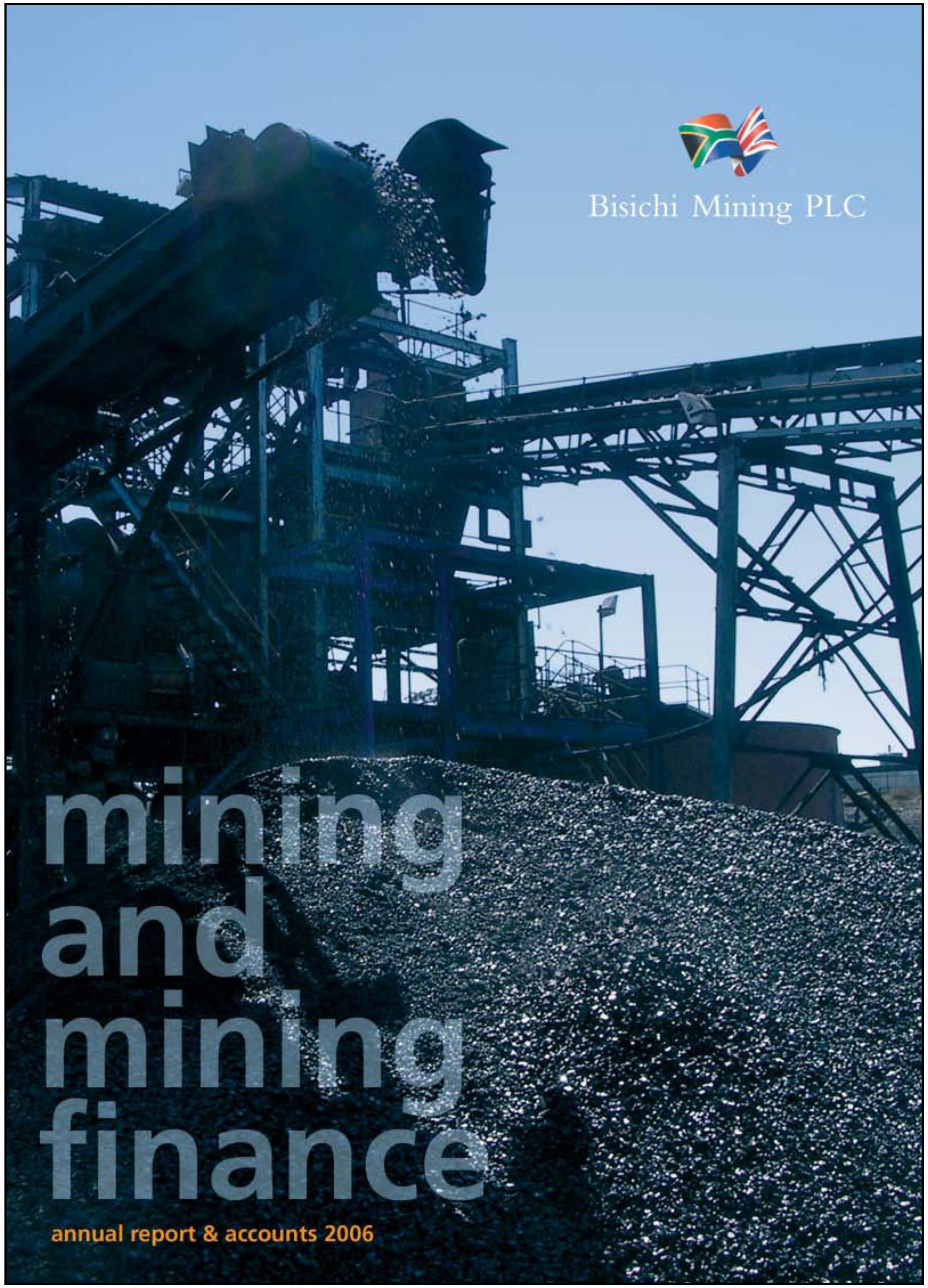


Bisichi Mining PLC

mining and mining finance

annual report & accounts 2006

Bisichi Mining has been directly involved in South Africa and the Black Wattle Colliery since 1994. Situated near Middelburg, Mpumalanga, Black Wattle achieved Black Economic Empowerment (BEE) status in 1999 - one of the first coal mines in South Africa to do so. Today, over 500 personnel are employed at the mine.

"The group's objective is to seek capital growth from investment