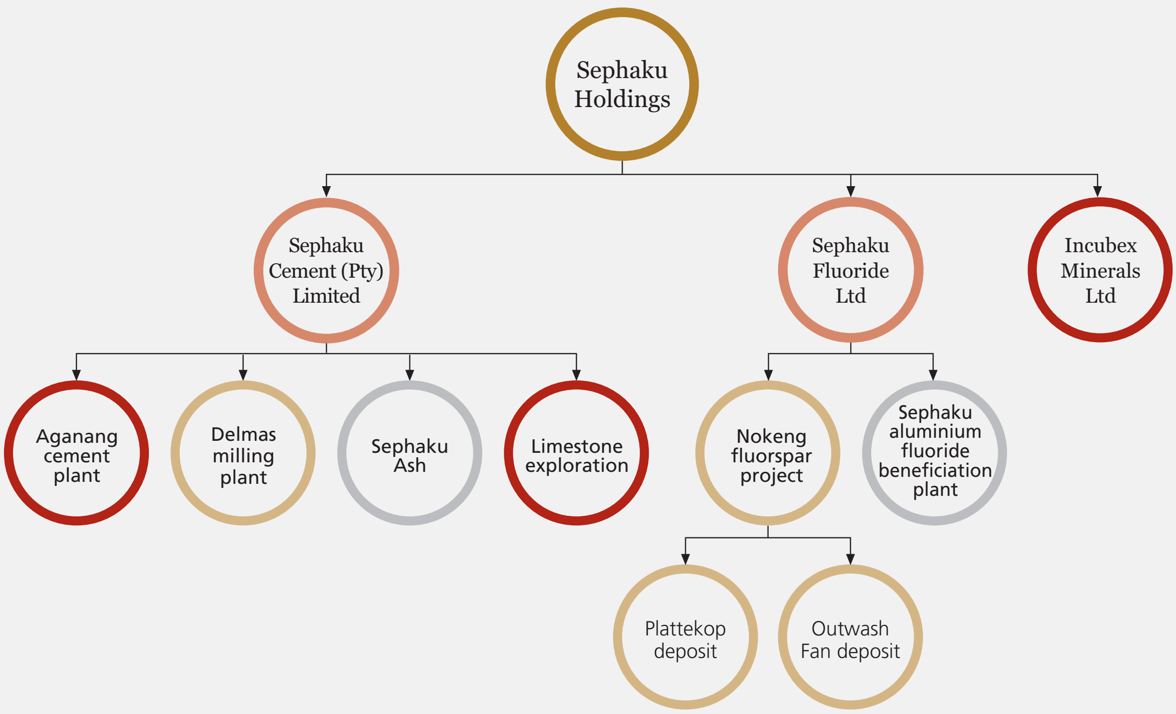
Sephaku Holdings' share price for the last 52 weeks (JSE: SEP)

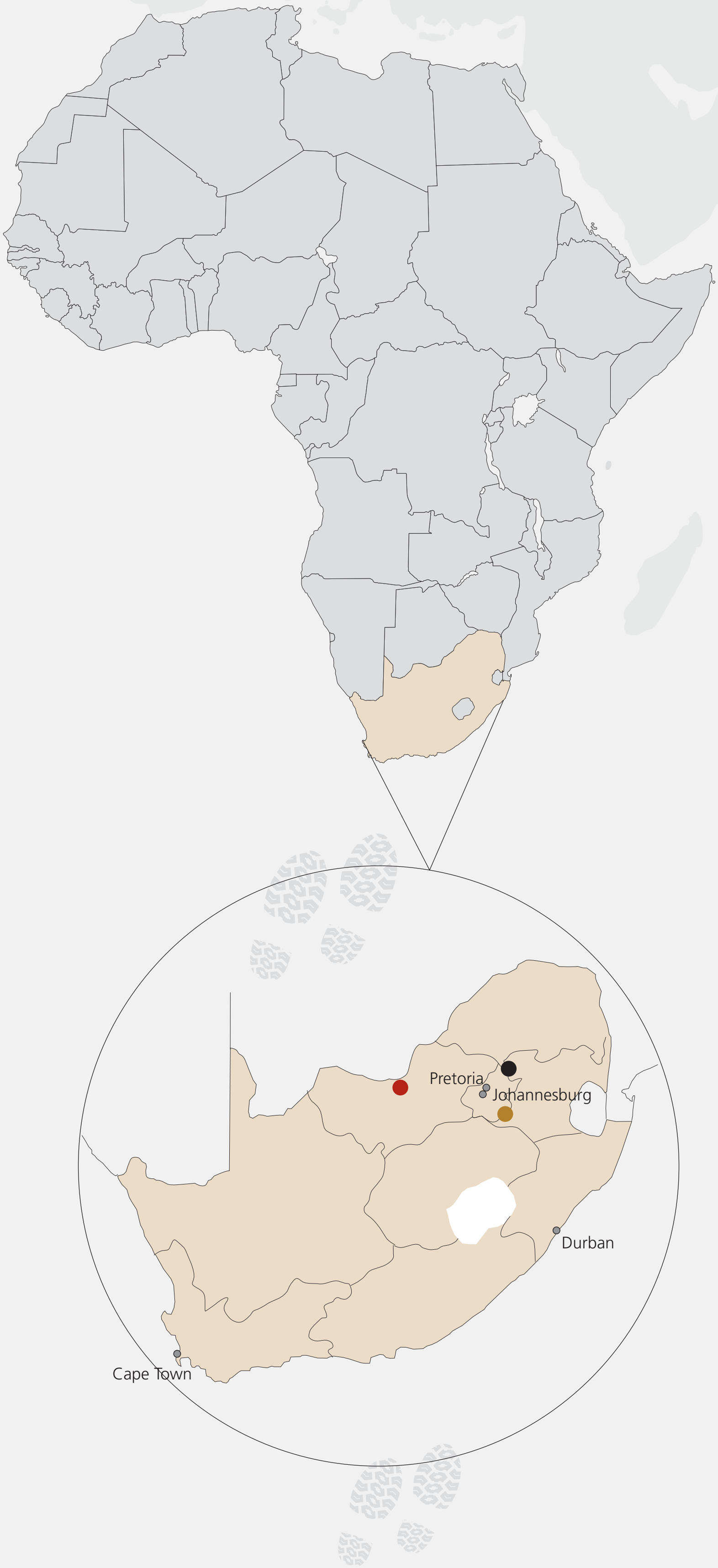


Corporate profile

Sephaku Holdings is a HDSA-owned, South-African focused, industrial minerals exploration and development company with a strategic vision of realising shareholder value by developing mineral exploration assets up the value curve. The company's two key projects are in the limestone and fluorspar sectors. The advanced-stage limestone project is being developed through the company's subsidiary, Sephaku Cement (Pty) Limited (Sephaku Cement), with production targeted for late 2012. From inception, Sephaku Holdings has maintained its high level of HDSA ownership, currently at 47% since listing on the JSE. Sephaku Holdings' executive team comprises of highly respected and experienced individuals with a wealth of financial, legal and technical expertise in all aspects of the mining industry. Sephaku Holdings is listed on the JSE in the mining sector and trades under the share code SEP.

Group structure





Operations

Aganang cement plant

The Aganang project is the single most important project held by Sephaku Holdings. The primary objective is to establish and operate a new clinker and cement production plant using the secured limestone deposit situated on the Stiglingspan, Verdwaal and Klein Westerford farms located 7km south-west of Itsoseng and 34km west of Lichtenburg. Aganang will consist of a limestone mine and a cement manufacturing plant and is anticipated to be in production by late 2012.

Delmas milling plant

A cement grinding plant is being established in Delmas, Mpumalanga, closer to the markets in Gauteng and the fly ash source at Kendal Power Station, some 35km to the west. Approximately 50% of the clinker produced in Aganang will be transferred to Delmas for further processing with an estimated annual production of 1.2 million tons of cement.

Sephaku Ash

Sephaku Ash has a nine-year contract with Eskom to acquire and remove waste ash from the coal burning process at Kendal Power Station. The ash produced from this plant will be used as a cement extender at the Delmas milling plant to produce cement. The classification plant was commissioned in September 2009 and has the capacity to produce up to 800 000 tons per annum (tpa).

Nokeng Fluorspar Mine

The second most advanced project is the Nokeng fluorspar project, located about 70km north-east of Pretoria in Gauteng, South Africa. The Nokeng concentrator is targeted to come on stream in early 2013, positioning Sephaku Holdings as a major supplier of fluorspar to the local and international market.

Aluminium beneficiation plant

The plant is located alongside the Nokeng mine and is targeted to come on stream in 2013.

Chairman's report

"Aganang is our most advanced project, and is a Setswana name meaning 'empowering each other'."

Dr Lelau Mohuba *(Executive Chairman)*

The period under review, our first post-listing, has been both challenging and exciting. A firm believer in serendipity, I also maintain that one's strength is revealed through adversity. Having weathered the listing of our company amidst the global economic crisis, there can be little doubt that we have emerged stronger and that the quality of our team has been proven.

Sephaku Holdings' listing on the JSE on 21 August 2009 was an exciting milestone for our company and we extend our thanks to our long-standing shareholders while warmly welcoming those new to us. The post-listing period, however, was not without its challenges, and the market's downgrading of our share price was, in particular, a learning experience, even though many companies experienced similar share price pressure given the general economic climate. Nevertheless, we are pleased to report that our share price is showing signs of recovery and that the listing process has streamlined and consolidated both our corporate strategy and position.

In recent months Sephaku Holdings has revised its initial business model of taking each project in its stable up the value curve towards an eventual listing, rather replacing this strategy with a view to remove from the stable those projects still at grassroots' exploration level and focus on those sure to deliver positive returns in the medium term. As a result, Sephaku Holdings' most advanced and closely linked subsidiaries, Sephaku Cement and Sephaku Fluoride Limited (Sephaku Fluoride), now hold the company's uppermost – and sole – focus and key relationships are being put in place to ensure their continued success, most notably the equity funding agreement established between Sephaku Holdings and the Dangote Industries (Dangote). Non-core projects in gold and nickel have been disposed of during the period, streamlining the company and raising capital to assist with funding the cement and fluorspar projects.

Dangote, Africa's largest cement producer, is both a strategic partner for Sephaku Holdings and a strong, reliable support. Sephaku Holdings' relationship with Dangote began with the successful private equity placement of R350 million into Sephaku Cement in April 2008, and followed, subsequent to the 2010 year-end, with an additional investment of R779 million. This investment has increased Dangote's equity stake in the company from 19.76% to 64%, in addition to completing the equity funding portion for our existing cement projects. We are immensely pleased with the success of this agreement and look forward to going from strength to strength as the construction of our cement plant gets under way.

Construction of this plant is scheduled to commence at the end of October 2010, with production planned for the end of 2012. We are positive not only that our production deadline will be attained but that we are entering the market at a crucial point. By 2015, indicators suggest that the South African market demand for cement will be in the region of 16.4 million tons per annum (Mtpa), with an estimated industry cement capacity from clinker producers, including Sephaku Cement, of 15.8Mtpa. Sephaku Cement will be in a key position to meet this supply gap.

Sephaku Fluoride's principal project, the Nokeng Fluorspar Mine, is on track, with the first phase of the plant's definitive feasibility study complete and production planned for 2013. We are looking forward to making the most of the exciting opportunities presented by this project, particularly the construction of a beneficiation plant in close proximity to the raw material. This synergy will provide Nokeng with a significant competitive advantage, as it will then be one of few operations internationally capable of producing a final product on site. Furthermore, fluorspar is not dependent on a South African market and, with established markets in both Asia and the Americas, we are confident that Sephaku Holdings has significant financial benefit to gain from this project.

Looking ahead, significant growth can clearly be expected - both in terms of the plants that are to be erected in the coming months and the investor gains to be made. We will seek to maintain our good relationship with the Department of Mineral Resources and our excellent BEE status, the latter of which is a founding pillar of our company. Furthermore, we will strive to emphasise the superior quality and sustainability of our assets in order to remain attractive to partnerships.

It remains for me to thank Sephaku Holdings' management and employees for their loyalty, depth of skill and positive morale, and our shareholders for their faith and commitment, without which we would not be in the prime position we are in today. I look forward to working and sharing the experience with you all as the road to production begins.

Dr Lelau Mohuba
Executive Chairman
23 September 2010

CEO's review

> *"The forthcoming year will see the company consolidate its position as one of South Africa's leading emerging industrial minerals exploration and development companies, with plant construction under way and production drawing closer."*
>
> **Neil Crafford-Lazarus** *(CEO)*

This report covers a 16 month period where there has been considerable flux. Sephaku Holdings delivered on its commitment to shareholders by listing on the JSE Limited in August 2009 – despite conditions being unfavourable for bringing a company to market – and, although our share price fell initially, linked to the fact that the cement project was unfunded and undoubtedly as a result of the economic climate, signs of stabilisation and recovery are now evident. We are proud of this achievement and look forward to generating positive returns for our shareholders in the near future.

Other highlights during the period under review include:

- the finalisation of a supply agreement with Sinoma International Engineering Company Limited, the largest manufacturer of cement plants in the world, in March 2009;
- the commissioning of Sephaku Holdings' fly ash plant in September 2009, positioning the company as a fully-fledged competitor;
- the announcement of a bankable feasibility study on our fluorspar project and approval of an environmental impact assessment for our Delmas cement grinding plant in October 2009;
- the sale of Sephaku Holdings' gold and nickel assets to Mandra Capital and private investor Mong Seng Wu in January 2010 for R80 million;
- unbundling of exploration assets; and
- the signing of a heads of agreement with the Dangote Group in May 2010 and post-year end, the conclusion of a R779 million equity funding agreement between Dangote and our wholly-owned subsidiary, Sephaku Cement.

The conclusion of the Dangote equity funding agreement, which is part of Dangote's aggressive expansion strategy to become the largest cement producer in Africa by 2014 with an expected total production of 30Mtpa, has meant that Sephaku Cement has now secured the full equity requirement for its cement projects and is well-positioned to finalise debt funding terms. It is also indicative of the increased focus Sephaku Holdings is giving to developing those assets highest on the value curve, namely the cement and fluoride projects held by Sephaku Cement and Sephaku Fluoride, arising from the strategic revision of its business model. Sephaku Holdings is confident that shareholders will benefit from this structural streamlining and that significant gains will be realised through the development of both projects.

Sephaku Holdings has also entered into a joint venture with India's Action Group (one of the largest industrial groups in India) to aggressively explore jointly for exportable coal in South Africa. Sephaku Holdings has proven its capacity to be a reputable BEE shareholder.

Cementing our position

Sephaku Holdings' 2.2Mtpa cement project is located between Lichtenburg and Mafikeng in the North West Province, adjacent to AfriSam and Lafarge SA and in close proximity to PPC, the 'Big 3' of the South African cement industry, and includes a 1.2Mtpa cement grinding facility in Delmas, Mpumalanga. The project makes use of one of the last economic limestone deposits in South Africa and has proven raw materials supporting a minimum life of mine of 30 years.

Sephaku Cement is developing a R3.3 billion project at a time when, in the medium to long term, cement demand is expected to outstrip supply and is thus strategically positioned to establish itself as a key market player. The company is on track to begin construction on the plant late October 2010, with on-budget production targeted for the end of 2012 and with the best cement team in the industry, there is no doubt we will achieve our targets. All the necessary regulatory permits have been applied for and granted by the relevant authorities.

We have adopted a best practice approach from start to finish in the construction of the new plant, with both EU and

South African standards being strictly adhered to, and environmentally friendly technical and design elements being implemented. The highest safety standards are also being put in place to deal effectively with all eventualities. Energy efficiency remains a key focus point and all costs have been paid in full to the South Africa's national power utility, Eskom, which has committed to supply the requisite power in addition to making use of the Sephaku Holdings power line to provide electricity to nearby communities which previously lived without.

Above all, however, it is our approach to the use of our operating area's scarcest resource, water, of which we are most proud. We are pleased to report that, through the implementation of the latest technology, Sephaku Cement's new plant will not damage the water table in any way, nor will excess use be possible. Though this has been an expensive system to put in place, we believe that the long-term benefits – both environmentally and economically – far outweigh the initial cost.

Sephaku Holdings has secured local and provincial suppliers, intends to invest in a number of agricultural projects and has performed skills audits in the surrounding communities with a view to sourcing a significant portion of the required labour contingent locally. The work completed to date on the ground has been conducted to the most stringent safety guidelines and, in the first 12 months of early works, no lost time injuries have occurred, an admirable record and one which we will strive to maintain.

Forging new ground with fluorspar

Sephaku Holdings' Nokeng fluorspar project is located some 70km north-east of Pretoria in South Africa's Gauteng province and comprises two major fluorspar deposits, the Outwash Fan deposit and the Plattekop deposit. The Outwash Fan deposit has a Measured Mineral Resource estimate of 8.2 million tons at a CaF_2 grade of 24.6%, while Plattekop, at present, has an Indicated Mineral Resource estimate of 2.9 million tons at a CaF_2 grade of 42.6%. Both deposits rank among the highest grade fluorspar deposits in the world. Sephaku Holdings intends developing these into a fluorspar mine, producing 130 000tpa acid grade fluorspar by the end of 2013.

Sephaku Fluoride is planning to establish a beneficiation production facility consisting of a sulphuric acid plant, a hydrogen fluoride plant and an aluminium fluoride plant. The acid grade fluorspar produced by the Nokeng concentrator will solely be used as feed to the production facility, the key features of which will include the production of 60 000tpa anhydrous hydrogen fluoride. This, together with the production of 93 000tpa sulphuric acid, 66 000tpa oleum at a concentrate of 20%, and feed of 129 000tpa acid grade fluorspar, will be used to produce 60 000tpa aluminium fluoride.

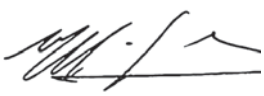
The proximity of the beneficiation plant to the mine provides Sephaku Holdings with a unique advantage within the market and is something we believe we will be able to leverage off greatly in the future.

Events after the reporting period

The board has taken a strategic decision to reorganise the assets of the Sephaku Holdings group in order to present a more defined and focused investment opportunity to the market. Accordingly, subject to approval by the Department of Mineral Resources, Sephaku Holdings shall dispose of all the shares it holds in its subsidiaries, other than those subsidiaries with interests relating to cement and fluorspar, to a wholly-owned subsidiary of the company, Incubex Minerals Ltd. Subject to shareholders' approval, Sephaku Holdings intends to distribute to shareholders all of the issued shares in Incubex in the ratio of one Incubex share for every ten Sephaku Holdings shares in the form of a dividend in specie. Dangote Industries Ltd has agreed to invest an additional amount of R779 million of equity into Sephaku Cement to achieve an aggregate shareholding in Sephaku Cement of 64%, resulting in Dangote acquiring control of Sephaku Cement. Dangote has already advanced an amount of R75.6 million to Sephaku Cement during June 2010 as a convertible loan, which loan amount will be deducted from the total subscription amount. The loan will be converted to Sephaku Cement shares during October 2010, once all regulatory and formal shareholder approvals have been obtained regarding the total proposed investment by Dangote.

Outlook

The forthcoming year will see the company consolidate its position as one of South Africa's leading emerging industrial minerals exploration and development companies, with plant construction under way and production drawing closer. Subsequent to the implementation of the Dangote transaction, our 36% stake in a fully equity funded Sephaku Cement vehicle will provide us with leverage and comfort that we can provide value to shareholders through a project valued at R3.3 billion. The continued strategic realignment of Sephaku Holdings will, provide clarity to our shareholders and the market at large as we look to maximise the potential of our core assets to benefit all stakeholders in the future company structure.



Neil Crafford-Lazarus
Chief Executive Officer
23 September 2010

Mineral Resource and Mineral Reserve statement

The Aganang project

Executive summary

The Aganang project is the main driver and the single most important project held by Sephaku Cement. The primary objective of this cement project is to establish and operate a new cement production plant utilising the secured limestone deposit situated on the farms Stiglingspan, Verdwaal and Klein Westerford located 7km south-west of Itsoseng and 34km west of Lichtenburg. The Aganang project will consist of a limestone mine and a cement manufacturing plant. The operations to be conducted on the Aganang project will include:

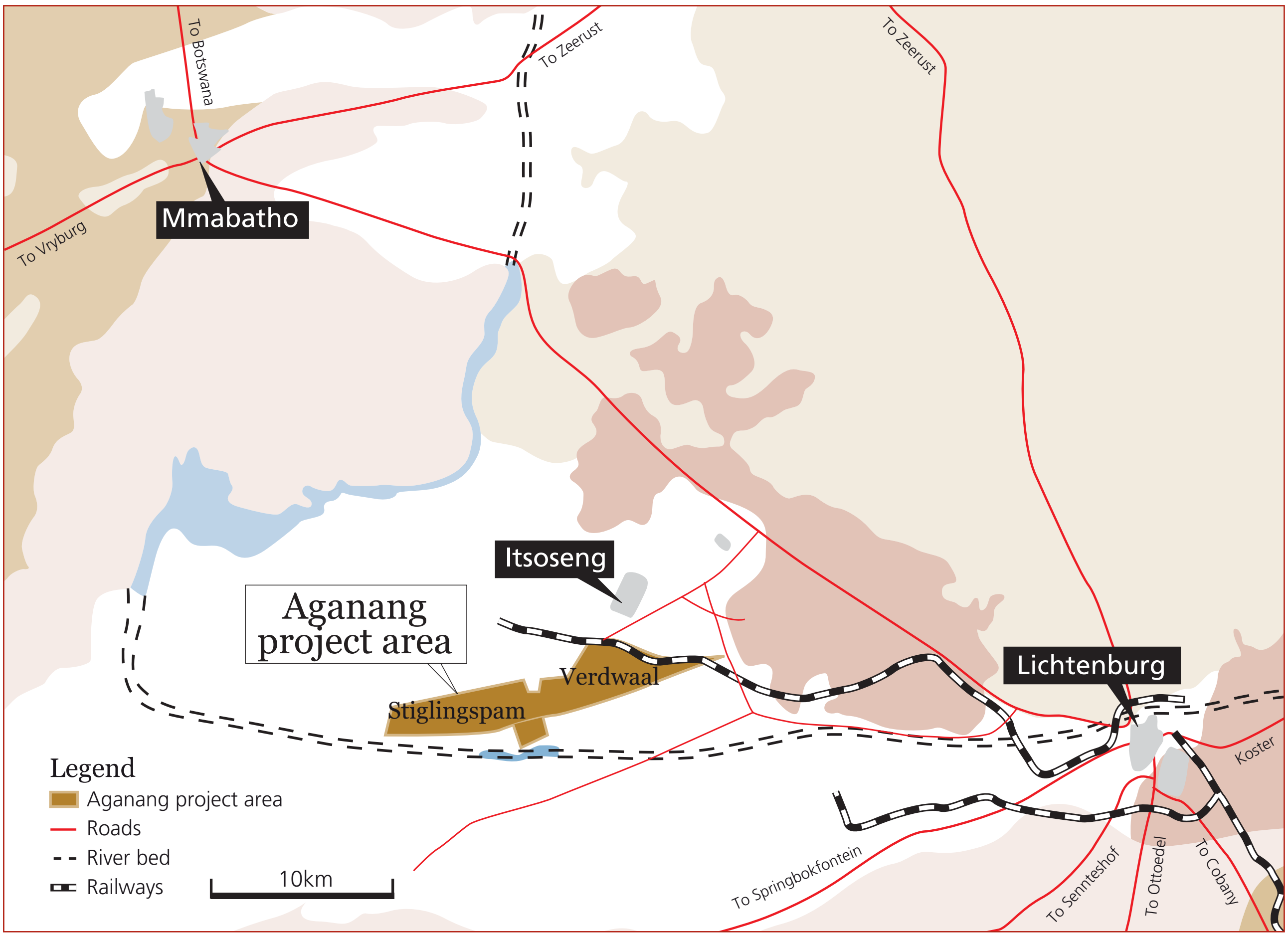
- the mining of the principal raw material (limestone mining);
- the chemical processing of the raw materials to produce clinker; and
- grinding and milling of approximately 50% of the clinker and blending with other components to produce the finished cement product.

The mining operation will be confined to a surface operation and entails the removal of a calcrete deposit, which will then be milled and blended to form the basic raw meal feed to the cement manufacturing plant. The expected life of the limestone quarry and the cement project is in excess of 30 years based on the delineated mineral resources and new guaranteed kiln production figures. Aganang is the name of the project, a Setswana name meaning 'empowering each other'. This project was formerly known as the Itsoseng project.

1. Location of the Aganang project site

The Aganang limestone deposit is located approximately 34km west of the town of Lichtenburg in the North West Province of South Africa. There the deposit covers and area of c. 3600ha over portions of the farms of Verdwaal 57-IO, Klein Westerford 78-IO and Stiglingspan 73-IO. The following map illustrates the location of the project site within the North West Province of South Africa.

Aganang project – geological map



Mineral Resource and Mineral Reserve statement
(continued)

2. Legal aspects and tenure

The mining right for the Aganang project was granted in terms of Section 23(1) of the MPRDA whilst the environmental authorisation was granted in terms of Section 24(2)(a) of the National Environmental Act (NEMA). The relevant mineral titles to the properties Verdwaal 57-IO, Klein Westerford 78-IO and Stiglingspan 73-IO are held under this mining right and are valid for 30 years. The Minister granted Sephaku Holdings the sole and exclusive right to mine and recover minerals in, on and under the mining area for the benefit of the company and to sell the minerals subject to the terms and conditions of this mining right. The provisions of the MPRDA and any other relevant law will remain in force for the duration of this right.

3. Geological setting

Karoo age sediments, in the form of the Dwyka and Ecca Group tillites and shales, are developed in the vicinity of the tarred road linking Lichtenburg and Mafikeng, as well as immediately east of Lichtenburg. The youngest formations are the Lichtenburg calcretes, estimated to be of Late Pliocene age (5Ma old), and the Quaternary Kalahari sands in the Mafikeng area. The limestone deposit occupies a surface area of approximately 3 600ha. The calcrete is covered by a thin layer of soil. Due to silica contamination during mining, it is estimated that the topmost 0.5m of calcrete will generally be removed as waste and used for rehabilitation purposes. The usable seam of calcrete is on average approximately 6m thick.

4. Exploration

Before Sephaku Cement's involvement, Anglo American PLC (Anglo) had explored the area. This process first commenced in 1990. Exploration had been carried out on the Sephaku Cement property in phases. Anglo completed five phases of regional drilling in the North West Province. Anglo drilled in excess of 500 boreholes on the Sephaku Cement mineral rights area alone. The boreholes were spaced 500m or 200m apart on a regular grid on a selected basis, providing coverage over almost the entire mineral rights area.

Sephaku Cement reviewed the results obtained from the Anglo drilling and used this information to plan further drilling programmes to be carried out under their own supervision. Percusso Boor (Pty) Limited (Percusso) was chosen as the drilling contractor on the basis of previous work on similar projects.

In 2007, Sephaku Cement carried out two additional phases of exploration drilling which were completed in March and September of that year. No further exploration drilling was planned for the foreseeable future.

The original database was supplied to Venmyn Rand (Pty) Limited (Venmyn), before the introduction and use of Surpac™. This was reported on in the Feasibility Study Report (FSR) dated 27 February 2008 and was presented as a summary database. It consisted of the following:

- an aerial photograph draped over a farm boundary map, indicating the three mineral resource blocks (A, B and C), showing defined mine blocks derived from exploration drilling for each block; and
- tables presented thereafter displaying summary borehole information for each mining block, including the associated geochemical criteria and other assay data.

5. Mineral Resources and Mineral Reserves statement

Consultants Riaan Herman Consulting (RHC) were employed to formally capture all exploration data in one contiguous database and then to model this data according to criteria specified by the Sephaku Cement technical management team. Venmyn assisted Sephaku Cement in January 2008 to publish a mineral resource estimation and classification using best practice by following the principles and guidelines of the SAMREC Code. This code is recognised as the basis for reporting mineral project valuation and ensures compliance to the JSE Listing Requirements.

The main Resource defining criteria agreed-upon, were

- a limestone saturation factor (LSF) of >107%;
- a magnesium oxide (MgO) of <2.5%; and
- a silica content of <14%.

Subsequently, the modifying factors applied to the conversion of the Indicated and Measured Limestone Resources to Proven and Probable Limestone Reserves were initially carefully considered. In October 2009, these modifying factors were finally reviewed and those applied for the sequential conversion of raw data to Mineral Resources and then on to Mineral Reserves were as follows

- an LSF >107%;
- a MgO content of <2.5%;
- a silica content of <14%;
- removal of isolated blocks (minimum of 200 x 200m mining area);

> *"The expected life of the limestone quarry and the cement project at Aganang is in excess of 30 years based on the delineated mineral resources and new guaranteed kiln production figures."*

- side wall straightening (minimum of 200m wall length in mining direction); and
- mining restriction of infrastructure, statutory constraints and farm boundaries (farm boundary – 50m, railway line – 100m, grave – 50m, water boreholes – 50m and water courses – 100m).

The initial, independent Mineral Resource and Mineral Reserve statement for the limestone deposit of the Aganang project was compiled by Venmyn and reported on in the technical statement dated 31 January 2008. Based on the final revision of modifying factors, the initial Mineral Resources and Mineral Reserves statement was up-dated on 30 October 2009 on the basis of the detailed geological modelling, mine planning and scheduling conducted by RHC on the mineral asset. Surpac™ software was again used to assist in generating more accurate and precise estimates of the limestone mineral resources and mineral reserves. Venmyn reviewed the mineral resource and mineral reserves in the generation of the competent persons' report (CPR). The results are summarised in the table below:

Mineral Resources

	Area (ha)	Thickness (m)	Volume (10^6m^3)	Tonnage (Mt)
Measured	788	4.71	44.34	93.11
Indicated	237	4.45	10.52	22.09
Inferred	140	4.89	6.84	14.37
Total/ave	**1 165**	**4.68**	**61.7**	**129.57**

Mineral Reserves

	Area (ha)	Thickness (m)	Volume (10^6m^3)	Tonnage (Mt)
Proved	761	5.66	43.05	90.41
Probable	205	4.56	9.35	19.64
Total/ave	**966**	**5.42**	**52.4**	**110.05**

Mineral Resource and Mineral Reserve statement
(continued)

The Fluorspar project

Introduction

Venmyn was appointed by Sephaku Holdings to complete an independently compiled definitive feasibility study (DFS) on the Nokeng Fluorspar Mine (Pty) limited in the form of a CPR and in accordance with the requirements of:

- the South African Code for the reporting of Exploration Results, Mineral Resources and Mineral Reserves (the SAMREC Code); and
- the South African Code for the Reporting of Mineral Asset Valuation (the SAMVAL Code).

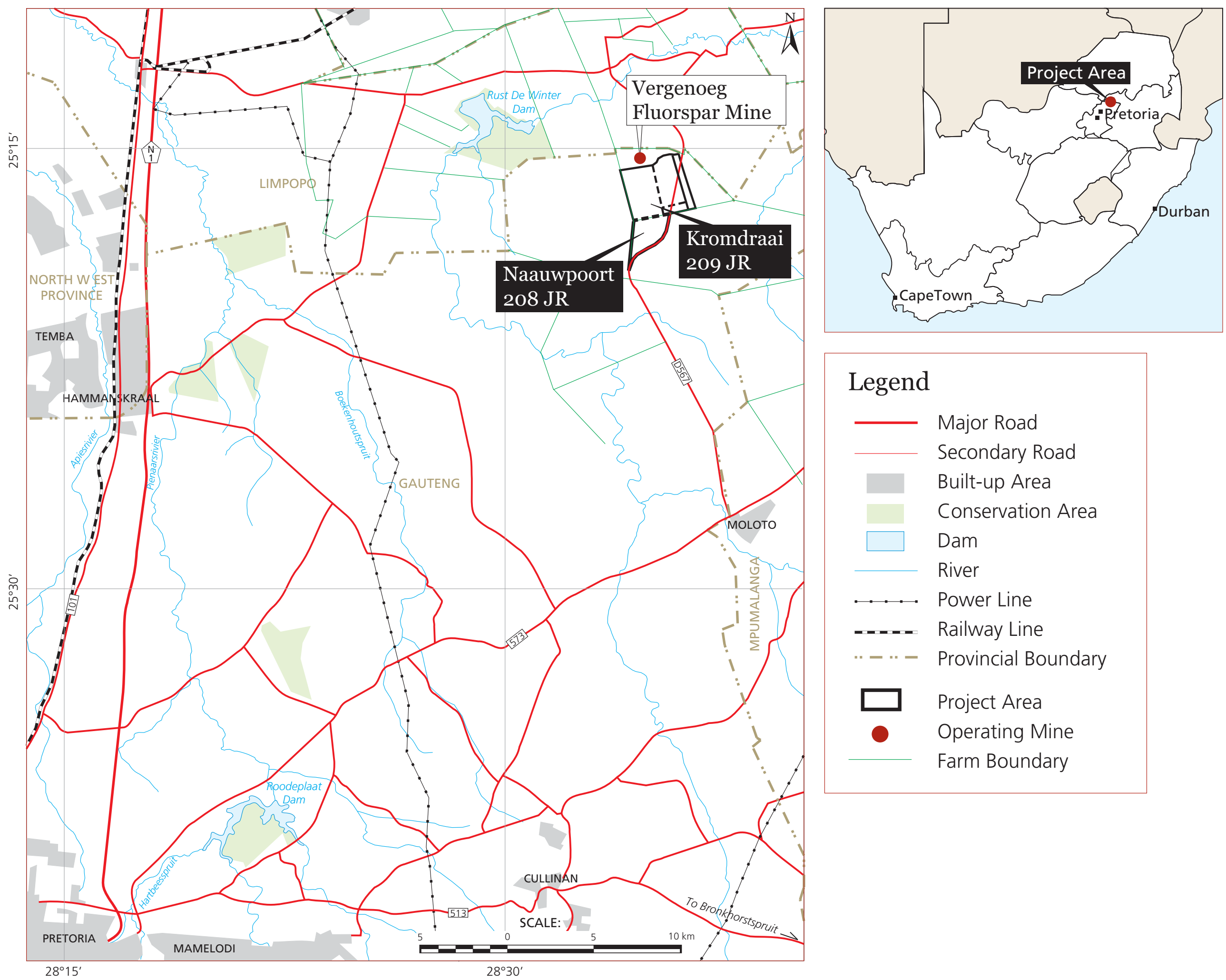
The SAMREC and SAMVAL Codes are collectively referred to as the SAMCode.

Venmyn was appointed as the Nokeng mine's Independent Expert, responsible for ensuring the delivery of the DFS report by independently reviewing, co-ordinating and managing all Specialist Consultants. Venmyn retained independence, since the company was contracted as the overall project manager, with specifically identified Specialist Consultants, contracted directly by the then Caltlin Investments (Pty) Limited (now Nokeng Fluorspar Mine (Pty) Limited).

Background and tenure

Historical exploration by the Watercress Mining Company of the two Dinokeng project farms culminated in the discovery of the world renowned Vergenoeg volcanic breccia pipe in the late 1950s, which later became the Vergenoeg Mine. In the 1970s, Gold Fields conducted an extensive drilling programme on

Locality and infrastructure of the Dinokeng project



Prospecting right for the proposed Nokeng mine is summarised as:						
Property	Preference number	Date start	Date expiry	Size (ha)	Holding company	Minerals
Kromdraai 209JR (Ptns 3, 4 11 and RE 12)	60/2006PR	13 Dec 05	12 Dec 10	1 395.55	Caltlin Investments	All minerals excluding coal and iron ore
Naauwpoort 208JR (Ptn 1 and RE)	07/2008PR	13 Dec 07	12 Dec 10	2 424.29	Caltlin Investments	Fluorspar

Naauwpoort 208JR, which resulted in the delineation of an alluvial outwash fan with a fluoritic ironstone horizon. The programme supported the definition of a deposit of 8.94Mt of ore at 21.9% CaF_2 or 1.95Mt of contained fluorspar.

The Dinokeng fluorspar project is located on two adjoining farms located in Gauteng, namely the Naauwpoort 208JR and Kromdraai 209JR (Pts 3, 4, 11, RE 2). Caltlin Investments, a wholly-owned subsidiary of Sephaku Exploration, was awarded a new order prospecting right for all minerals excluding coal and iron ore on the farm Kromdraai 209JR (Pts 3, 4, 11 and RE 2) on 13 December 2005 and BHP Billiton (BHP) was awarded a new order prospecting right for fluorspar on the Farm Naauwpoort 208JR on 13 December 2007. Following a sales agreement entered into between Caltlin Investments and BHP on 21 January 2009, an application in terms of Section 11 of the MPRDA was submitted to the DME on 17 March 2009. This application provides for the transfer of BHP's prospecting right on Naauwpoort 208JR to Caltlin Investments.

Thus, the prospecting right for the proposed Nokeng Mine is summarised in the table above.

The surface rights are not held by Sephaku Holdings but are held by Vergenoeg Mining Company and several other private holders. Sephaku Holdings has negotiated separate access agreements with the respective surface owners.

Nokeng has applied for the mining right on these properties and the granting is expected by the third quarter of 2010.

Deposits of the Nokeng mine

Plattekop deposit:

The Nokeng mine area is broadly dominated by Rooiberg Group volcanics and Waterberg sediments and comprises two geographically separated fluorspar deposits i.e. the Plattekop and the Outwash Fan deposits. The deposit forms a 200m x 400m plateau capping the Plattekop Hill and represents an erosional remnant of a presumably larger original deposit. The sedimentological features of the sequence suggests only limited re-working of the primary material and the deposit is currently interpreted as a froth flow channel lag deposit feeding from the Vergenoeg exhalative vent. Geologically the deposit comprises a 6m to 27m thick horizon of fluorspar haematite within a sequence of ferruginous pyroclastics associated with the Vergenoeg vent immediately to the north. The ore body thickens in the north-east area from 6m to over 27m and there is a lens shaped body of waste material within the economic horizon in this area. The mineralised horizon thickness decreases towards the south-west along the ore body.

Outwash Fan deposit:

The deposit is interpreted as a placer, outwash fan-delta conglomerate, formed as a result of sedimentary deposition after erosion of the primary pyroclastic rock suite. The sequence comprises alternating, laminated beds of fine grit and coarse ferruginous conglomerate. The horizon of economic interest is a single fluorspar bearing, ferruginous conglomerate/breccia 1m to 9m thick (average 4m), with a fine grained matrix of fluorspar, rhyolite, tuff, quartzite and haematite. The horizon dips at approximately between 7° to 15° east and is approximately 1.1km x 1.3km in aerial extent. The deposit is transected by a central east-west fault which divides it into three areas, a northern block within which the ore body thickness ranges between 3m and 8m; a south-eastern block within which the ore body thickness reduces to between 2m to 3m and a south-west block with thicknesses of 4m to 1m. The overburden thickness is less than 2.5m in the north and over 80m in the east. A series of sub-parallel, east-west, north-east or north-west faults have produced graben-like structures across the area of the proposed Nokeng mine and these structures are responsible for the uplift and erosion of sections of the ore body, resulting in the removal or preservation in various places, of the mineralised horizons.

Exploration programme and budget

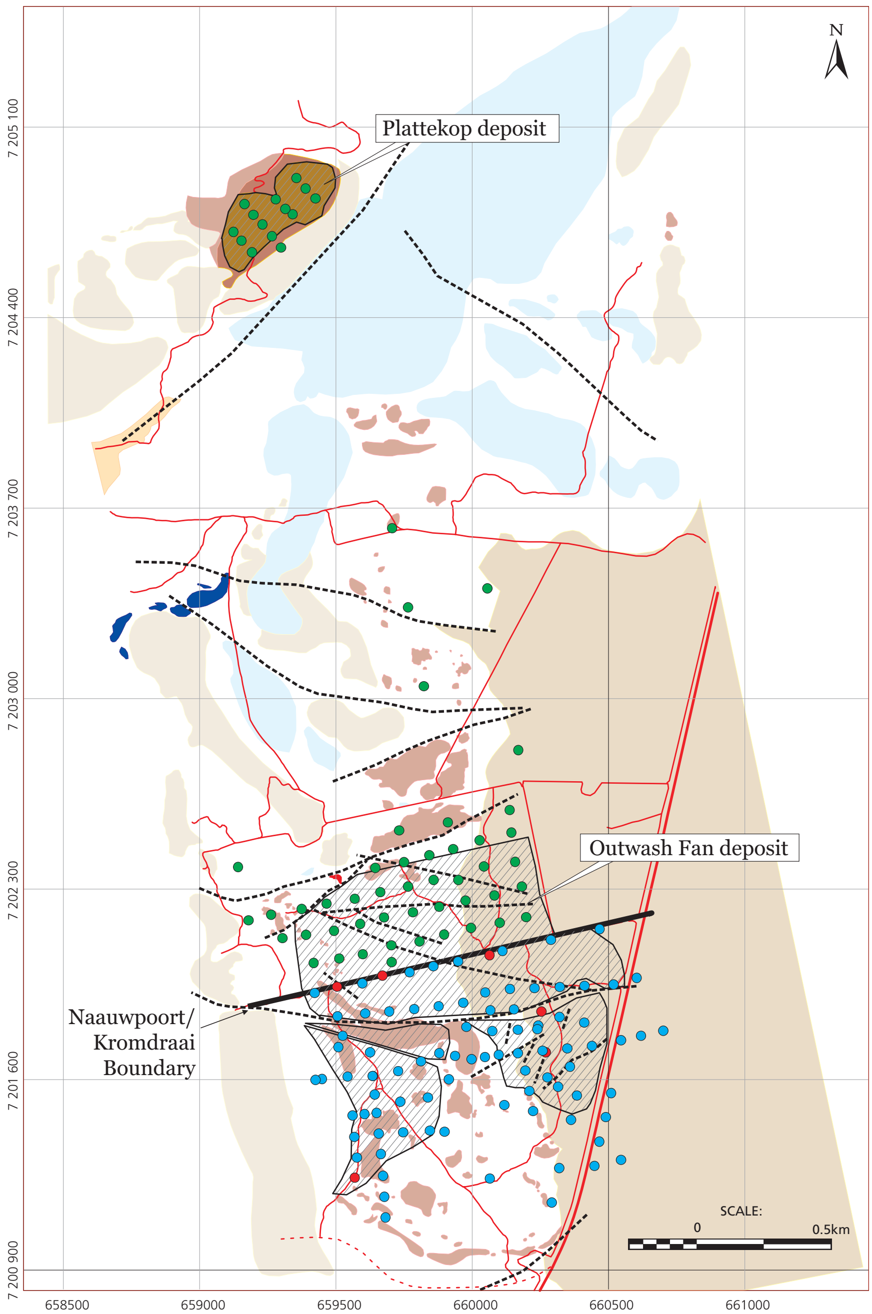
In addition to the 104 boreholes (2 155m) drilled by Gold Fields SA and the seven boreholes (245m) drilled by BHP, the exploration programme by the Nokeng mine comprised the following:

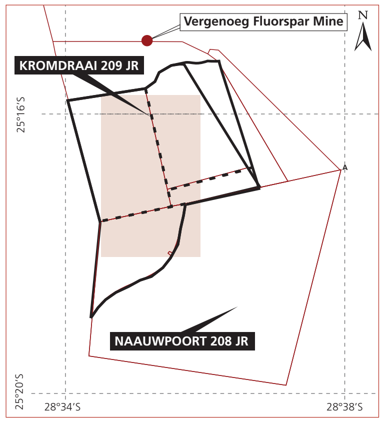
- remote image and aerial Ground Topographic Global Positioning System (GPS) Surveys;
- development of geo-referenced base maps and a Digital Terrain Model (DTM);
- geological mapping;
- diamond drilling programme totalling 1 300m;
- the drilling on the Outwash Fan deposit consist of 45 boreholes on a 100m x 100m grids to depths of between 6m and 59m;
- the drilling programme on the Plattekop deposit comprised 14 boreholes drilled to depths of between 8m and 70m;
- sample assaying of approximately 550 samples;
- borehole surveying by independent surveyors; and
- bulk sampling for bench scale metallurgical test work.

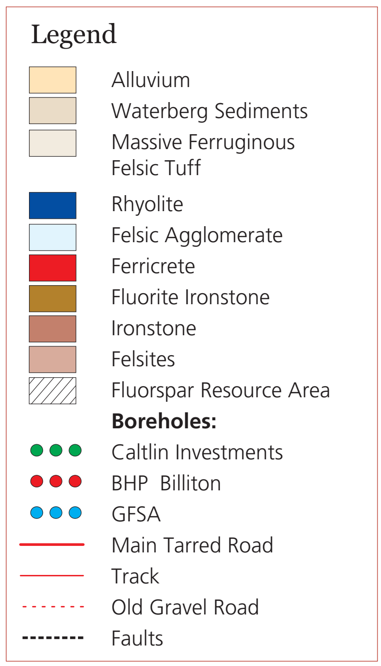
Mineral Resource and Mineral Reserve statement
(continued)

The figure below shows the position of the two deposits and the extent of exploration work done on the Nokeng project.

Detailed geology and exploration of the Dinokeng project







> *"Sephaku Holdings, through its subsidiaries, has applied for the mining rights on the properties that make up the Nokeng mine and the awarding of these rights is anticipated in the second half of 2010."*

Assay samples were submitted to the following independent laboratories namely:

- M and L Laboratory Services (Pty) Limited which is South African National Accreditation Service (SANAS) accredited, Laboratory Accreditation Number T00440, ISO/EC 17025:2005; and
- SGS Lakefield Research Africa (Pty) Limited, in Booysens, Johannesburg SANAS Accreditation Number T0169 and ISO/EC 17025:2005.

The historical and future (committed, but not yet incurred) expenditure by the then Caltlin Investments and the Nokeng mine on the Nokeng project are summarised in the following table:

Expenditure	Cost (ZAR) Historical	Cost (ZAR) Future*
Exploration	5 752 138.86	0
Other	19 028 790.04	3 289 049.00
Total	**24 780 928.90**	**3 289 049.00**

** Planned expenditure committed, but not yet incurred*

The results of the drilling programme have defined the aerial extent of the two deposits, permitted the construction of cross sections through the ore bodies and allowed the construction of wireframe models and Mineral Resource block models for the Mineral Resource estimation.

Additional drilling between March and April 2009 by Future Indefinite Drilling and Discovery Drilling (Pty) Limited was undertaken on Plattekop, and comprised of:

- diamond drilling totalling 1,232m;
- 14 boreholes of between 8m and 70m; and
- assaying of an additional 50 samples.

Mineral Resources and Mineral Reserve statement

SRK performed Mineral Resource estimates on both Plattekop and Outwash Fan deposits. Mineral Reserve estimates, based on the SRK Mineral Resource estimates, on both Plattekop and Outwash Fan deposits were performed by Sound Mining Solutions (Pty) Limited (SMS) during the DFS, taking cognisance of all the required modifying factors, as prescribed by the SAMCode and determined during the DFS.

Mineral Resource estimate

The table below outlines the Mineral Resources of the Nokeng mine, as estimated by SRK according to the requirements of the SAMREC Code, and is considered to appropriately reflect the nature and technical parameters of both the Plattekop and Outwash Fan deposits.

Mineral Resource estimate (inclusive of Mineral Reserves)

Deposit	Tons ('000)	Contained CaF_2 ('000t)	CaF_2 (%)
Inferred Mineral Resources			
Plattekop	361.0	138	38.4
Outwash Fan	0.0	0	0.0
Sub-total	**361.0**	**138**	**38.4**
Indicated Mineral Resources			
Plattekop	2 917.0	1 236.0	42.4
Outwash Fan	0.0	0.0	0.0
Sub-total	**2 917.0**	**1 236.0**	**42.4**
Measured Mineral Resources			
Plattekop	0.0	0.0	0.0
Outwash Fan	8 182.5	2 010.9	24.6
Sub-total	**8 182.5**	**2 010.9**	**24.6**
Total Mineral Resource			
Total	**11 460.5**	**3 384.9**	**29.5**

Notes: Quoted at a cut - off grade of 15% CaF_2
Plattekop based on April 2009 SRK Mineral Resource Estimate
Outwash Fan based on November 2008 SRK Mineral Resource Estimate
All tabulated data have been rounded to one decimal point for tonnage, grade and contained CaF_2 and to two decimal points for density.

Mineral Reserve estimate

Deposit	Tons ('000)	Contained CaF_2 ('000t)	CaF_2 (%)
Proven Mineral Reserves			
Plattekop	0	0	
Outwash Fan	9 065.10	2 055.10	22.70
Sub-total	**9 065.10**	**2 055.10**	**22.70**
Probable Mineral Reserves			
Plattekop	3 129.60	1 259.10	40.20
Outwash Fan	0.0	0	
Sub-total	**3 129.60**	**1 259.10**	**40.20**
Total Mineral Reserves			
Total	**12 194.70**	**3 314.10**	**27.20**

Based on an air dried basis

Board of directors

Dr Lelau Mohuba

(Executive Chairman)

MB ChB (University of Natal, now Nelson Mandela School of Medicine)

Lelau is a co-founder and the chairman of Sephaku Holdings. Lelau started his medical career in private practice at the Mankweng Township in 1983. His commercial experience includes holding the position of chairman and chief executive officer of Shikisha Tyre and Rubber (Proprietary) Limited, a JV with Goodyear Holdings Limited, as well as co-founding Kiba Investment Holdings (Proprietary) Limited, a mining beneficiation company. Prior to joining Sephaku Holdings, he was an executive director of Boynton and a founder and the chairman of Lekgotla Investments (Proprietary) Limited, both of which are platinum exploration companies. He also acted as a coordinator of health professionals engaged in business activities in Limpopo Province. Lelau has historically acted as the chairman of the Council for Lebowa Nursing Colleges, special advisor to the Lebowa Government Minister of Health, the head of the World Health Organization in the Northern Province and the chairman of the General Practitioners Forum and the National Medical and Dental Association in the Northern Province. He is the first Chairman of the company.

Neil Crafford-Lazarus

(Chief Executive Officer)

Chartered Accountant (South Africa), BCompt (Honours) (University of South Africa)

Neil started his career in mining finance when he joined Anglo American Corporation as a tax advisor in 1988. In 1990 he joined Gencor and held senior management positions in taxation, business development and corporate finance through the Gencor unbundling and listing of Billiton on the London Stock Exchange. In 1998, he joined Xstrata SA (Proprietary) Limited as Chief Financial Officer and was appointed Financial Director in 1999. At Xstrata he was involved in the rationalisation of the group's South African chrome and vanadium operations, the formation of the Gemini Chrome Production Joint Venture with Samancor, the rationalisation of Duiker Mining Limited into Xstrata Coal as part of the group's London listing, the formation of a Pooling and Sharing Venture with Merafe (formerly SA Chrome) and the establishment of the Mototolo Platinum Joint Venture with Anglo Platinum and Kagiso. In October 2005 he joined Platmin as Chief Financial Officer in anticipation of the company's simultaneous listing on TSX and on AIM, a position that he held until May 31, 2007 when the company's first set of results as a listed company and annual report was issued. He joined Sephaku Holdings on 1 June 2007 and was appointed CEO in May 2008.

Shibe Matjiu

(ISD Executive Director)

Certification in Mining and Minerals (Wits), MA (Medical Social Work) (University of Pretoria), BA (Social Work) (University of the North)

Shibe has extensive experience as a professional community and social worker having practiced for 16 years in both government and the private sectors. Her previous experience includes being a director of Boynton, a subsidiary of the AIM and TSX listed Platmin, managing director of SM2 Social and Training Consultants, where she was involved in training on government developmental projects, provincial director of the Deaf Federation of South Africa and working on the establishment of Disability Desks in the office of the deputy president to address the needs of the disabled in South Africa. She is a member of South African Women in Mining and the Business Women Association and a director of Tshilo Mining Ltd.

Morrison Smit

(Financial Director)

Chartered Accountant (South Africa), BCompt (Honours), MBL, Dip in Mining Tax (University of South Africa)

Morrison has practiced in the audit profession for 12 years after completing articles at Price Waterhouse. He also worked for Anglo American Corporation Ltd as internal auditor after which he was financial director of Digoco Mining Limited, an exploration company listed on the JSE in the early 1990's. Morrison is the founder and previous chairman of Compendium Inc, an audit practice which he built into a national business and which was one of the top 20 practices in South Africa prior to its merger with PKF Inc. His responsibilities included audit work, consulting, restructuring and acting as reporting accountant in respect of the Listings Requirements, as well as serving as chairman and receiver to more than 50 schemes of arrangement in terms of section 311 of the Companies Act. His other work experience includes being the managing director of JO Block Holdings (Proprietary) Limited, a mining contracting company. He joined Sephaku Holdings in 2005 as chief operating officer.

Modilati Gustav Mahlare

(Independent Non-executive Director)

BCom (Accounting), BCompt (Honours)

Modilati joined National Sorghum Breweries in July 1992 as a financial controller and internal auditor and was later promoted to the position of financial manager. He was employed by Pricewaterhouse Coopers from July 1995 to April 2007 as a

> *“Having weathered the listing of our company amidst the global economic crisis, there can be little doubt that we have emerged stronger and that the quality of our team has been proven.”*
>
> **Dr Lelau Mohuba** *(Chairman)*

senior manager. He joined SEMA Integrated Risk Solutions in May 2007 as a director. Modilati has a wealth of experience in internal audit, corporate governance, risk management and management consulting.

Pieter Fourie

(Non-executive Director)

BCom (Accounting), Executive Development Program (PRISM) for Global Leaders (Switzerland)

Pieter has extensive experience in the cement industry, having been the marketing director of Blue Circle (subsequently acquired by Lafarge SA), the managing director of the cement business unit of Lafarge SA and lastly strategic development director for Africa based at the Lafarge head office in France. Pieter's role at Blue Circle included sales, distribution and marketing. He was promoted to managing director of the cement business unit at Lafarge SA, at that time a company producing cement of 1.7 million tons per annum. Pieter subsequently accepted an assignment at Lafarge's head office, in a strategic development role aimed at integrating newly acquired business in Africa into Lafarge's portfolio and identifying new business opportunities. He joined Sephaku Cement as CEO in May 2007. Pieter was appointed a director of Sephaku Holdings in November 2009.

Rudolph de Bruin

(Non-executive Director)

BCom (University of the Free State – cum laude), LLB (Rand Afrikaans University – cum laude)

Rudolph practiced as an advocate at the Pretoria Bar from 1977 to 1989. Since then he has concentrated on finding, acquiring and developing mineral exploration and mining projects in various African countries. He was a founder member of the Platmin group. During this period he focused on building Platmin into a credible platinum explorer and producer. His role was to engineer the acquisition of mineral projects. Before 2004 he supervised the entering into of more than 300 agreements with mineral rights holders (mostly farmers, but also other mining companies like Anglo American Platinum Corporation Limited, Rustenburg Minerals and Lonmin PLC). With the advent of the new MPRDA in May 2004, he supervised the conversion of Platmin's rights to new order rights and the application of new order prospecting rights. He was also involved in the various fund raisings done by the group in the United Kingdom and North American markets. By 2006, Platmin had reached maturity and moved into the development of a number of platinum mines. It also listed on the TSX and AIM. He sold his Platmin interest in 2006 and co-founded the Sephaku Holdings group. During this period he established Sephaku Holdings' flagship projects as well as the companies to which Sephaku Holdings was the BEE partner until January 2010.

Dr Gil Mahlati

(Non-executive Director)

MB ChB (University of Natal), Fellow of College of Surgeons (SA) and Clinical Fellow in Liver Surgery (King's College Hospital–London)

Gil is a surgeon who specialised in liver transplant surgery in Cape Town and London. After three years in private practice, in Pretoria, he entered the business arena as a medical director of Primecure Clinics and two years later joined Professor Wiseman Nkuhlu as managing director of Meeg Strategic Investments, where he invested in healthcare, IT and education sectors respectively. He set up a small medium enterprise private equity

Board of directors (continued)

fund and participated in the first empowerment venture with trade unions in Netcare Limited. He moved from banking and private equity to life insurance, health risk management, employee benefits and administration when he joined the Channel Group as executive director and served as chairman of Channel Life Namibia and the Health Monitor Group. In 2004, he became chief operating officer of Amabubesi Healthcare (Proprietary) Limited. Since then he has participated in the empowerment consortium that partnered with Old Mutual Plc, Nedbank Group Limited and Mutual and Federal Insurance Company Limited. He also participated in the Aspen Pharmacare empowerment transaction.

Moss Ngoasheng

(Non-Executive Director)

BA Hons (Industrial Sociology) M.Phil (Development Studies)(Sussex)

Moss Ngoasheng became an ANC activist at the age of 19. In 1978, at the age of 21, he was jailed for his ANC activities spending seven years as a political prisoner on Robben Island. His close contact with the ANC leadership during this period shaped his political and economic thinking. He obtained a degree in economics and politics through the University of South Africa in 1984. On his release from prison in 1985, Ngoasheng returned to Polokwane where he played an active role in the United Democratic Front. In 1995, Thabo Mbeki, then deputy president of South Africa, asked Ngoasheng to become his Economic Adviser. Ngoasheng placed his Safika Holdings shares in trust and moved to the heart of Government. When Mbeki was elected president in 1999, Ngoasheng became the President's Economic Advisor. In June 2000 he elected not to renew his contract in order to play a more active role in Safika Holdings, which he founded with Vuli Cuba in 1994, where he is currently the executive chairman. He was chairman of the board of the Coega Development Corporation and a member of numerous other boards including that of South African Breweries Limited and Dimension Data plc.

Dr David Twist

(Alternate Director)

BSc Hons (Geology) PhD (Geology)

David completed his doctorate studies at the University of Newcastle Upon Tyne in England in 1980, where after he joined Impala Platinum Holdings Limited for two years. He then joined the research team at the University of Pretoria and specialised on the Bushveld complex. In 1988, he enjoyed a sabbatical year as visiting professor at the University of New Mexico. From 1990 he joined Rudolph de Bruin and together they concentrated on mineral exploration opportunities in Africa. He was a founder member of Platmin and was the CEO until 2006 when he stepped down to focus on new mineral exploration opportunities with Sephaku Holdings. David is a registered member of the South African Council of Natural Scientific Professions, a member of the Geological Society of London and a member of the American-based Society of Economic Geologists.

Jan Wessels

(Alternate Director)

B.Juris (North West University), LLB (University of South Africa)

Jan completed his articles with Adams & Adams and has been in private practice since 1979. He was a founding partner of the firm Truter & Wessels and senior partner of that firm since 1987. After the amalgamation of the firm with Couzyn, Hertzog & Horak Inc in 2000, he became the head of the commercial department. Jan is responsible for legal advice and the contractual arrangements of the Sephaku Holdings group and was appointed an alternate director in November 2009.

Jennifer Bennette

(Alternate Director)

Jennifer matriculated in 1980 at Cambridge High, East London. From 1980 to date, she was employed by several firms of attorneys as a para-legal and her career path has progressed to company secretary. She attends to all the company secretarial work, mineral rights searches, sub-divisions of farms, servitudes and all the administrative work related thereto in the Group. Jennifer has worked with the Platmin group since 2000. She joined Sephaku Holdings on a full-time basis in March 2008.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Statement of corporate governance

General

While the board of directors (the Board) provides leadership, based on an ethical foundation, and oversees the overall process and structure of corporate governance, each business area and every employee of the group is responsible for acting in accordance with sound corporate governance practices. The Sephaku Holdings group and its directors are committed to the principles of good corporate governance and to applying the highest ethical standards in conducting business. The group strives constantly to develop and improve existing corporate governance structures and practices to ensure continued good governance. The group has substantially complied with the recommendations of King II. King III became effective on 1 March 2010, the group and its directors will apply the revised principles of good corporate governance during the coming year and will explain any instances of noncompliance in the next annual report. The Companies Act No. 71 of 2008, which was signed into law during April 2009 by the President, is being examined and will be dealt with when it is brought into effect.

Board of directors

The Board comprises four executive directors and five non-executive directors, of whom one is independent.

Lelau Mohuba	Executive Chairman
Neil Crafford-Lazarus	Executive Director (CEO)
Shibe Matjiu	Executive Director (ISD)
Morrison Smit	Executive Director (FD)
Pieter Fourie	Non-executive Director
Gustav Mahlare	Independent non-executive Director
Moss Ngoasheng	Non-executive Director
Rudolph de Bruin	Non-executive Director
Gil Mahlati	Non-executive Director

The Board is responsible to shareholders for the conduct of the business of the Sephaku Holdings group, which includes providing Sephaku Holdings with clear strategic direction. The schedule of matters reviewed by the Board includes:

- approval of the group's strategy and annual budget;
- overseeing group operational performance and management;
- ensuring that there is adequate succession planning at senior levels;
- overseeing director selection, orientation and evaluation;
- approval of major capital expenditure or disposals, material contracts, material acquisitions and developments;
- reviewing the terms of reference of Board committees;
- determining policies and processes which seek to ensure the integrity of the group's risk management and internal controls;
- maintaining and monitoring the group's systems of internal control and risk management;
- communication with shareholders, including approval of all circulars, prospectuses and major public announcements; and
- approval of the interim statement and annual report and accounts (including the review of critical accounting policies and accounting judgements and an assessment of the company's position and prospects).

The Board retains full and effective control over the business of Sephaku Holdings. The Board has defined levels of materiality through a written delegation of authority, which sets out decisions the Board wishes to reserve for itself. The delegation will be regularly reviewed and monitored.

There is a clear division of responsibility at board level to ensure a balance of power and authority such that no one individual has unfettered power of decision making.

In accordance with the company's articles of association, all directors are subject to retirement by rotation and re-election by shareholders at least every three years. During the year under review, the board met five times. The Board intends to meet at least four times a year, or more frequently if circumstances so require. Information relevant to meetings is supplied on a timely basis to the Board; ensuring directors can make informed decisions. The directors have unrestricted access to information, management and the company secretary in relation to Sephaku Holdings. All directors are entitled to seek the advice of independent professionals on matters concerning the affairs of the group, at Sephaku Holdings' expense.

Appointment to the Board

The Nomination Committee is responsible for reviewing the composition of the Board and identifies and makes recommendations to the Board regarding the appointment of new directors. Appointments to the Board are made taking into account the need for ensuring that the Board provides a diverse range of skills, knowledge and expertise, the necessity of achieving a balance between skills and expertise and the professional and industry knowledge necessary to meet the company's strategic objectives, and the need for ensuring demographic representation. Upon appointment, each director receives an induction programme into the group with guidance on their responsibilities.

Division of responsibility

There is a clear division between the roles of the chairman and the Chief Executive Officer. The Board is chaired by an executive director. The chairman is responsible for providing leadership to

“The Board is committed to honest, open and regular communication with all stakeholders on both financial and non-financial matters.”

the Board, overseeing its efficient operation and has been tasked with ensuring effective corporate governance practices. The CEO is responsible for formulating, implementing and maintaining the strategic direction of Sephaku Holdings, and ensuring that the day-to-day affairs of the group operations are appropriately supervised and controlled. The non-executive directors all have a high degree of integrity and credibility, and the composition of the Board provides for objective input into the decision-making process, thereby ensuring that no one director holds unfettered decision-making powers or too much influence. The directors come from diverse backgrounds and bring to the Board a wide range of experience.

Board committees

The Board has appointed three committees to which it has delegated specific responsibilities. All committees operate within written terms of reference approved by the Board.

Audit Committee

The Audit Committee comprises one independent non-executive director and three executive directors, namely Gustav Mahlare (chairman), Pieter Fourie, Morrison Smit (ex efficio) and Neil Crafford-Lazarus (ex efficio). The financial director, company secretary, and the external auditors all attend meetings by invitation.

The Audit Committee maintains terms of reference, which are reviewed annually and if necessary, are amended to meet market, regulatory and internal needs. These terms set out the basis for the committee’s functioning, including the requirement to consider and monitor the independence of external auditors and the appropriate rotation of the lead partner and to make recommendations to the Board on the appointment or dismissal of the external auditor. The Audit Committee’s duties relate to the management of financial risk across the group, the safeguarding of assets, the maintenance of adequate systems and control process and compliance with legal and accounting standard requirements in the group’s financial reporting and accounting statements. It also reviews the internal audit charter, internal audit annual plan, the external audit scope and accounting, taxation and financial reporting issues. The Audit Committee monitors proposed changes in accounting policy and considers the accounting and taxation implications of transactions. It also considers the appropriateness of the expertise and experience of the group financial director. The findings and recommendations of the internal and external auditors are used to determine the effectiveness of internal control systems.

Consultation between management and external auditors is encouraged to achieve an efficient audit process. The external auditors attend the Audit Committee meetings and have unrestricted informal access to the chairman of the Audit Committee. The Audit Committee has approved a non-audit services policy and set the principles for recommending the use of external auditors for non-audit services. The Audit Committee is satisfied that the independence of the external auditors is maintained at all times and is not compromised by the relationship the external auditors are building with the executive directors during their external audit function.

The Audit Committee met formally three times during the financial year to consider financial reporting issues and to advise the Board on a range of matters, including corporate governance practices, internal control policies and procedures, and internal and external audit management. The chairman of the Audit Committee is required to report to the Board after each meeting.

During the year under review, the Audit Committee was appointed by Sephaku Holdings to perform the roles and responsibilities of their Audit Committee. Furthermore, the Audit Committee re-appointed PKF. The Board has determined that the Audit Committee fulfilled its responsibilities for the year under review, and as required reports that it is satisfied with the expertise and experience of the financial director and the independence of PKF.

Nomination and Remuneration Committee

The Nomination Committee is made up of Moss Ngoasheng (chairman), Rudolph de Bruin, Lelau Mohuba and Neil Crafford Lazarus (ex efficio).The primary role of the Nomination Committee is to review the composition of the Board and to identify and make recommendations regarding the appointment of new directors. It also satisfies itself that appropriate succession plans are in place for the Board and senior management of the Sephaku Holdings group, and reviews the performance of non-executive directors to ensure that they have devoted sufficient time to their duties. The Remuneration Committee approves the remuneration policies for the executive directors and senior management, having considered relevant market norms and independent advice where appropriate. No director or manager is involved in any decision as to his or her own remuneration. A remuneration report has been included on page 74 to which shareholders will be asked to approve through a non-binding approval at this year's Annual General Meeting (AGM).

Safety, Health and Environmental Committee

The role of the Safety, Health and Environmental Committee, chaired by Gil Mahlati, is to monitor and review safety, health and environmental performance and standards. A qualified Safety Health and Environmental Manager is employed to oversee induction and safety procedures at each exploration site. The safety procedures of all contractors are evaluated before they come on site. The company is in the pleasing position that, to date, there has been no incidence of lost time injuries or fatalities. Notwithstanding this, adequate training in matters related to health and safety is provided to all employees and vigilance in respect of safety performance will continue. We are striving for continuous improvement and ensuring that we maintain a safe work area for all our employees.

Code of Business Ethics and Conduct

The Board has approved and adopted a Code of Business Ethics and Conduct (the code) which reaffirms the high standard of business conduct required of all employees, officers and directors of Sephaku Holdings. It has been adopted as part of the company's continuing effort to ensure that it has an effective programme to prevent and detect violations of the law, and for the education and training of employees, officers and directors. In most circumstances, the code sets standards higher than that required by law. The code is available on the company's website at www.sephakuholdings.co.za.

Share dealings

In line with best practice, the Securities Services Act and the JSE Listings Requirements, the company operates closed periods prior to the announcement of its interim and annual financial results. During these closed periods, directors, officers and other employees who are likely to be in possession of price-sensitive information may not deal in the shares or other instruments pertaining to the shares of the company. This principle is also applied at other times whenever there is a corporate action or similar circumstances.

Written requests to trade in the company's shares by directors, officers and senior personnel and the requisite approval to trade in the company shares, outside of closed periods, are kept on record at the company's offices.

Other

The Board is committed to honest, open and regular communication with all stakeholders on both financial and non-financial matters. The company reports formally to shareholders when half-year and full-year results are announced. Shareholders are invited to attend AGMs and to pose questions to the directors. All executive and non-executive directors are required to attend this meeting. The AGM provides an opportunity for the chairman to present to the shareholders a report on current operations and developments and enables the shareholders to question and express their views about the company's business.

A separate resolution is proposed on each substantially separate issue, including the receipt of the financial statements and shareholders are entitled to vote either in person or by proxy. The company secretary acts as advisor to the Board and plays a pivotal role in ensuring compliance with statutory regulations, the code and the King Code, the induction of new directors, tabling information on relevant regulatory and legislative changes, and giving guidance to the directors regarding their duties and responsibilities. The directors have unlimited access to the advice and services of the company secretary.

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The reports and statements set out below comprise the financial statements presented to the shareholders:

Independent auditors' report to the members of Sephaku Holdings Limited

PKF

chartered accountants
& business advisers

We have audited the annual financial statements and group annual financial statements of Sephaku Holdings Ltd, which comprise the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 28 to 79.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the annual financial statements and the group annual financial statements present fairly, in all material respects, the financial position of Sephaku Holdings Ltd as at 30 June 2010, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

PKF (Pta) Inc.

PKF (Pta) Inc.
Registered Auditors Chartered Accountants (S.A.)
Director: M Manilal

Pretoria
23 September 2010

Directors' responsibilities and approval

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the group as at the end of the financial period ended 30 June 2010 and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards, the AC 500 standards as issued by the Accounting Practices Board or its successor. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards, the AC 500 standards as issued by the Accounting Practices Board or its successor 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 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 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 period to 30 June 2011 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 financial statements. The financial statements have been examined by the group's external auditors and their report is presented on page 27.

The financial statements set out on pages 29 to 80, which have been prepared on the going concern basis, were approved by the board on 23 September 2010 and were signed on its behalf by:

L Mohuba

NR Crafford-Lazarus

Centurion, South Africa
23 September 2010

Directors' report

for the 16 months ended 30 June 2010

The directors submit their report for the 16 months ended 30 June 2010.

1. Review of activities

Main business and operations

The group is engaged in mining and development and operates principally in South Africa. The company was listed on the JSE Limited on 21 August 2009.

The operating results and state of affairs of the company are fully set out in the attached financial statements and do not in our opinion require any further comment other than those expressed in other parts of the Annual Report.

2. Going concern

We draw attention to the fact that the net loss of the group was R90 173 917 (2009: R10 498 696 loss), after taxation of R907 401 (2009: R644 687).

The 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.

The ability of the group to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations of the group. Equity funding by investors is expected to be sufficient to sustain the losses incurred by exploration activities.

3. Events after the reporting period

The board has taken a strategic decision to reorganise the assets of the Sephaku Holdings group in order to present a more defined and focused investment opportunity to the market. Accordingly, subject to approval by the Department of Mineral Resources, Sephaku Holdings shall dispose of all the shares it holds in its subsidiaries, other than those subsidiaries with interests relating to cement and fluorspar, to a wholly-owned subsidiary of the company, Incubex Minerals Ltd. Subject to shareholders' approval, Sephaku Holdings intends to distribute to shareholders all of the issued shares in Incubex in the ratio of one Incubex share for every ten Sephaku Holdings shares in the form of a dividend in specie.

Dangote Industries Ltd has agreed to invest an additional amount of R779 million of equity into Sephaku Cement to achieve an aggregate shareholding in Sephaku Cement of 64%, resulting in Dangote Industries Ltd acquiring control of Sephaku Cement. Dangote has already advanced an amount of R75.6 million to Sephaku Cement during June 2010 as a convertible loan, which loan amount will be deducted from the total subscription amount. The loan will be converted to Sephaku Cement shares during October 2010, once all regulatory and formal shareholder approvals have been obtained regarding the total proposed investment by Dangote.

The directors are not aware of any other matters or circumstances arising since the end of the financial period that could materially affect the financial statements.

4. Directors' interest in contracts

The Makings (Pty) Ltd – during the period under review the company rendered services to the group at market related prices to the value of R2 023 296 (2009: R1 363 040). ME Smit is a director of both The Makings (Pty) Ltd and Sephaku Holdings Ltd.

5. Accounting policies

No new accounting policies were applied during the current reporting period.

6. Authorised and issued share capital

During the period under review the company issued 100 000 ordinary shares at R8.50; 25 000 at R10 and 4 598 561 at R3. During the reporting period ending February 2009 the company issued 48 081 462 ordinary shares and 10 000 non-voting convertible shares with a par value of R0.001 respectively.

During the current reporting period 50 000 000 non-voting redeemable preference shares were converted to ordinary shares on a one-for-one basis. (note 19).

All issues of securities were general issues to public shareholders, other than 37 663 333 ordinary shares at an issue price of R11.11 per share to acquire 41 960 951 ordinary shares in Sephaku Cement at R10 per share.

Share issues for cash	Number of shares	Share price	Amount
	50 000	R3.00	R150 000
	100 000	R8.50	R850 000
	4 548 561	R3.00	R13 645 683
	25 000	R10.00	R250 000
			R14 895 683

7. Share incentive scheme

Of the 5 740 000 share options granted to employees on 31 March 2008 in terms of the employee share incentive scheme, 3 826 666 options have vested and the balance will vest on 31 March 2011. Refer to note 20 for detail about share-based payments during the current financial period.

8. Non-current assets

Details of major changes in the nature of the non-current assets of the company during the 16 months were as follows:

- Additions to intangible assets of the group amounted to R49 410 157 (2009: R15 911 046).
- Additions to property, plant and equipment of the group amounted to R176 318 268 (2009: R139 668 769).

There were no changes in the nature of the non-current assets of the group or in the policy relating to the use of the non-current assets.

9. Dividends

No dividends were declared or paid to shareholder during the period under review.

10. Directors

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

Name	Position	Changes
L Mohuba	Chairman	
NR Crafford-Lazarus	Chief Executive Officer	
ME Smit	Financial Director	
RR Matjiu	Executive Director	
CR de Bruin	Non-Executive Director	
PF Fourie	Non-Executive Director	Appointed 20 November 2009
GS Mahlati	Non-Executive Director	
MM Ngoasheng	Non-Executive Director	
MG Mahlare	Independent Non-Executive Director	Appointed 29 January 2010
D Twist	Alternate director to ME Smit	
J Bennette	Alternate director to RR Matjiu	
JW Wessels	Alternate director to CR de Bruin	Appointed 20 November 2009

11. Secretary

The secretary of the company is Sephaku Management (Pty) Ltd of:

Business address
Suite 4A Manhattan Office Park
16 Pieter Road
Highveld Techno Park
Centurion
0067

Postal address
PO Box 68149
Highveld
0169

12. Interest in subsidiaries

Name of subsidiary	Net income (loss) after tax
Sephaku Fluoride Ltd and subsidiaries	(2 657 715)
Sephaku PGM Holdings (Pty) Ltd and subsidiaries	(6 996)
Sephaku Vanadium (Pty) Ltd	(23 205)
Sephaku Coal Holdings Ltd and subsidiaries	(10 677 121)
Sephaku Tin (Pty) Ltd	(597 666)
Sephaku Cement (Pty) Ltd and subsidiaries	(86 209 083)
Sephaku Uranium (Pty) Ltd	62 372
Aquarella Investments 555 (Pty) Ltd	702 115
Ergomark (Pty) Ltd	(689 917)
Sephaku Limestone & Exploration (Pty) Ltd	(9 660)
Incubex Minerals Ltd	(645)

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

13. Special resolutions

No special resolutions were passed by the issuer's subsidiaries that had a material effect during the period under review, other than adopting new articles of association in compliance with the JSE requirements.

14. Auditors

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

15. Change of financial year-end

At a shareholders' meeting held on 29 January 2009 it was decided to change the financial year-end of the group from 28 February to 30 June. This decision was implemented for the current financial year. The financial year-end of the group was changed to coincide with those companies in the mining industry listed on the JSE.

16. Shareholders' information

Major shareholders

Shareholders holding more than 5% of the issued share capital	Number of shares	% holding
Safika Resources	15 580 823	10.0
CR de Bruin	13 369 188	8.6
Lelau Mohuba Trust	13 180 969	8.5
D Twist	13 154 333	8.4
Camden Bay Investments 33 (Pty) Ltd	9 850 000	6.3

Public and non-public shareholders

	Shares held	%	Number of shareholders	%
Public	63 325 317	40.6	378	94.5
Non-public	92 480 045	59.4	22	5.5
– Directors' direct holdings	33 389 687	21.4	9	2.3
– Directors' indirect holdings	12 509 412	8.0	3	0.8
– Directors' associates	46 580 946	29.9	10	2.5
	155 805 362	100.00	400	100.00

Shareholder spread

	Shares held	%	Number of shareholders	%
1 – 1 000	27 387	0.02	46	10.43
1 001 – 10 000	491 204	0.29	108	24.49
10 001 – 100 000	6 907 312	4.43	168	38.09
100 001 – 1 000 000	30 308 559	19.45	85	19.27
1 000 001 – 10 000 000	91 526 310	58.74	32	7.26
10 000 001 – 100 000 000	26 544 590	17.00	2	0.45
	155 805 362	100.00	441	100.00

Beneficial shareholdings of directors (and associates):

Director	Direct	Indirect	Associates
L Mohuba	2 217 202	10 963 767	490 000
NR Crafford–Lazarus	1 512 728	–	–
ME Smit	1 208 663	–	2 936 276
RR Matjiu	3 585 923	–	–
CR de Bruin	13 369 188	–	1 920 600
MM Ngoasheng	–	–	4 988 236
GS Mahlati	1 848 653	1 182 000	1 530 880
PF Fourie	–	6 645 159	–
JW Wessels	1 093 548	119 000	–
D Twist	7 528 080	5 626 253	1 995 000
J Bennette	1 025 702	–	–
	33 389 687	**24 536 179**	**13 860 992**

Directors' interest in share options:

Director	Number of share options	Exercise price	Total value
L Mohuba	1 000 000	R2.50	2 500 000
NR Crafford–Lazarus	750 000	R2.50	1 875 000
RR Matjiu	300 000	R2.50	750 000
JW Wessels	250 000	R2.50	625 000
J Bennette	175 000	R2.50	437 500
D Twist	150 000	R2.50	375 000
MM Ngoasheng	500 000	R2.50	1 250 000
	3 125 000		**7 812 500**

Statement of financial position

for the 16 months ended 30 June 2010

		Group		Company	
		30 June 2010	28 February 2009	30 June 2010	28 February 2009
	Notes	R	R	R	R
Assets					
Non-current assets					
Property, plant and equipment	3	416 920 724	140 982 257	–	–
Goodwill	4	748 900	748 900	–	–
Intangible assets	5	88 990 486	47 177 424	–	–
Investments in subsidiaries	6	–	–	437 620 379	434 620 393
Investments in associates	7	87 260	38 266 887	26	52
Other financial assets	10	–	200 000	–	–
Deposits for rehabilitation	13	567 060	333 500	–	–
		507 314 430	227 708 968	437 620 405	434 620 445
Current assets					
Loans to group companies	8	577 089	8 018 367	61 791 057	109 225 334
Loans to shareholders	9	180	–	–	–
Loans to directors, managers and employees	15	1 100	25 060	1 100	1 100
Other financial assets	10	72 524 190	512 224	72 524 190	2 267
Current tax receivable		57 490	–	–	–
Trade and other receivables	16	16 879 504	4 179 578	248 121	219 814
Other loans receivable	14	336 117	941 230	–	–
Cash and cash equivalents	17	14 899 847	271 677 674	2 825 071	12 842 873
		105 275 517	285 354 133	137 389 539	122 291 388
Non-current assets held for sale and assets of disposal groups	18	–	14 117 996	–	–
Total assets		612 589 947	527 181 097	575 009 944	556 911 833
Equity and liabilities					
Equity					
Equity attributable to equity holders of parent					
Share capital	19	225 214 992	214 981 537	545 074 047	537 258 014
Reserves		31 991 185	1 677 572	4 525 072	1 677 572
Retained income		149 208 599	212 702 183	24 518 899	2 983 959
		406 414 776	429 361 292	574 118 018	541 919 545
Non-controlling interest		71 674 038	83 578 683	–	–
		478 088 814	512 939 975	574 118 018	541 919 545
Liabilities					
Non-current liabilities					
Deferred income	22	8 456 178	–	–	–
Deferred tax	12	17 078 870	–	–	–
Provisions	23	6 714 508	–	–	–
		32 249 556	–	–	–
Current liabilities					
Loans from group companies	8	150	110 027	1	1 899 326
Loans from shareholders	9	74 694 369	–	–	–
Other financial liabilities	21	29 383	–	29 383	–
Current tax payable		91 142	4 098 028	91 142	1 149 883
Trade and other payables	24	26 457 053	10 022 567	771 400	11 943 079
Deferred income	22	978 201	–	–	–
Loans payable		–	10 500	–	–
Bank overdraft	17	1 279	–	–	–
		102 251 577	14 241 122	891 926	14 992 288
Total liabilities		134 501 133	14 241 122	891 926	14 992 288
Total equity and liabilities		612 589 947	527 181 097	575 009 944	556 911 833
Net asset value per share (cents)	46	260.85	284.19		
Tangible net asset value per share (cents)	46	203.25	252.47		

Statement of comprehensive income

Financial Statements for the 16 months ended 30 June 2010

		Group		Company	
	Notes	16 months ended 30 June 2010 R	12 months ended 28 February 2009 R	16 months ended 30 June 2010 R	12 months ended 28 February 2009 R
Revenue	26	6 181 066	–	–	–
Cost of sales	27	(2 798 008)	–	–	–
Gross profit		**3 383 058**	**–**	**–**	**–**
Other income		1 507 421	15 385 716	540 888	–
Operating expenses		(140 630 188)	(53 378 144)	(38 915 356)	(7 805 283)
Profit on disposal of companies		31 124 320	–	54 834 340	–
Operating (loss)/profit	28	(104 615 389)	(37 992 428)	16 459 872	(7 805 283)
Investment revenue	29	16 630 457	30 373 192	4 258 184	474 086
Loss from equity accounted investments		(2 615 429)	(1 964 142)	(241 831)	–
Finance costs	30	(480 957)	(270 632)	(26)	–
(Loss)/profit before taxation		**(91 081 318)**	**(9 854 010)**	**20 476 199**	**(7 331 197)**
Taxation	31	907 401	(644 687)	1 058 741	–
(Loss)/profit for the period		**(90 173 917)**	**(10 498 697)**	**21 534 940**	**(7 331 197)**
Other comprehensive income:					
Effects of cash flow hedges net of tax		(52 299 798)	–	–	–
Gains and losses on property revaluation		102 777 181	–	–	–
Taxation related to components of other comprehensive income		(16 238 898)	–	–	–
Other comprehensive income for the period net of taxation	33	**34 238 485**	–	**–**	–
Total comprehensive (loss)/income for the period		**(55 935 432)**	**(10 498 697)**	**21 534 940**	**(7 331 197)**
(Loss)/profit attributable to:					
Equity holders of the parent		(71 496 830)	(11 045 803)	21 534 940	(7 331 197)
Non-controlling interest		(18 677 087)	547 106	–	–
		(90 173 917)	**(10 498 697)**	**21 534 940**	**(7 331 197)**
Total comprehensive (loss)/income attributable to:					
Equity holders of the parent		(44 030 717)	(11 045 803)	21 534 940	(7 331 197)
Non-controlling interest		(11 904 715)	547 106	–	–
		(55 935 432)	**(10 498 697)**	**21 534 940**	**(7 331 197)**
Basic earnings/(loss) per share (cents)	46	**(46.16)**	(8.88)		
Diluted earnings/(loss) per share (cents)	46	**(44.45)**	(8.59)		

Statement of changes in equity

for the 16 months ended 30 June 2010

	Share capital R	Share premium R	Total share capital R	Hedging reserve R
Group				
Balance at 1 March 2008	**296 880**	**84 355 283**	**84 652 163**	**–**
Changes in equity				
Total comprehensive (loss)/income for the period	–	–	–	–
Issue of shares	48 081	445 389 503	445 437 584	–
Treasury shares held by subsidiary	(272)	(2 234 283)	(2 234 555)	–
Premium paid on acquisition of additional shares in subsidiary	–	(319 859 055)	(319 859 055)	–
Issue of preference shares	10	99 990	100 000	–
Preference shares to be issued	7 079 650	–	7 079 650	–
Ordinary shares from previous period included in issue	(194 250)	–	(194 250)	–
Gain on issue of shares to minorities	–	–	–	–
Business combinations	–	–	–	–
Total changes	6 933 219	123 396 155	130 329 374	–
Balance at 1 March 2009	**7 230 099**	**207 751 438**	**214 981 537**	**–**
Changes in equity				
Total comprehensive (loss)/income for the period	–	–	–	(41 954 898)
Issue of shares	7 816 043	–	7 816 043	–
Transfer share premium to share capital	207 751 438	(207 751 438)	–	–
Employees share option scheme	–	–	–	–
Sephaku Management (Pty) Ltd transferred to Trust	(10)	–	(10)	–
Subsidiary holding treasury shares sold	2 417 422	–	2 417 422	–
Business combinations	–	–	–	–
Total changes	217 984 893	(207 751 438)	10 233 455	(41 954 898)
Balance at 30 June 2010	**225 214 992**	**–**	**225 214 992**	**(41 954 898)**
Company				
Balance at 1 March 2008	**297 241**	**84 537 790**	**84 835 031**	**–**
Changes in equity				
Total comprehensive loss/(income) for the period	–	–	–	–
Issue of shares	48 080	445 389 503	445 437 583	–
Issue of preference shares	10	99 990	100 000	–
Ordinary shares from the previous period included in issue	(194 250)	–	(194 250)	–
Ordinary shares in the process of being issued	7 079 650	–	7 079 650	–
Total changes	6 933 490	445 489 493	452 422 983	–
Balance at 1 March 2009	**7 230 731**	**530 027 283**	**537 258 014**	**–**
Changes in equity				
Total comprehensive (loss)/income for the period	–	–	–	–
Issue of shares	7 816 033	–	7 816 033	–
Employees share option scheme	–	–	–	–
Transfer share premium to share capital	530 027 283	(530 027 283)	–	–
Total changes	537 843 316	(530 027 283)	7 816 033	–
Balance at 30 June 2010	**545 074 047**	**–**	**545 074 047**	**–**
Notes	19	19	19	33

Revaluation reserve R	Equity based share option reserve R	Total reserves R	Retained income R	Total attributable to equity holders of the group/ company R	Non-controlling interest R	Total equity R
–	**1 677 572**	**1 677 572**	**39 965 610**	**126 295 345**	**20 733 423**	**147 028 768**
–	–	–	(11 045 803)	(11 045 803)	547 106	(10 498 697)
–	–	–	–	445 437 584	–	445 437 584
–	–	–	(4 169 142)	(6 403 697)	–	(6 403 697)
–	–	–	–	(319 859 055)	–	(319 859 055)
–	–	–	–	100 000	–	100 000
–	–	–	–	7 079 650	–	7 079 650
–	–	–	–	(194 250)	–	(194 250)
–	–	–	187 951 518	187 951 518	–	187 951 518
–	–	–	–	–	62 298 154	62 298 154
–	–	–	172 736 573	303 065 947	62 845 260	365 911 207
–	**1 677 572**	**1 677 572**	**212 702 183**	**429 361 292**	**83 578 683**	**512 939 975**
69 421 011	–	27 466 113	(71 496 830)	(44 030 717)	(11 904 715)	(55 935 432)
–	–	–	–	7 816 043	–	7 816 043
–	–	–	–	–	–	–
–	2 847 500	2 847 500	–	2 847 500	–	2 847 500
–	–	–	8 003 246	8 003 236	–	8 003 236
–	–	–	–	2 417 422	–	2 417 422
–	–	–	–	–	70	70
69 421 011	2 847 500	30 313 613	(63 493 584)	(22 946 516)	(11 904 645)	(34 851 161)
69 421 011	**4 525 072**	**31 991 185**	**149 208 599**	**406 414 776**	**71 674 038**	**478 088 814**
–	**1 677 572**	**1 677 572**	**10 315 156**	**96 827 759**	**–**	**96 827 759**
–	–	–	(7 331 197)	(7 331 197)	–	(7 331 197)
–	–	–	–	445 437 583	–	445 437 583
–	–	–	–	100 000	–	100 000
–	–	–	–	(194 250)	–	(194 250)
–	–	–	–	7 079 650	–	7 079 650
–	–	–	(7 331 197)	445 091 786	–	445 091 786
–	**1 677 572**	**1 677 572**	**2 983 959**	**541 919 545**	**–**	**541 919 545**
–	–	–	21 534 940	21 534 940	–	21 534 940
–	–	–	–	7 816 033	–	7 816 033
–	2 847 500	2 847 500	–	2 847 500	–	2 847 500
–	–	–	–	–	–	–
–	2 847 500	2 847 500	21 534 940	32 198 473	–	32 198 473
–	**4 525 072**	**4 525 072**	**24 518 899**	**574 118 018**	**–**	**574 118 018**
33			33			

Statement of cash flows

for the 16 months ended 30 June 2010

	Notes	Group 16 months ended 30 June 2010 R	Group 12 months ended 28 February 2009 R	Company 16 months ended 30 June 2010 R	Company 12 months ended 28 February 2009 R
Cash flows from operating activities					
Cash (used in)/generated from operations	34	(125 858 490)	(15 996 869)	(31 073 027)	(1 236 347)
Interest income		16 630 457	30 373 192	4 258 184	474 086
Finance costs		(480 957)	(270 632)	(26)	–
Tax paid	35	(3 156 975)	–	–	–
Net cash from operating activities		**(112 865 965)**	**14 105 691**	**(26 814 869)**	**(762 261)**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(176 318 268)	(136 298 647)	–	–
Sale of property, plant and equipment	3	–	6 054	–	–
Purchase of other intangible assets	5	(46 410 157)	(15 911 046)	–	–
Acquisition of businesses	36	(3 600 100)	–	(3 000 000)	–
Movement in investments in subsidiaries and associates	37	–	(11 773 129)	–	(326)
Sale of businesses	38	–	–	30 000 000	–
Movement in other financial assets		53 537 658	9 352 136	(3 137 673)	(1 267)
Movement in deposits for rehabilitation		(233 560)	(75 000)	–	–
Movement in other loans receivable		712 537	–	–	–
Purchase of other financial asset		–	(375 000)	–	–
Transfer assets of disposal groups		–	(14 117 996)	–	–
Movement in loans to directors, managers and employees		28 565	426 694	–	–
Net cash from investing activities		**(172 283 325)**	**(168 765 934)**	**23 862 327**	**(1 593)**
Cash flows from financing activities					
Proceeds on share issue	19	7 816 043	445 437 584	7 816 043	25 828 070
Proceeds on preference share issue	19	–	100 000	–	100 000
Movement in other financial liabilities		29 383	–	29 383	–
Movement in other loans payable		(10 500)	–	–	–
Cash raised from shareholders loan		74 694 189	–	–	–
Forex loss through cash flow hedge reserve		(52 299 798)	–	–	–
Net movements in loans with group companies		(1 859 202)	(4 258 614)	(14 910 686)	(23 765 731)
Cash raised from/(paid to) minority shareholders		70	(76 013 080)	–	–
Cash received for shares not yet issued		–	6 885 400	–	6 885 400
Net cash from financing activities		**28 370 185**	**372 151 290**	**(7 065 260)**	**9 047 739**
Total cash and cash equivalents movement for the period		**(256 779 105)**	**217 491 047**	**(10 017 802)**	**8 283 885**
Cash and cash equivalents at the beginning of the period		271 677 674	54 186 627	12 842 873	4 558 985
Total cash and cash equivalents at end of the period	17	**14 898 569**	**271 677 674**	**2 825 071**	**12 842 870**

Accounting policies

for the 16 months ended 30 June 2010

1. Presentation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards, the AC 500 standards as issued by the Accounting Practices Board or its successor and the Companies Act of South Africa. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all entities, including special purpose entities, which are controlled by the company.

Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transactions and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business Combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal group) that are classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held-For-Sale and discontinued operations, which are recognised at fair value less costs to sell.

Non-controlling interest arising from a business combination is measured either at their share of the fair value of the assets and liabilities of the acquiree or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations.

1.1 Consolidation (continued)

Business combinations (continued)

In cases where the group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously in other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the carrying value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on at least annually for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Investment in associates

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in associate is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held-For-Sale and discontinued operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost adjusted for post acquisition changes in the group's share of net assets of the associate, less any impairment losses.

The group recognises its share of losses of the associate to the extent of the group's net investment in the associate.

The group’s share of unrealised intra company gains are eliminated upon consolidation and that the groups share of intra company losses are also eliminated provided they do not provide evidence that the asset transferred is impaired.

The group's share of post acquisition profits or losses, other comprehensive income and movements in equity of the associate are included in the group's profit or loss, other comprehensive income and equity reserves respectively.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the 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 financial statements. Significant judgements include:

Trade receivables and receivables

The group assesses its trade receivables and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Options granted

Management used the Black Scholes model to determine the value of the options at issue date. Additional details regarding the estimates are included in the note 20 – Share-based payments.

Impairment testing of non-financial assets

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

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. In addition, goodwill is tested at each reporting date for impairment. 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 non financial assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors together with economic factors.

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 end of the reporting period could be impacted.

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 mineralisation 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 reporting 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 statement of comprehensive income.

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 prospecting expenses and no provision for future restoration costs are required.

Estimation of useful life and residual values

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the consolidated statement of comprehensive income.

The useful lives and residual values of group assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life.

Historically, changes in useful lives and residual values have not resulted in material changes to the group's depreciation charge.

1.3 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.

Property, plant and equipment is initially measured at cost.

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, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land which is carried at revalued amount being the fair value at the date of revaluation.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised to other comprehensive income and accumulated in the revaluation surplus in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset's carrying amount, as a result of a impairment, is recognised in profit or loss in the current period. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation surplus in equity.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	10 years
Ash processing plant	1-20 years
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	6 years
IT equipment	3 years
Lab equipment	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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 is 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.

Land is not depreciated.

The cement manufacturing plant, cement milling plant and chemical plant are in the development phase and no depreciation is calculated until the commissioning of the plant.

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.

1.4 Site restoration and dismantling cost

The company has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- changes in the liability are added to, or deducted from, the cost of the related asset in the current period
- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in profit or loss.
- if the adjustment results in an addition to the cost of an asset, the entity considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in profit or loss.

1.5 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

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.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

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.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

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
Exploration assets	Not amortised

1.6 Investments in subsidiaries

Company financial statements

In the company's separate 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.

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.

1.7 Investments in associates

Company financial statements

An investment in an associate is carried at cost less any accumulated impairment.

1.8 Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

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 instruments are initially measured at fair value.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Dividends received on available-for-sale equity instruments are recognised in profit or loss as part of other income when the group's right to receive payment is established.

Financial liabilities (loans payable, trade and other payables and bank overdrafts) at amortised cost are subsequently measured at amortised cost, using the effective interest method.

No discounting is applied for instruments at amortised cost where the effects of the time value of money are not considered to be material.

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.

Impairment of financial assets

At each reporting date the group assesses all financial assets to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

Impairment losses are recognised in profit or loss.

Derecognition

Financial assets are derecognised if the group's contractual rights to the cash flows from the financial assets expire or if the group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset.

Financial liabilities are derecognised if the group's obligations specified in the contract expire or are discharged or cancelled.

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.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables and are subsequently measured at amortised cost.

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. Transaction costs are included in the initial value recognised. 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 profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

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. Transaction costs are included in the initial value recognised.

1.8 Financial instruments (continued)

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.

Hedging activities

Designated and effective hedging instruments are excluded from the definition of financial instruments at fair value through profit or loss. Derivatives designated as hedging instruments are classified as held for trading.

The group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or on foreign currency risk of a firm commitment (cash flow hedge).

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within 'other income'.

Amounts accumulated in equity are reclassified from other comprehensive income to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

However, when the forecast transaction that is hedged results in the recognition of a non-financial item (for example, inventory or fixed assets) the gains and losses previously deferred in equity are transferred from equity in other comprehensive income and included in the initial measurement of the cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in profit or loss as a reclassification adjustment through in other comprehensive income when the forecast transaction is ultimately recognised in profit or loss.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately recognised in profit or loss as a reclassification adjustment from from other comprehensive income.

1.9 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 end of the reporting period.

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 an asset or liability in a transaction other than a business combination that 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 to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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 end of the reporting period.

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, in other comprehensive income,
- 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 in other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, in other comprehensive income.

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 in equity.

1.10 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.

1.11 Impairment of assets

The group assesses at each end of the reporting period 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 at least 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 at least annually.

1.11 Impairment of assets (continued)

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.

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.

1.12 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.

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.

1.13 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 and the corresponding increase in equity are measured, directly, at the fair value of the goods or services received provided that the fair value can 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.

For all share-based payment transactions, management assess at each reporting period until vesting the number of options expected to vest. Changes in the estimated number of options expected to vest will be accounted for as part of the cost recognised in each period with the corresponding adjustment taken to equity or to a liability.

For equity-settled share-based payment transactions the fair value of the options are determined on grant date and are not subsequently adjusted, whilst for cash settled options the fair value of the options is recalculated at each reporting date up to and including settlement date.

1.14 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.

1.15 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.

1.15 Provisions and contingencies (continued)

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 40.

1.16 Government grants

Government grants are recognised when there is reasonable assurance that:

- the group will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

1.17 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.18 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.19 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 the end of the reporting period:

- 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 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 in other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised in other comprehensive income and accumulated 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.

1.20 Operating segments

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segments and assess its performance, and
- for which concrete financial information is available.

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 does not regard geographical segments as reportable.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current period

In the current period, the group has adopted the following standards and interpretations that are effective for the current financial period and that are relevant to its operations:

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 statement of financial position 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 1 January 2009.

The group has adopted the standard for the first time in the 2010 financial statements.

The impact of the standard is not material.

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 1 January 2009.

The group has adopted the standard for the first time in the 2010 financial statements.

The impact of the standard is not material.

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 1 January 2009.

The group has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

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 1 January 2009.

The group has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

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 1 January 2009.

The group has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

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 1 January 2009.

The group has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

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 1 July 2009.

The group has early adopted the standard for the first time in the 2010 financial statements.

The impact of the standard is not material.

2.1 Standards and interpretations effective and adopted in the current period (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 1 July 2009.

The group has early adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

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 1 July 2009.

The group has early adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

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 1 July 2009.

The group has early adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

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 1 July 2009.

The group has early adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations (relevant to the group's operations), which have been published and are mandatory for the group's accounting periods beginning on or after 01 July 2010 or later periods:

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 1 July 2009.

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

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

2009 Annual Improvements Project: Amendments to IAS 38 Intangible Assets

The amendment provides guidance on the measurement of intangible assets acquired in a business combination. The effective date of the amendment is for years beginning on or after 1 July 2009.

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

It is unlikely that the amendment will have a material impact on the company's interim financial results.

3. Property, plant and equipment

Group	2010			2009		
	Cost/ valuation	Accumulated depreciation	Carrying value	Cost/ valuation	Accumulated depreciation	Carrying value
Land	126 481 000	–	126 481 000	4 386 570	–	4 386 570
Buildings	930 439	(69 573)	860 866	931 186	–	931 186
Chemical plant	5 404 784	–	5 404 784	–	–	–
Cement manufacturing plant	204 870 686	–	204 870 686	112 211 936	–	112 211 936
Furniture and fixtures	1 039 880	(217 980)	821 900	1 232 953	(228 838)	1 004 115
Motor vehicles	–	–	–	1 890 847	(567 874)	1 322 973
Office equipment	563 112	(121 217)	441 895	392 231	(101 272)	290 959
IT equipment	2 413 880	(1 065 292)	1 348 588	2 370 047	(669 956)	1 700 091
Ash processing plant	77 920 655	(5 634 793)	72 285 862	18 742 386	–	18 742 386
Milling plant	4 220 374	–	4 220 374	335 459	–	335 459
Lab equipment	219 568	(34 799)	184 769	87 513	(30 931)	56 582
Total	**424 064 378**	**(7 143 654)**	**416 920 724**	**142 581 128**	**(1 598 871)**	**140 982 257**

Reconciliation of property, plant and equipment – Group – 2010

	Opening balance	Additions	Disposals	Transfers	Revalu-ations	Provision for dismantling and removal cost	Depre-ciation	Total
Land	4 386 570	19 317 249	–	–	102 777 181	–	–	126 481 000
Buildings	931 186	19 993	–	(20 740)	–	–	(69 573)	860 866
Chemical plant	–	5 404 784	–	–	–	–	–	5 404 784
Cement manufac-turing plant	112 211 936	92 658 750	–	–	–	–	–	204 870 686
Furniture and fixtures	1 004 115	463 302	(464 428)	–	–	–	(181 089)	821 900
Motor vehicles	1 322 973	–	(1 322 973)	–	–	–	–	–
Office equipment	290 959	474 733	(231 082)	20 740	–	–	(113 455)	441 895
IT equipment	1 700 091	1 063 219	(522 075)	–	–	–	(892 647)	1 348 588
Ash processing plant	18 742 386	52 811 755	–	–	–	6 366 514	(5 634 793)	72 285 862
Milling plant	335 459	3 884 915	–	–	–	–	–	4 220 374
Lab equipment	56 582	219 568	(56 582)	–	–	–	(34 799)	184 769
	140 982 257	**176 318 268**	**(2 597 140)**	**–**	**102 777 181**	**6 366 514**	**(6 926 356)**	**416 920 724**

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
Milling plant	–	335 459	–	–	–	335 459
Lab 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**

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Revaluations				
The effective date of the revaluations was 30 June 2010. Revaluations were performed by independent sworn appraiser, JC Fourie (professional associated valuer registered at the SA Council for the property valuers profession), of Fourie and Partners. Fourie and Partners are not connected to the group.				
The fair value of the properties are determined with reference to reasonable market value taking into account all improvements to the property and rezoning of the farms.				
The carrying value of the revalued assets under the cost model would have been:				
Land	23 703 819	–	–	–
Other information				
Carrying value of property, plant and equipment under construction	286 781 706	131 289 781	–	–
A provision for the decommissioning and dismantling of the ash processing plant of R6 366 514 (note 23) is added to the carrying amount of the related asset. The decommissioning asset is depleted over the life of the plant, estimated as 8 years. Depreciation on the provision is measured as R663 178 for the period under review.				
Details of properties				
Portion 10 of the farm Klein Westerford 78IO (335,7727ha) and portion 8 of the farm Klein Westerford 78IO (321,7982ha) is consolidated into portion 17 on 30 September 2008.				
– Purchase price: 1 March 2008	2 244 000	2 244 000	–	–
– Capitalised expenditure	26 645	26 645	–	–
– Revaluation	9 460 355	26 645	–	–
	11 731 000	**2 297 290**	**–**	**–**
Remaining portion of the farm Klein Westerford 78IO (328,9083ha)				
– Purchase price: 12 February 2008	2 100 000	2 100 000	–	–
– Capitalised expenditure	15 925	15 925	–	–
– Revaluation	7 884 075	–	–	–
	10 000 000	**2 115 925**	**–**	**–**
Portion 11 of the farm Klein Westerford 78IO (157,6010ha)				
– Purchase price: 31 August 2007	849 966	–	–	–
– Revaluation	3 900 034	–	–	–
	4 750 000	**–**	**–**	**–**
Remaining extent of Portion 22 of the farm Witklip no 232 (76,9004ha)				
– Purchase price: 9 November 2009	18 467 283	–	–	–
– Revaluation	81 532 717	–	–	–
	100 000 000	**–**	**–**	**–**

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

4. Goodwill

Group	2010			2009		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill on acquisition of subsidiaries	748 900	–	748 900	748 900	–	748 900

The fair value of the intangible assets of Sephaku Limestone & Exploration (Pty) Ltd acquired is R3 million (note 36). The goodwill arising from the business combination was recognised as an impairment loss of R839 872 in the statement of comprehensive income.

Reconciliation of goodwill – Group – 2010	Opening balance	Additions through business combinations	Impairment loss	Total
Goodwill	748 900	839 872	(839 872)	748 900
	748 900	**839 872**	**(839 872)**	**748 900**

5. Intangible assets

Group	2010			2009		
	Cost/ valuation	Accumulated amortisation	Carrying value	Cost/ valuation	Accumulated amortisation	Carrying value
Computer software	5 986 847	(3 699 506)	2 287 341	3 651 884	(884 777)	2 767 107
Exploration assets	86 703 145	–	86 703 145	44 410 317	–	44 410 317
Total	**92 689 992**	**(3 699 506)**	**88 990 486**	**48 062 201**	**(884 777)**	**47 177 424**

Reconciliation of intangible assets – Group – 2010	Opening balance	Additions	Additions through business combinations	Disposals	Amortisation	Impairment loss	Total
Computer software	2 767 107	3 028 761	–	(370 152)	(3 138 375)	–	2 287 341
Exploration assets	44 410 317	43 381 396	3 000 000	–	–	(4 088 568)	86 703 145
	47 177 424	**46 410 157**	**3 000 000**	**(370 152)**	**(3 138 375)**	**(4 088 568)**	**88 990 486**

Reconciliation of intangible assets – Group – 2009	Opening balance	Additions	Classified as held for sale	Amortisation	Impairment loss	Total
Computer software	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)**	**(772 413)**	**(6 353)**	**47 177 424**

Refer to note 36 for details of the business combination.

6. Investments in subsidiaries

Name of company	Group % holding 2010	Group % holding 2009	Company Carrying amount 2010	Company Carrying amount 2009
Sephaku Cement (Pty) Ltd	80.22	80.22	434 609 613	434 609 613
Sephaku Gold Holdings (Pty) Ltd	–	100.00	–	100
Sephaku Fluoride Ltd	100.00	100.00	10 000	10 000
Sephaku Coal Holdings Ltd	100.00	100.00	70	70
Sephaku PGM Holdings (Pty) Ltd	100.00	100.00	100	100
Sephaku Management (Pty) Ltd	–	100.00	–	10
Sephaku Tin (Pty) Ltd	95.00	100.00	95	100
Sephaku Vanadium (Pty) Ltd	100.00	100.00	100	100
Aquarella Investments 555 (Pty) Ltd	100.00	100.00	100	100
Blue Waves Properties 198 (Pty) Ltd	–	100.00	–	100
Sephaku Uranium (Pty) Ltd	100.00	100.00	100	100
Ergomark (Pty) Ltd	100.00	–	100	–
Sephaku Limestone & Exploration (Pty) Ltd	51.00	–	3 000 000	–
Incubex Minerals Ltd	100.00	–	100	–
Sephaku Cement Investment Holdings Ltd	100.00	–	1	–
			437 620 379	434 620 393

Subsidiaries are shown at carrying amounts.

All the subsidiaries are registered and operate within South Africa.

The group acquired and lost control of Epibol (Pty) Ltd and Dala Exploration Holdings Ltd during the reporting period as the shares were transferred to Sephaku Management (Pty) Ltd. No gain or loss were made on loss of control as the companies were dormant. Refer to notes 36, 37 and 38 for additional information on acquisition of businesses, movement in investment in subsidiaries and sale of businesses.

7. Investments in associates

Name of company	Group % holding 2010	Group % holding 2009	Company Carrying amount 2010	Company Carrying amount 2009
Taung Gold Ltd	–	30.00	–	29 343 448
Sephaku Gold Exploration (Pty) Ltd	–	30.00	–	8 923 137
Golden Dividend 524 (Pty) Ltd	26.00	26.00	26	26
Defacto Investments 275 (Pty) Ltd	26.00	26.00	54 170	176
Private Preview Investments 39 (Pty) Ltd	26.00	26.00	26	26
African Spirit Trading 364 (Pty) Ltd	–	48.00	–	48
Egonox (Pty) Ltd	30.00	–	30	–
Insa Coal Holdings (Pty) Ltd	50.00	–	32 706	–
Synchrophor (Pty) Ltd	30.00	–	30	–
Indelum Properties (Pty) Ltd	30.00	–	30	–
Synchrotrix (Pty) Ltd	30.00	–	30	–
Concreco (Richards Bay) (Pty) Ltd	25.00	–	100	–
Empivert (Pty) Ltd	30.00	–	30	–
Finishing Touch Trading 121 (Pty) Ltd	26.00	–	52	–
Vigacron (Pty) Ltd	30.00	–	30	–
African Nickel Holdings (Pty) Ltd	–	26.00	–	26
			87 260	38 266 887

All the associates are unlisted.

Refer to notes 36, 37 and 38 for additional information on acquisition of businesses, movement in investment in associates and sale of businesses.

8. Loans to (from) group companies

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Subsidiaries				
Sephaku Cement (Pty) Ltd	–	–	6 895 071	(1 899 000)
Sephaku Gold Holdings (Pty) Ltd	–	–	–	31 625 574
Sephaku Fluoride Ltd	–	–	11 583 040	943 753
Sephaku Coal Holdings Ltd	–	–	2 630 802	26 682
Sephaku PGM Holdings (Pty) Ltd	–	–	77	11 915
Sephaku Management (Pty) Ltd	–	–	–	74 166 885
Sephaku Tin (Pty) Ltd	–	–	4 251 743	1 725 026
Sephaku Vanadium (Pty) Ltd	–	–	–	(100)
Aquarella Investments 555 (Pty) Ltd	–	–	–	374 900
Blue Waves Properties 198 (Pty) Ltd	–	–	335 360	(100)
Sephaku Uranium (Pty) Ltd	–	–	42 500	(100)
Ergomark (Pty) Ltd	–	–	601 330	–
Incubex Minerals Ltd	–	–	545	–
Sephaku Cement Investment Holdings Ltd	–	–	(1)	–
Nokeng Fluorspar Mine (Pty) Ltd	–	–	33 382 008	186 941
Sephaku Limestone & Exploration (Pty) Ltd	–	–	1 472 233	–
Ulipac (Pty) Ltd	–	–	19 259	–
	–	**–**	**61 213 967**	**107 162 376**
Associates				
Taung Gold Ltd	–	7 731 127	–	–
Sephaku Gold Exploration (Pty) Ltd	–	161 032	–	163 658
African Nickel Holdings (Pty) Ltd	–	(12 118)	–	–
African Spirit Trading 364 (Pty) Ltd	–	600	–	–
Golden Dividend 524 (Pty) Ltd	64 553	27 699	64 553	(26)
Insa Coal Holdings (Pty) Ltd	241 114	–	241 264	–
Egonox (Pty) Ltd	160 389	–	160 389	–
Empivert (Pty) Ltd	94 199	–	94 199	–
Indelum Properties (Pty) Ltd	16 684	–	16 684	–
	576 939	**7 908 340**	**577 089**	**163 632**
The loans are unsecured, bear no interest and are repayable on mutual agreement. The amounts are subordinated to the benefit of other creditors until such time when the assets fairly valued exceed the liabilities.				
Current assets	577 089	8 018 367	61 791 057	109 225 334
Current liabilities	(150)	(110 027)	(1)	(1 899 326)
	576 939	**7 908 340**	**61 791 056**	**107 326 008**

9. Loans to (from) shareholders

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Dangote Industries Ltd	(74 694 369)	–	–	–
Golden Pond Trading 483 (Pty) Ltd	100	–	–	–
Ntutukolela Trading CC	25	–	–	–
CN Sihlali	5	–	–	–
Action Insa Holdings Ltd	50	–	–	–
	(74 694 189)	**–**	**–**	**–**

The loans are unsecured interest free and repayable on demand.

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Dangote Industries Ltd provided a loan of USD10 million, calculated at a spot rate of R7.56 to Sephaku Cement on 29 June 2010 to enable the group to finance part of the advance payment to Sinoma International Engineering Co. Ltd for the construction of the cement and milling plant. The loan will be converted to shares during October 2010, once the total proposed investment by Dangote is approved by the shareholders of the holding company, and will form part of the total R779 million additional equity funding by Dangote.				
Current assets	180	–	–	–
Current liabilities	(74 694 369)	–	–	–
	(74 694 189)	**–**	**–**	**–**

10. Other financial assets

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Available-for-sale				
Unlisted shares	–	375 000	–	–
	–	375 000	–	–
Available-for-sale (impairments)	–	(175 000)	–	–
	–	**200 000**	**–**	**–**
Loans and receivables				
African Precious Minerals Ltd	1 227 476	(171 260)	1 227 476	(29 383)
African Nickel Ltd	1 000	249 801	1 000	1 000
Sephaku Management (Pty) Ltd	20 062 255	–	20 062 255	–
Mineral Afrique Ltd	552 257	33 043	552 257	30 650
Mozambique Biofuel Industrios	2 084 372	–	2 084 372	–
The Wu Group	48 237 398	–	48 237 398	–
Other loans	359 432	400 640	359 432	–
The loans are unsecured, bear no interest and are repayable on mutual agreement. The amounts are subordinated to the benefit of other creditors until such time when the assets fairly valued exceed the liabilities.				
	72 524 190	512 224	72 524 190	2 267
Total other financial assets	**72 524 190**	**712 224**	**72 524 190**	**2 267**
Non–current assets				
Available–for–sale	–	200 000	–	–
Current assets				
Loans and receivables	72 524 190	512 224	72 524 190	2 267
	72 524 190	**712 224**	**72 524 190**	**2 267**

11. Financial assets by category

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

Group – 2010

	Loans and receivables	Total
Loans to group companies	577 089	577 089
Loans to shareholders	180	180
Other financial assets	72 524 190	72 524 190
Loans to directors, managers and employees	1 100	1 100
Trade and other receivables	13 441 829	13 441 829
Cash and cash equivalents	14 899 847	14 899 847
Deposits for rehabilitation	567 060	567 060
Other loans receivable	336 117	336 117
	102 347 412	**102 347 412**

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	927 571	–	927 571
Cash and cash equivalents	271 677 674	–	271 677 674
Deposits for rehabilitation	333 500	–	333 500
Other loans receivable	941 230	–	941 230
	282 435 626	**200 000**	**282 635 626**

Company – 2010

	Loans and receivables	Total
Loans to group companies	61 791 057	61 791 057
Loans to directors, managers and employees	1 100	1 100
Other financial assets	72 524 190	72 524 190
Cash and cash equivalents	2 825 071	2 825 071
	137 141 418	**137 141 418**

Company – 2009

	Loans and receivables	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
Cash and cash equivalents	12 842 873	12 842 873
	122 071 474	**122 071 474**

12. Deferred tax

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Deferred tax asset				
Deferred tax	(17 078 870)	–	–	–
Reconciliation of deferred tax asset (liability)				
Deferred tax on revaluation of land	(16 238 898)	–	–	–
Provision for doubtful debt	31 180	–	–	–
Leave provision	462 352	–	–	–
Prepaid expenses	(117 791)	–	–	–
Accelerated wear and tear	(6 416 841)	–	–	–
Deferred tax on operating lease	3 184	–	–	–
Finance charges on provision for dismantling	97 438	–	–	–
Income received in advance	3 907	–	–	–
Bonus provision	1 208 484	–	–	–
Deferred tax asset on assessed loss limited to taxable differences	4 728 087	–	–	–
Deferred tax on business combination	(839 972)	–	–	–
	(17 078 870)	**–**	**–**	**–**
Unrecognised deferred tax asset				
Deductible temporary differences not recognised as deferred tax assets	122 668 389	–	17 284 328	–

13. 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 Mineral Resources in compliance herewith.

14. Other loans receivable

Sinoma International Engineering Co Ltd – a loan to the amount of R336 117 was provided during the period under review. This loan is unsecured, interest free and has no fixed terms of repayment.

During the 2009 financial period Sephaku Cement advanced an amount of R941 230 to Fixtrade 1423 CC, who was the owner of portion 11 of the farm Klein Westerford 78IO. In the current reporting period the Close Corporation was converted to a company and the shares were transferred to Sephaku Developments (Pty) Ltd.

15. Loans to directors, managers and employees

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Loans to directors, managers and employees				
At beginning of the year	25 060	451 754	1 100	1 100
Advances	–	23 960	–	–
Repayments	(23 960)	(450 654)	–	–
	1 100	**25 060**	**1 100**	**1 100**

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

Notes to the financial statements (continued)

for the 16 months ended 30 June 2010

16. Trade and other receivables

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Trade receivables	2 708 272	895 132	–	–
Prepayments	2 670 682	515 712	–	–
Deposits	484 011	32 439	–	–
VAT	766 993	2 736 295	248 121	219 814
Department of Trade and Industry	10 249 546	–	–	–
	16 879 504	4 179 578	248 121	219 814

Refer to note 22 for details on the Department of Trade and Industry government grant received.

17. Cash and cash equivalents

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Cash and cash equivalents consist of:				
Cash on hand	75 053	38 722	–	–
Bank balances	14 824 794	271 638 952	2 825 071	12 842 873
Bank overdraft	(1279)	–	–	–
	14 898 568	**271 677 674**	**2 825 071**	**12 842 873**
Current assets	14 899 847	271 677 674	2 825 071	12 842 873
Current liabilities	(1 279)	–	–	–
	14 898 568	**271 677 674**	**2 825 071**	**12 842 873**

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				
AAA	14 823 515	271 638 952	2 825 071	12 842 873

18. Disposal groups or non-current assets held for distribution to owners

The group sold its interest in Sephaku Management (Pty) Ltd as of 28 February 2009 to Samet Trust. The group continues to make use of the services provided by Sephaku Management (Pty) Ltd.

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

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Profit and (loss) of disposal groups				
Assets and liabilities				
Assets of disposal groups				
Associates	–	1 169 970	–	–
Trade and other receivables	–	12 517 004	–	–
Other assets	–	431 022	–	–
	–	**14 117 996**	–	–

19. Share capital

	Group		Company	
	2010	2009	2010	2009
	R	R	R	R
Authorised				
150 000 000 ordinary shares of R0.001 each	–	150 000	–	150 000
50 000 000 non–voting convertible preference shares of R0.001 each	–	50 000	–	50 000
Current financial year:				
1000 000 000 ordinary shares with no par value	–	**200 000**	–	**200 000**
Reconciliation of number of shares issued:				
Reported as at 1 March 2009	151 081 802	102 990 340	151 081 801	102 990 340
Issue of shares – ordinary shares	4 723 561	48 091 462	4 723 561	48 091 462
	155 805 363	**151 081 802**	**155 805 362**	**151 081 802**

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

	Group 2010	Group 2009	Company 2010	Company 2009
Issued				
Ordinary	225 214 992	125 246	545 074 047	125 878
Preference	–	25 203	–	25 203
Ordinary shares to be issued	–	7 079 650	–	7 079 650
Share premium	–	207 751 438	–	530 027 283
	225 214 992	**214 981 537**	**545 074 047**	**537 258 014**

On 20 March 2009 the following alterations to authorised and issued share capital were made:

- 50 000 000 non-voting redeemable preference shares of 0.1 cent each were converted to 50 000 000 ordinary shares of 0.1 cent each on a one for one basis;
- authorised share capital of R200 000 divided into 200 000 000 ordinary shares of 0.1 cent each was increased to R1 000 000 divided into 1000 000 000 ordinary shares of 0.1 cent each;
- authorised share capital of R1 000 000 divided into 1 000 000 000 ordinary shares of 0.1 cent each was converted into 1 000 000 000 no par value shares and therefore all ordinary par value shares in issue were converted into ordinary shares with no par value.

20. Share-based payments

	Number exercise	Weighted price	Total value
Share option group			
Share options granted during 2008 year	200 000	1.50	300 000
Share options granted during the 2009 year	5 740 000	2.50	14 350 000

No share options were granted or exercised during the period under review.

	Exercise date within one year R	Exercise date from two to five years R	Exercise date after five years R
Outstanding options			
5 740 000 options with exercise price of R2.50, vesting over 3 years, expiring 31/03/2015	346 910	–	–
200 000 options with exercise price of R1.50 from 30/06/2008 to 30/06/2011	150 000	150 000	–

Information on options granted in 2009

Fair value was determined by using the Black Scholes method. The following inputs were used:

- Exercise price, R2-50
- Expected volatility, 30%
- Option life, 3 years
- Expected dividends, Nil
- The risk-free interest rate, 6.65%

Total expenses of R2 847 500 related to equity-settled share-based payments transactions were recognised in 2010 in salary expense.

21. Other financial liabilities

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Held at amortised cost				
Taung Gold Ltd	29 383	–	29 383	–

The loan is unsecured, bear no interest and is repayable on demand.

Current liabilities				
At amortised cost	29 383	–	29 383	–

22. Deferred income

Government grants for the ash processing plant:				
Non–current liabilities	8 456 178	–	–	–
Current liabilities	978 201	–	–	–
	9 434 379	–	–	–

The Department of Trade and Industry has approved an EIP: Manufacturing Investment Programme grant subject to the following conditions yet to be verified: additional job creation for 34 employees and a projected turnover for the ash plant of R54 million during the first year and R102 million during the second year from date of full production. The claim commence on 01/07/2009, terminates on 30/06/2011 and amounts to R5 287 508 per annum for 2 years.

No other forms of government assistance exist from which the entity directly benefited.

R815 167 (2009: R-) of the Government grants were amortised to profit or loss.

Refer to note 16 for the sundry debtor balance recognised.

23. Provisions

Reconciliation of provisions – Group – 2010	Opening balance	Additions	Total
Dismantling and removal provision	–	6 714 508	6 714 508

The provision for decommissioning and dismantling of the ash processing plant is measured at the best estimate of the anticipated outflow of resources for the restoration of the site. This estimate of R10 583 500 has been discounted to its present value at a risk free discount rate of 6.56% after tax over the expected life of the plant, estimated as 8 years (contract period ending 30/09/2017).

Upon initial recognition the amount of the provision, R6 366 514 is added to the carrying amount of the related asset (note 3).
The unwinding of the decommissioning obligation is included in the statement of comprehensive income as finance costs of R347 994 (note 30).

24. Trade and other payables

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Trade payables	2 746 671	9 257 158	771 400	11 942 920
Credit cards	88 582	18 420	–	159
Accrued leave pay	2 005 336	715 270	–	–
Accrued medical aid contributions	567 414	19 719	–	–
Accrued audit fees	–	12 000	–	–
Accrued expense	7 000 966	–	–	–
Accrual for cash settled share-based payment	14 048 084	–	–	–
	26 457 053	**10 022 567**	**771 400**	**11 943 079**

25. Financial liabilities by category

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

	Financial liabilities at amortised cost	Total
Group – 2010		
Loans from shareholders	74 694 369	74 694 369
Other financial liabilities	29 383	29 383
Trade and other payables	24 451 717	24 451 717
Bank overdraft	1 279	1 279
	99 176 748	**99 176 748**
Group – 2009		
Loans from group companies	110 027	110 027
Loans from shareholders	10 500	10 500
Trade and other payables	9 307 287	9 307 287
	9 427 814	**9 427 814**
Company – 2010		
Other financial liabilities	29 383	29 383
Trade and other payables	771 400	771 400
	800 783	**800 783**
Company – 2009		
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**

26. Revenue

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Sale of goods	6 181 066	–	–	–

27. Cost of sales

Sale of goods				
Cost of goods sold	2 798 008	–	–	–

28. Operating profit

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Operating (loss)/profit for the period is stated after accounting for the following:				
Operating lease charges				
Premises				
• Contractual amounts	1 205 806	517 486	–	–
Equipment				
• Contractual amounts	480 411	1 578 417	–	–
	1 686 217	**2 095 903**	**–**	**–**
Loss/(profit) on sale of non–current assets	(31 124 325)	(757 995)	54 834 340	–
Government grant amortised	(815 167)	–	–	–
Impairment on intangible assets	4 088 568	–	–	–
Impairment of loans to group companies	(444 007)	–	15 653 927	–
Impairment of investment in associate	200 000	175 000	–	–
Impairment of goodwill	839 872	–	–	–
Amortisation on intangible assets	3 138 375	772 413	–	–
Depreciation on property, plant and equipment	6 926 355	1 063 924	–	–
Employee costs	69 025 279	25 210 027	3 124 278	–
Auditors remuneration	833 463	45 723	501 060	5 250
Capital raising fee	–	4 613 375	–	–
(Profit)/loss on foreign exchange	(65 279)	(261 016)	26 958	–

29. Investment revenue

Interest revenue				
Loans	–	38 943	–	–
Bank	12 372 772	29 914 783	499	54 620
Other interest	4 257 685	419 466	4 257 685	419 466
	16 630 457	**30 373 192**	**4 258 184**	**474 086**

30. Finance costs

Trade and other payables	–	2 018	–	–
Finance leases	–	46 771	–	–
Bank	14 906	221 843	26	–
Department of Mineral Resources	1 957	–	–	–
Interest charge on provision for dismantling and removal	347 994	–	–	–
Other interest paid	116 100	–	–	–
	480 957	**270 632**	**26**	**–**

Refer to note 23 for details on the unwinding of the decommissioning and dismantling obligation.

31. Taxation

	Group		Company	
	2010	2009	2010	2009
	R	R	R	R
Major components of the tax (income)/expense				
Current				
Local income tax – current period	151 340	644 687	–	–
Overprovision of income tax in prior years	(1 058 741)	–	(1 058 741)	–
	(907 401)	**644 687**	**(1 058 741)**	**–**
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting/(loss) profit	(91 081 318)	(9 854 010)	20 476 199	(7 331 197)
Tax at the applicable tax rate of 28% (2009: 28%)	(25 502 769)	(2 759 123)	5 733 336	(2 047 135)
Tax effect of adjustments on taxable income				
(Non-taxable)/non-deductible differences	(5 588 539)	656 847	(7 777 347)	–
Overprovision of income tax in prior years	(1 058 741)	–	(1 058 741)	–
Unprovided tax loss	36 122 075	3 714 103	2 044 011	2 047 135
Utilisation of unprovided tax loss	(4 879 427)	(967 140)	–	–
	(907 401)	**644 687**	**(1 058 741)**	**–**

Current tax provided relates to the taxable income of Sephaku Development (Pty) Ltd. The other companies in the group have no taxable income for the period ending.

The estimated tax loss available for set off against future taxable income for the group is R140 315 407 (2009: R11 848 495) and for the company is R17 284 328 (2009: R7 311 197).

32. Auditors' remuneration

	Group		Company	
	2010	2009	2010	2009
	R	R	R	R
Fees for audit services	647 717	45 723	315 315	5 250
Consulting	185 746	–	185 746	–
	833 463	45 723	501 061	5 250

33. Other comprehensive income

Components of other comprehensive income – Group – 2010	Gross	Tax	Net before non-controlling interest	Non-controlling interest	Net
Effects of cash flow hedges					
Gains/(losses) on cash flow hedges arising during the year	(52 299 798)	–	(52 299 798)	10 344 900	(41 954 898)
Movements on revaluation					
Gains/(losses) on property revaluation	102 777 181	(16 238 898)	86 538 283	(17 117 272)	69 421 011
Total	**50 477 383**	**(16 238 898)**	**34 238 485**	**(6 772 372)**	**27 466 113**

Sephaku Cement entered into an agreement with Sinoma International Engineering Co Limited for the provision of a turnkey cement manufacturing facility at a total cost of USD273 million. The first cash flow is a deposit of 20% which is regarded as a firm commitment. The cash flow risk associated with the foreign exchange payment is hedged by means of a natural hedge.

34. Cash used in operations

	Group 2010 R	Group 2009 R	Company 2010 R	Company 2009 R
(Loss) profit before taxation	(91 081 318)	(9 854 010)	20 476 199	(7 331 197)
Adjustments for:				
Depreciation and amortisation	10 064 730	1 836 337	–	–
Profit on sale of non-current assets	(31 124 325)	(757 995)	(54 834 340)	–
Loss from equity accounted investments	2 615 429	1 964 142	241 831	–
Interest received	(16 630 457)	(30 373 192)	(4 258 184)	(474 086)
Finance costs	480 957	270 632	26	–
Exploration costs impaired	4 088 568	6 353	–	–
Other impairments	595 865	175 000	15 653 927	–
Other non-cash items	(375 230)	–	–	–
Movements in provisions	6 714 508	–	–	–
Provision for dismantling and removal cost	(6 366 514)	–	–	–
Share options recorded against salary expense	2 847 500	–	2 847 500	–
Changes in working capital:				
Trade and other receivables	(12 781 826)	13 042 173	(28 307)	(219 814)
Trade and other payables	(4 340 756)	7 693 691	(11 171 679)	6 788 750
Deferred income	9 434 379	–	–	–
	(125 858 490)	**(15 996 869)**	**(31 073 027)**	**(1 236 347)**

35. Tax paid

	Group 2010 R	Group 2009 R	Company 2010 R	Company 2009 R
Balance at beginning of the period	(4 098 028)	(3 453 341)	(1 149 883)	(1 149 883)
Current tax for the period recognised in profit or loss	907 401	(644 687)	1 058 741	–
Balance at end of the period	33 652	4 098 028	91 142	1 149 883
	(3 156 975)	–	–	–

36. Acquisition of businesses

	Group 2010 R	Group 2009 R	Company 2010 R	Company 2009 R
Business combinations				
Intangible assets	3 000 000	–	2 999 900	–
Investments in associates	600 432	–	–	–
Inter-company loan accounts	300	–	100	–
	3 600 732	–	**3 000 000**	–
Consideration paid				
Cash	(3 600 100)	–	(3 000 000)	–
Inter-company loan accounts	(632)	–	–	–
	(3 600 732)	–	**(3 000 000)**	–
Net cash outflow on acquisition				
Cash consideration paid	(3 600 100)	–	(3 000 000)	–

Sephaku Holdings Ltd acquired interests in the following subsidiaries during the period under review:

- 100% interest in Ergomark (Pty) Ltd on 1 September 2009
- 100% interest in Incubex Minerals Ltd on 22 June 2010
- 100% interest in Sephaku Cement Investment Holdings Ltd on 29 March 2010

During May 2009 Sephaku PGM (Pty) Ltd sold its interest in African Spirit Trading 364 (Pty) Ltd. African Spirit Trading 364 (Pty) Ltd changed its name to Sephaku Limestone & Exploration (Pty) Ltd on 18 August 2009. Sephaku Holdings Ltd acquired 51% interest in Sephaku Limestone & Exploration (Pty) Ltd for a purchase price of R3 million. The price paid to the third party is used as an indicator of the fair value of the intangible asset as no market value can be determined.

Sephaku Fluoride Ltd, a subsidiary of Sephaku Holdings Ltd acquired a 26% interest in associate Finishing Touch Trading 121 (Pty) Ltd.

Sephaku PGM Holdings (Pty) Ltd acquired interests in the following associates during the period under review:
- 30% interest in Egonox (Pty) Ltd on 5 March 2009
- 30% interest in Synchrophor (Pty) Ltd on 26 June 2009
- 30% interest in Indelum Properties (Pty) Ltd on 21 April 2009
- 30% interest in Empivert (Pty) Ltd on 26 June 2009
- 30% interest in Synchrotrix (Pty) Ltd on 26 June 2009
- 30% interest in Vigacron (Pty) Ltd on 26 June 2009

Ergomark (Pty) Ltd, a subsidiary of Sephaku Holdings Ltd acquired a 50% interest in Insa Coal Holdings (Pty) Ltd on 1 September 2009 for the purchase price of R100 and subsequently invested a further amount of R600 000 as equity to retain its share of 50%.

37. Movement in investment in subsidiaries and associates

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Fair value of assets acquired				
Intangible assets	–	11 773 129	–	326
Investment in associates	(5)	–	–	–
	(5)	**11 773 129**	**–**	**326**
Consideration paid				
Cash	–	(11 773 129)	–	(326)
Loan accounts	5	–	–	–
	5	**(11 773 129)**	**–**	**(326)**
Net cash outflow on acquisition				
Cash consideration paid	–	(11 773 129)	–	(326)

On 8 March 2010 DL Kyle acquired a 5% interest in Sephaku Tin (Pty) Ltd with the result that Sephaku Tin (Pty) Ltd is now a 95% subsidiary of Sephaku Holdings Ltd.

38. Sale of businesses

	Group 2010 R	Group 2009 R	Company 2010 R	Company 2009 R
Carrying value of assets sold				
Property, plant and equipment	(2 597 139)	–	–	–
Intangible assets	(370 152)	–	–	–
Retained income	(3 713 525)	–	–	–
Loans to directors, managers, employees	(4 605)	–	–	–
Investment	(6 707 124)	–	–	–
Investment in associates	(38 274 422)	–	(1 761 099)	–
Trade and other receivables	(81 900)	–	–	–
Trade and other payables	565 563	–	–	–
Other loans and receivables	(107 424)	–	–	–
Inter company loans	86 235 558	–	(42 788 817)	–
Leave provision	361 192	–	–	–
Vat	(38)	–	–	–
Assets of disposal groups	(32 879 978)	–	–	–
Other loans	(5 269 653)	–	(5 269 653)	–
Total net assets sold	(2 843 647)	–	(49 819 569)	–
Net assets sold	(2 843 647)	–	(49 819 569)	–
Profit on disposal	(36 470 420)	(757 995)	(60 180 431)	–
	(39 314 067)	**(757 995)**	**(110 000 000)**	**–**
Consideration received				
Cash	–	–	30 000 000	–
Debtor	80 000 000	–	80 000 000	–
Loan accounts	(40 685 933)	–	–	–
	39 314 067	**–**	**110 000 000**	**–**

38. Sale of businesses (continued)

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Net cash outflow on acquisition				
Cash consideration received	–	–	30 000 000	–

On 1 March 2009 all the shares in Sephaku Management (Pty) Ltd were transferred to the Samet Trust.

On 31 October 2009 all the shares in Blue Waves Properties 198 (Pty) Ltd were sold to Sephaku Cement for R30 million.

On 27 January 2010 the interest in African Nickel Holdings (Pty) Ltd was sold to the Wu group, an external third party, for R20 million, as well as the shares of Sephaku Gold Holdings (Pty) Ltd being a 30% shareholder of Taung Gold Ltd and Sephaku Gold Exploration (Pty) Ltd for an amount of R60 million.

39. Commitments

Authorised capital expenditure

	Group 2010 R	Group 2009 R	Company 2010 R	Company 2009 R
Already contracted for but not provided for				
Purchase of shares in West Dune Properties (Pty) Ltd	–	19 000 000	–	19 000 000
Ash plant	–	51 457 614	–	51 457 614

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 the value of R55 663 443. As part of this agreement two MCS-600 Air Classification systems of USD1 108 370 are supplied by RSG Inc. Atlanta. The agreement commenced on 19 November 2008.

Operating leases – as lessee (expense)

	Group 2010 R	Group 2009 R	Company 2010 R	Company 2009 R
Minimum lease payments due				
– within one year	1 159 788	2 018 411	1 159 788	–
– in second to fifth year inclusive	921 008	–	921 008	–
	2 080 796	**2 018 411**	**2 080 796**	–

Operating lease payments represent rentals payable by the group for certain of its office properties. Leases are negotiated for an average term of two years. No contingent rent is payable.

40. Contingencies

Sephaku Cement entered into an agreement with Sinoma International Engineering Co. Ltd on 27 March 2009 for the provision of a turnkey cement manufacturing facility. The total contract price is USD273 700 000 of which USD260 700 000 is still outstanding. The recent global economic crises had the effect of delaying the project by almost a year, however the project is now back on track with a project completion target of 2012. The repayment of the obligation is also extended to a later date of which the timing of the outflow is still uncertain.

Litigation is in process against the company relating to a dispute with a potential supplier who alleges that the company has verbally agreed to acquire plant and is seeking damages of R8 000 000. The group's lawyers and management consider the likelihood of the action against the company being successful as unlikely, and the case should be resolved within the next year.

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

Sephaku Cement has issued a guarantee for the amount of R410 000 to Eskom for the self build of a temporary electricity supply facility.

41. Related parties

Relationships	
Subsidiaries	Refer to note 6
Associates	Refer to note 7
Shareholder with significant influence	Dangote Industries Ltd
Members of key management	L Mohuba NR Crafford-Lazarus ME Smit RR Matjiu CR de Wet de Bruin PF Fourie GS Mahlati MM Ngoasheng MG Mahlare D Twist J Bennette JW Wessels
Companies with common directors	Sephaku Management (Pty) Ltd

Related party balances	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Loan accounts – Owing (to) by related parties				
Sephaku Cement (Pty) Ltd	–	–	6 895 071	(1 899 000)
Sephaku Gold Holdings (Pty) Ltd	–	–	–	31 625 574
Sephaku Fluoride Ltd	–	–	11 583 040	943 753
Sephaku Coal Holdings Ltd	–	–	2 630 802	26 682
Sephaku PGM Holdings (Pty) Ltd	–	–	77	11 915
Sephaku Management (Pty) Ltd	20 062 255	–	20 062 255	74 166 885
Sephaku Tin (Pty) Ltd	–	–	4 251 743	1 725 026
Sephaku Vanadium (Pty) Ltd	–	–	–	(100)
Aquarella Investments 555 (Pty) Ltd	–	–	–	374 900
Blue Waves Properties 198 (Pty) Ltd	–	–	335 360	(100)
Sephaku Uranium (Pty) Ltd	–	–	42 500	(100)
Ergomark (Pty) Ltd	–	–	601 330	–
Incubex Minerals Ltd	–	–	545	–
Sephaku Cement Investment Holdings Ltd	–	–	(1)	–
Nokeng Fluorspar Mine (Pty) Ltd	–	–	33 382 008	186 941
Sephaku Limestone & Exploration (Pty) Ltd	–	–	1 472 233	–
Ulipac (Pty) Ltd	–	–	19 259	–
Taung Gold Ltd and subsidiaries	–	7 731 127	–	–
Sephaku Gold Exploration (Pty) Ltd	–	161 032	–	163 658
African Nickel Holdings (Pty) Ltd and subsidiaries	–	(12 118)	–	–
African Spirit Trading 364 (Pty) Ltd	–	600	–	–
Golden Dividend 524 (Pty) Ltd	64 553	27 699	64 553	(26)
Insa Coal Holdings (Pty) Ltd	241 114	–	241 264	–
Egonox (Pty) Ltd	160 389	–	160 389	–
Empivert (Pty) Ltd	94 199	–	94 199	–
Indelum Properties (Pty) Ltd	16 684	–	16 684	–
Dangote Industries Ltd	(74 694 369)	–	–	–
Amounts included in trade receivable (trade payable) regarding related parties				
Sephaku Gold Exploration (Pty) Ltd	–	(586 500)	–	–
African Nickel Holdings (Pty) Ltd and subsidiaries	–	(631 707)	–	–
Golden Dividend 524 (Pty) Ltd	–	(43 440)	–	–

41. Related parties (continued)

Related party transactions	Group 2010 R	Group 2009 R	Company 2010 R	Company 2009 R
Administration fees paid to (received from) related parties				
Taung Gold Ltd and subsidiaries	–	1 795 919	–	–
Sephaku Gold Exploration (Pty) Ltd	–	12 401	–	–
African Nickel Holdings (Pty) Ltd and subsidiaries	–	233 221	–	–
Golden Dividend 524 (Pty) Ltd	–	1 234	–	–
Sephaku Management (Pty) Ltd	11 139 618	–	9 480 152	–

42. Directors' emoluments

	Remuneration	Fees for services as director	Performance bonuses	Pension fund	Medical Aid	Allowances	Total
Executive							
16 months ended 30 June 2010							
L Mohuba	1 392 184	–	131 997	–	–	–	1 524 181
NR Crafford-Lazarus	2 134 579	–	142 560	–	–	192 000	2 469 139
ME Smit	1 904 496	–	118 800	–	–	–	2 023 296
RR Matjiu	969 408	–	59 400	–	–	–	1 028 808
JW Wessels	424 829	–	86 280	–	–	–	511 109
J Bennette	537 537	–	42 230	–	–	–	579 767
	7 363 033	**–**	**581 267**	**–**	**–**	**192 000**	**8 136 300**
2009							
L Mohuba	725 760	–	–	–	–	–	725 760
NR Crafford-Lazarus	1 555 200	–	–	–	–	–	1 555 200
ME Smit	540 000	823 040	–	–	–	–	1 363 040
RR Matjiu	648 000	–	–	–	–	–	648 000
J Bennette	409 500	–	–	–	–	–	409 500
	3 878 460	**823 040**	**–**	**–**	**–**	**–**	**4 701 500**
Non-executive							
16 months ended 30 June 2010							
CR de Bruin	–	1 060 646	39 333	–	–	–	1 099 979
PF Fourie	2 193 399	–	–	164 505	76 072	348 800	2 782 776
D Twist	–	646 272	–	–	–	–	646 272
	2 193 399	**1 706 918**	**39 333**	**164 505**	**76 072**	**348 800**	**4 529 027**
2009							
CR de Bruin	990 756	–	–	–	–	–	990 756
D Twist	108 000	396 000	–	–	–	–	504 000
GS Mahlati	280 000	–	–	–	–	–	280 000
	1 378 756	**396 000**	**–**	**–**	**–**	**–**	**1 774 756**

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.

43. Risk management

Capital risk management

The group's objective when managing capital is to safeguard the group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders. The further exploration and development of the exploration assets will require additional capital. The continuing development of the group's mineral resources and reserves will depend on the ability of directors to raise additional funds.

The capital structure of the group consists of cash and cash equivalents disclosed in note 17, and equity as disclosed in the statement of financial position.

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 and cash flow interest rate risk), credit risk and liquidity risk.

The group does not have significant interest bearing-liabilities and interest rate risk is not considered material.

Liquidity risk

The group’s risk to liquidity is 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. Liquidity risk is not considered material.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the group’s financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Group				
At 30 June 2010				
Other financial liabilities	29 383	–	–	–
Trade and other payables	26 457 053	–	–	–
At 28 February 2009				
Loans from group companies	110 027	–	–	–
Trade and other payables	10 022 567	–	–	–
Loans payable	10 500	–	–	–
Company				
At 30 June 2010				
Other financial liabilities	29 383	–	–	–
Trade and other payables	771 400	–	–	–
At 28 February 2009				
Loans from group companies	1 899 326	–	–	–
Trade and other payables	11 943 079	–	–	–

Interest rate risk

As the group has no significant interest-bearing assets, the group’s income and operating cash flows are substantially independent of changes in market interest rates. Cash funds are deposited with reputable financial institutions until such time as the funds are required. No other assets or liabilities are exposed to any interest rate risks.

43. Risk management (continued)

Credit risk

Credit risk is managed on a group basis.

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

The carrying amount of financial assets represents the maximum exposure to credit risk.

Financial instrument	Group		Company	
	2010	2009	2010	2009
	R	R	R	R
Loans to group companies	577 089	8 018 367	61 791 057	109 225 334
Other financial assets (loans receivable)	72 524 190	512 224	72 524 190	2 267
Trade and other receivables	16 879 504	4 179 578	248 121	219 814
Other loans receivable	336 117	941 230	–	–

Foreign exchange risk

Although the group operates only in South Africa it is still exposed to foreign exchange risk arising from various currency exposures, primarily resulting from imports of equipment and services with respect to the US dollar and the Euro. Foreign exchange risk arises from future commercial transactions.

The group has a policy to monitor its foreign exchange exposure and takes cover should the future currency exposure exceed certain parameters. The group also makes use of a natural hedge situation to manage foreign currency exposure.

The group treasury's risk management policy is to hedge between 75% and 100% of anticipated cash flows (mainly purchase of capital equipment) in each major foreign currency for the following 6 months.

Forward exchange contracts which relate to future commitments	6 months USD million	After 6 months USD million
Hedged: natural hedge, 100% effective	51	
Unhedged		210

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.

44. Going concern

The 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.

45. Events after the reporting period

The board has taken a strategic decision to reorganise the assets of the Sephaku Holdings group in order to present a more defined and focused investment opportunity to the market. Accordingly, subject to approval by the Department of Mineral Resources, Sephaku Holdings shall dispose of all the shares it holds in its subsidiaries, other than those subsidiaries with interests relating to cement and fluorspar, to a wholly-owned subsidiary of the company, Incubex Minerals Ltd. Subject to shareholders' approval, Sephaku Holdings intends to distribute to shareholders all of the issued shares in Incubex in the ratio of one Incubex share for every ten Sephaku Holdings shares in the form of a dividend in specie.

Dangote Industries Ltd has agreed to invest an additional amount of R779 million of equity into Sephaku Cement to achieve an aggregate shareholding in Sephaku Cement of 64%, resulting in Dangote Industries Ltd acquiring control of Sephaku Cement. Dangote has already advanced an amount of R75.6 million to Sephaku Cement during June 2010 as a convertible loan, which loan amount will be deducted from the total subscription amount. The loan will be converted to Sephaku Cement shares during October 2010, once all regulatory and formal shareholder approvals have been obtained regarding the total proposed investment by Dangote.

The directors are not aware of any other matters or circumstances arising since the end of the financial period that could materially affect the financial statements.

46. Net asset value per share and earnings per share

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Net asset value and tangible net asset value per share				
Total assets	612 589 947	527 181 097		
Total liabilities	(134 501 133)	(14 241 121)		
Minority interest	(71 674 038)	(83 578 683)		
Net asset value attributable to equity holders of parent	406 414 776	429 361 292		
Goodwill	(748 900)	(748 900)		
Intangible assets	(88 990 486)	(47 177 424)		
Tangible net asset value	316 675 390	381 434 968		
Shares in issue	155 805 363	151 081 000		
Net asset value per share (cents)	260.85	284.19		
Tangible net asset value per share (cents)	203.25	252.47		
Earnings and headline earnings per share				
Reconciliation of basic earnings to diluted earnings and headline earnings:				
Basic earnings/(loss) and diluted earnings/(loss) from continuing operations attributable to equity holders of parent	(71 496 830)	(11 045 802)		
Profit on sale of non-current assets	(31 124 325)	(757 995)		
Impairment of intangible assets	4 088 568	6 353		
Impairments	595 865	175 000		
Headline earnings/(loss) attributable to equity holders of parent	(97 936 722)	(11 622 444)		
Basic weighted average number of shares	154 896 985	124 331 930		
Dilutive effect of share options	5 940 000	4 221 875		
Diluted weighted average number of shares	160 836 985	128 553 805		
Basic earnings/(loss) per share (cents)	(46.16)	(8.88)		
Diluted earnings/(loss) per share (cents)	(44.45)	(8.59)		
Headline earnings/(loss) per share (cents)	(63.23)	(9.35)		
Diluted headline earnings/(loss) per share (cents)	(60.89)	(9.04)		

Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share of (46.16) cents (2009: (8.88) cents) is based on earnings/(loss) attributable to equity holders of the parent of (R71 496 830) (2009: (R11 045 802)) and the weighted average of 154 896 985 (2009: 124 331 930) shares in issue during the year.

Diluted earnings/(loss) per share

The calculation of diluted earnings/(loss) per share of (44.45) cents (2009: (8.59) cents) is based on earnings/(loss) attributable to equity holders of the parent of (R71 496 830) (2009: (R11 045 802)) and the diluted weighted average of 160 836 985 (2009: 128 553 805) shares in issue during the year.

Headline earnings/(loss) per share

The calculation of headline earnings/(loss) per share of (63.23) cents (2009: (9.35) cents) is based on the headline earnings/(loss) attributable to equity holders of the parent of (R97 936 722) (2009: (R11 622 444)) and the weighted average of 154 896 985 (2009: 124 331 930) shares in issue during the year.

Diluted headline earnings/(loss) per share

The calculation of diluted headline earnings/(loss) per share of (60.89) cents (2009: (9.04) cents) is based on headline earnings/(loss) attributable to equity holders of the parent of (R97 936 722) (2009: (R11 622 444)) and the diluted weighted average of 160 836 985 (2009: 128 553 805) shares.

47. 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 – 2010

	Ash	Cement	Fluorspar	Tin	Coal	Other	Consolidation adjustment and elimination	Total
Segment revenue: from external customers	(6 181 066)	–	–	–	–	–	–	(6 181 066)
Other income	(842 571)	(123 957)	–	–	–	(540 889)	–	(1 507 417)
Segment expense	11 702 642	83 463 613	2 589 479	595 985	6 588 553	23 738 761	–	128 679 033
Segment result	4 679 005	83 339 656	2 589 479	595 985	6 588 553	23 197 872	–	120 990 550
Depreciation, amortisation and impairments	5 793 944	4 266 431	–	–	3 913 513	14 834 992	(14 059 717)	14 749 163
Interest received	(27)	(12 372 246)	–	–	–	(4 258 184)	–	(16 630 457)
Finance cost	347 994	9 026	122 230	1 681	–	26	–	480 957
Income tax expense	–	151 340	–	–	–	(1 058 741)	–	(907 401)
Gain on disposal of assets	–	–	–	–	–	(59 021 326)	27 897 002	(31 124 325)
Loss from equity accounted investments					–	2 615 429	–	2 615 429
Segment assets	84 978 402	385 579 996	53 251 531	5 400 054	2 630 361	141 600 793	(60 851 190)	612 589 947
Total assets includes additions to non-current assets	52 957 203	127 717 810	43 417 776	1 048 646	520 816	66 174	–	225 728 425
Investment in associates	–	–	54 223	–	–	33 037	–	87 260
Segment liability	(18 583 601)	(108 826 129)	(59 032 695)	(5 109 571)	(16 414 837)	(902 860)	74 368 560	(134 501 133)

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	9 713 548	(6 236 198)	29 003 951
Segment result	21 910 104	144 538	194 816	2 975 615	9 713 548	(6 236 198)	28 702 423
Depreciation, amortisation and impairments	778 500	–	–	–	1 057 837	–	1 836 337
Interest received	(25 246 787)	–	–	–	(474 087)	–	(25 720 874)
Finance cost	221 825	–	–	–	–	–	221 825
Income tax expense	664 687	–	–	–	–	–	664 687
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)	–	(757 995)
Loss from discontinued operations	–	–	–	–	5 269 486	–	5 269 486
Segment assets	437 091 982	1 269 730	(438 666)	(174 070)	78 672 864	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 liabilities	(13 986 357)	(2 756 791)	(268 095)	(1 784 270)	(14 183 935)	18 738 326	(14 241 122)

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 had two associates in gold and nickel, but these associates were primarily managed by the majority shareholder and therefore the company did not 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 and expenditure and assets and liabilities in respect of the smaller operations in vanadium, platinum, chrome and diamonds.

Statement from Secretary

for the 16 months ended 30 June 2010

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
23 September 2010

Glossary of terms

BEE	Black Economic Empowerment
Companies Act	South African Companies Act 1973 (Act 61 of 1973), as amended
Cps	cents per share
CSR	Corporate social responsibility and sustainability
Dangote	Dangote Industries Ltd or Dangote Group
DMR	South African Department of Mineral Resources
FY	Financial year
HDSA	Historically Disadvantaged South Africans
IFRS	International Financial Reporting Standards
JSE	JSE Limited (formerly the JSE Securities Exchange South Africa)
JV	Joint venture
King II/III	The second report of the King Committee on Corporate Governance 2002 and subsequent revision
Mining Charter	A broad-based, socio-economic empowerment charter for the mining industry, which as negotiated by government and the industry and ratified by both parties in October 2002
MPRDA	Mineral and Petroleum Resources Development Act
Mtpa	Million tons per annum
Nokeng	Nokeng Fluorspar Mine
SA GAAP	South African Statements of Generally Accepted Accounting Practice
SENS	Stock Exchange News Service
Sephaku Cement	Sephaku Cement (Pty) Limited
Sephaku Fluoride	Sephaku Fluoride Limited
Sephaku Holdings	Sephaku Holdings Limited
tpa	Tons per annum

Notice of Annual General Meeting

Sephaku Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number 2005/003306/06)
Share code: SEP ISIN: ZAE000138459
("Sephaku Holdings" or "the Company")

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

If you have sold or otherwise transferred all your ordinary shares in Sephaku Holdings, please send this document together with the accompanying form of proxy at once to the relevant transferee or to the stockbroker, bank or other person through whom the sale or transfer was effected, for transmission to the relevant transferee.

Notice is hereby given that the second Annual General Meeting of members of Sephaku Holdings will be held at the Centurion Lake Hotel on the 11th of November 2010 (10:00 am South African time) for the following purposes and to consider if deemed fit, to pass the following ordinary and special resolutions with or without amendment:

Ordinary business

1. Approval of annual financial statements

Ordinary resolution number 1

"To receive, consider and adopt the annual financial statements of the Company for the period ended 30 June 2010, including the directors' report and the report of the auditors thereon and to confirm all matters and things undertaken and discharged by the directors on behalf of the Company."

2. Re-appointment of independent auditors

To confirm the re-appointment of PKF (Pta) Inc. as independent auditors to the Company for the ensuing financial year and that their remuneration be determined by the Audit Committee in terms of the Audit Committee Charter, of which the amount shall be approved and endorsed by the directors.

Ordinary resolution number 2

"Resolved that the re-appointment of PKF (Pta) Inc. as independent auditors to the Company for the ensuing financial year be confirmed and that their remuneration be determined by the Audit Committee in terms of the Audit Committee Charter, of which the amount shall be approved and endorsed by the directors."

3. Election of directors

To re-elect the following directors who retire by rotation in terms of clause [15.1] of the articles of association of the Company and who are available:

3.1 Rudolph de Bruin

3.2 Gil Mahlati

3.3 Neil Crafford-Lazarus

An abridged curriculum vitae in respect of each director offering themselves for re-election is set out on pages 18 to 19 of the annual report.

Ordinary resolution number 3

"Resolved that director Rudolph de Bruin, who retires by rotation in terms of the articles of association and being eligible and available for election, be and he is hereby elected as a non-executive director of the Company."

Ordinary resolution number 4

"Resolved that director Gil Mahlati, who retires by rotation in terms of the articles of association and being eligible and available for election, be and he is hereby elected as a non-executive director of the Company."

Ordinary resolution number 5

"Resolved that director Neil Crafford-Lazarus, who retires by rotation in terms of the articles of association and being eligible and available for election, be and he is hereby elected as an executive director of the Company."

Special business

In addition, shareholders will be requested to consider and, if deemed fit, to pass the following special and ordinary resolutions with or without amendment:

4. Control of authorised but unissued ordinary shares

Ordinary resolution number 6

"Resolved that, subject to the provisions of sections 221 and 222 of the Companies Act, 61 of 1973, as amended, or, as necessary, in terms of sections 36 and 38 of the Companies Act 2008, Act 71 of 2008, (jointly "the Act"), the Company's articles of association and the JSE Limited Listings Requirements, the unissued ordinary shares in the capital of the Company be and are hereby placed under the control and authority of the directors of the Company ("directors") and that the directors be and are hereby authorised and empowered to allot and issue all or any of such ordinary shares, or to issue any options in respect of all or any of such ordinary shares, to such person/s on such terms and conditions and at such times as the directors may from time to time and in their discretion deem fit.

5. General authority to issue shares for cash

Ordinary resolution number 7

"Resolved that, in terms of the JSE Limited Listings Requirements ("the JSE Listings Requirements"), the directors are hereby authorised by way of a general authority, to issue the authorised but unissued ordinary shares in the capital of the Company (or securities or rights which are convertible into such shares) for cash, as and when suitable opportunities arise, subject to the Company's articles of association, the Act and the JSE Listings Requirements as they exist from time to time and which currently require that:

- any such issue will only be made to "public shareholders" as defined by the JSE Listings Requirements and not to related parties;
- this authority shall only be valid until the next annual general meeting of the Company but shall not extend beyond 15 (fifteen) months from the date this authority is given;
- that a paid press announcement giving full details, including the impact on the net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) or more of the number of shares in issue prior to the issue concerned;
- that the issues in aggregate in any one financial year shall not exceed 15% of the number of shares of the Company's issued ordinary share capital. As regards the number of securities which may be issued (the 15% number), this shall be calculated in accordance with the JSE Listings Requirements;
- that in determining the price at which an issue of shares for cash may be made in terms of this authority, the maximum discount permitted shall be 10% (ten per cent) of the weighted average traded price of the Company's ordinary shares on the JSE, (adjusted for any dividend declared but not yet paid or for any capitalisation award made to shareholders) over the 30 (thirty) business days prior to the date that the price of the issue is agreed by the directors of the Company and the party subscribing for the securities."

A 75% majority of votes cast in favour of the resolution in respect of all equity securities present or represented by proxy at the annual general meeting is required for the approval of the above resolution.

6. General authority to repurchase shares

Special resolution 1:

"Resolved that, as a general approval contemplated in sections 85 to 89 of the Companies Act, Act 61 of 1973, as amended, or, as necessary, section 40 of the Companies Act 2008, Act 71 of 2008, the acquisitions by the Company and any of its subsidiaries, from time to time of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the Company's articles of association, the provisions of the Act and the JSE Limited Listings Requirements ("the JSE Listings Requirements") as they exist from time to time and which currently require that –

- the general repurchase of securities will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party (reported trades are prohibited);
- this approval shall be valid only until the next annual general meeting of the Company and shall not extend beyond 15 (fifteen) months from the date of passing of this resolution;
- at any point in time, a Company may only appoint one agent to effect any repurchases on the Company's behalf;
- the acquisitions of ordinary shares in the aggregate in any one financial year do not exceed 20% of the Company's issued ordinary share capital from the beginning of the financial year;
- the Company and the group will be able to pay their debts as they become due in the ordinary course of business for a period of twelve months after the transaction;
- the assets of the Company and the group, being fairly valued in accordance with the accounting policies used in the Company's latest audited Group annual financial statements, will be in excess of the consolidated liabilities of the Company and the group for a period of twelve months after the date of the transaction;
- the issued share capital and reserves of the Company and the group will be adequate for the purposes of the business of the Company and the group for a period of twelve months after the date of the transaction;
- the working capital available to the Company and the group will be adequate for ordinary business purposes for a period of twelve months after the date of the transaction;
- upon entering the market to proceed with the repurchase, the Company's sponsor has confirmed the adequacy of the Company's working capital for the purposes of undertaking a repurchase of shares in writing to the JSE;
- the Company or its subsidiary may not repurchase securities during a prohibited period as defined in the JSE Listings Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;
- when the Company and/or any of its subsidiaries collectively have cumulatively repurchased 3% of the initial number of the relevant class of securities, and for each 3% in aggregate of the initial number of that class acquired thereafter, an announcement will be made;
- shares issued by the Company may not be acquired at a price greater than 10% above the weighted average traded price of the Company's shares on the JSE for the five business days immediately preceding the date of the repurchase."

Reason and effect of special resolution number 1

The reason for and effect of this special resolution number 1 is to authorise, by way of a general authority, the Company and any of its subsidiary companies to acquire its own issued shares on such terms, conditions and in such amounts as determined from time to time by the directors of the Company subject to the limitations set out above.

At the present time, the directors have no specific intention with regard to the utilisation of this authority, which will only be used if the circumstances are appropriate. The Company wishes to confirm that any repurchase of shares, if implemented, will only be dealt with via the formal JSE trading system.

7. To make payments to shareholders

Ordinary resolution number 8

"Resolved that, as a general approval contemplated in section 90 of the Companies Act 1973, as amended, or, as necessary, section 46 the Companies Act 2008, Act 71 of 2008, ("the Act") and in terms of the Company's articles of association, the Company grant a renewable mandate to the directors of the Company to make payments to shareholders on a pro rata basis by way of the reduction of the Company's share capital upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the Company's articles of association, the provisions of the Act and the JSE Limited Listings Requirements as they exist from time to time and which currently require that:

- this authority shall not extend beyond fifteen months from the date of the passing of this resolution or the next annual general meeting, whichever is the earlier date;
- an announcement must be published giving the terms of the payment, the source of the payment, the date the payment will be made and the financial effects of the payment;
- any general payment may not exceed, in any one financial year, 20% of the Company's issued share capital including reserves but excluding minority interests and revaluation of assets and intangible assets that are not supported by a valuation by an independent expert acceptable to the JSE prepared within the last six months."

8. Authority to action all ordinary and special resolutions

Ordinary resolution number 9

"Resolved that any one director of the Company or the Company secretary be and is hereby authorised to do all such things as are necessary and to sign all such documents issued by the Company so as to give effect to ordinary resolutions numbers 1 to 9 and special resolution 1 with or without amendment and, where applicable, to have such resolutions registered."

Disclosures required in terms of the JSE Listings Requirements

In terms of the JSE Listings Requirements, the following disclosures are required when requiring shareholders' approval to authorise the Company, or any of its subsidiaries, to repurchase any of its shares as set out in special resolution number 1 above.

Working capital statement

The directors of the Company agree that they will not undertake any repurchase unless:

- the Company and the group are in a position to repay their debt in the ordinary course of business for a period of 12 months after the date of the general repurchase;
- the assets of the Company and the group, being fairly valued in accordance with International Financial Reporting Standards, are in excess of the liabilities of the Company and the group for a period of 12 months after the date of the general repurchase;
- the share capital and reserves of the Company and the group are adequate for ordinary business purposes for the next 12 months following the date of the general repurchase; and
- the available working capital of the Company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the general repurchase.
- before entering the market to proceed with the general repurchase, the Company's sponsor has confirmed the adequacy of the Company's and the group's working capital in writing to the JSE.

Litigation statement

Other than disclosed or accounted for in these financial statements, the directors of the Company, whose names are given on page 30 of these financial statements, are not aware of any legal or arbitration proceedings, pending or threatened against the group, which may have or have had a material effect on the group's financial position in the 16 months preceding the date of this notice of annual general meeting other than refer to note 40 of the finance statements on page 72.

Notice of Annual General Meeting (continued)

Directors' responsibility statement

The directors, whose names are given on page 30 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution contains all information required by law and the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in these annual financial statements, there have been no material changes in the financial or trading position of the Company and its subsidiaries since the signature date of this annual report and the posting date thereof.

The following further disclosures required in terms of the Listings Requirements of the JSE are set out in accordance with the reference pages in these annual financial statements of which this notice forms part:

- Directors and management – pg 30
- Major shareholders of the Company – pg 32
- Directors' interest in the Company's shares – pg 33
- Share capital of the Company – pg 30

Voting and proxies

Members who have not dematerialised their shares or who have dematerialised their shares with "own name" registration are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a member. Proxy forms must be forwarded to reach the Company's transfer secretaries, Computershare Investor Services (Pty) Ltd 70 Marshall Street Johannesburg 2001 South Africa, by no later than 10:00am on 9 November 2010. Proxy forms must only be completed by members who have not dematerialised their shares or who have dematerialised their shares with "own name" registration.

On a show of hands, every member of the Company present in person or represented by proxy shall have one vote only. On a poll, every member of the Company shall have one vote for every share held in the Company by such member.

Members who have dematerialised their shares, other than those members who have dematerialised their shares with "own name" registration, should contact their CSDP or broker in the manner and time stipulated in their agreement:

- to furnish them with their voting instructions; and
- in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

By order of the board

Sephaku Management (Pty) Ltd
23 September 2010

Form of proxy

Only to be completed by certificated and dematerialised shareholders with "own name" registration.

If you are a dematerialised shareholder, other than with "own name" registration, do not use this form. Dematerialised shareholders other than those with "own name" registration who wish to attend the annual general meeting, must inform their CSDP or broker of their intention to attend and request their CSDP or broker to issue them with the relevant Letter of Representation to attend the annual general meeting in person and vote, or, if they do not wish to attend the meeting in person, but wish to be represented thereat, provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and their CSDP or broker in the manner and cut-off time stipulated therein.

An ordinary shareholder entitled to attend and vote at the annual general meeting to be held at the Centurion Lake Hotel, on the 11th of November 2010 at 10:00am, is entitled to appoint a proxy to attend, speak or vote thereat in his/her stead. A proxy need not be a shareholder of the Company.

All forms of proxy must be lodged at the Company's transfer secretaries, Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001, (PO Box 61051, Marshalltown 2107), by no later than 9 November 2010.

I/We (please print name in full) ______________________

of (address) ______________________

being an ordinary shareholder(s) of the Company holding ordinary shares in the Company do hereby appoint

1 ______________________ or failing him/her

2 ______________________ or failing him/her

3 ______________________ the chairman of the annual general meeting

as my/our proxy to vote on my/our behalf at the abovementioned annual general meeting (and any adjournment thereof) to be held at 10:00 at the Centurion Lake Hotel on the 11th of November 2010, for the purpose of considering and, if deemed fit, passing with or without modifications, the following resolutions to be considered at such meeting:

	Number of votes (one per share)		
	In favour of	Against	Abstain
Ordinary resolutions 1. To consider the financial statements for the year ended 30 June 2010			
2. To re-appoint PKF (Pta) Inc. as independent auditors			
3. Re-appoint Gil Mahlati as non-executive director			
4. Re-appoint Rudolph de Bruin as non-executive director			
5. Re-appoint Neil Crafford-Lazarus as executive director			
6. Control of authorised but unissued ordinary shares			
7. General authority to issue shares for cash			
8. To make payments to shareholders			
9. Authorise the directors or Company secretary to action all ordinary and special resolutions			
Special resolution 1. General authority to repurchase shares			

Insert an "X" in the appropriate block. If no indications are given, the proxy will vote as he/she deems fit. Each member entitled to attend and vote at the meeting may appoint one or more proxies (who need not be a member of the Company) to attend, speak and vote in his/her stead.

Signed at ______________________ on ______________________ 2010

Signature ______________________

Assisted by (where applicable) ______________________

Please read the notes on the reverse side hereof.

Notes to the form of proxy

A shareholder may insert the names of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the chairman of the meeting", but any such deletion must be initialled by the shareholder.

The person whose name appears first on the proxy and which has not been deleted shall be entitled to act as proxy to the exclusion of those names following.

A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the shareholder in the appropriate box. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes.

A vote given in terms of an instrument of proxy shall be valid in relation to the annual general meeting notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries or by the chairman of the annual general meeting before the commencement of the annual general meeting.

If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the general meeting, be proposed, the proxy shall be entitled to vote as he/she thinks fit.

The authority of a person signing a proxy in a representative capacity must be attached to the proxy unless that authority has already been recorded with the Company's transfer secretary or waived by the chairman of the annual general meeting.

A minor or any other person under legal incapacity must be assisted by his/her parent or guardian as applicable, unless the relevant documents establishing capacity are produced or have been registered with the transfer secretaries.

Where there are joint holders of ordinary shares:

- any one holder may sign the form of proxy;
- the vote(s) of the senior shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the Company's register) who tender a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).

Proxies must be lodged at or posted to the Company's transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107), to be received not later than 10:00am on 9 November 2010.

Any alteration or correction made to this form of proxy other than the deletion of alternatives, must be initialled by the signatory/ies.

The completion and lodging of this proxy shall not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.

The chairman of the meeting may reject or accept a proxy that is completed other that in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.

Corporate information and administration

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Mining and development

Directors

L Mohuba	Chairman – Executive Director
NR Crafford-Lazarus	Chief Executive Officer
ME Smit	Financial Director
RR Matjiu	Executive Director
CR de Bruin	Non-executive Director
PF Fourie	Non-executive Director
GS Mahlati	Non-executive Director
MM Ngoasheng	Non-executive Director
MG Mahlare	Independent Non-executive Director
D Twist	Alternate director to ME Smit
J Bennette	Alternate director to RR Matjiu
JW Wessels	Alternate director to CR de Bruin

Registered office

Suite 4A Manhattan Office Park
16 Pieter Road
Highveld Techno Park
Centurion
0169

Postal address

PO Box 68149
Highveld
Centurion
0169

Bankers

ABSA Bank

Auditors

PKF (Pta) Inc.
Chartered Accountants (S.A.)
Registered Auditors

Secretary

Sephaku Management (Pty) Ltd

Company registration number

2005/003306/06

Website

www.sephakuholdings.co.za

3580/10 Russell and Associates

SEPHAKU
HOLDINGS LTD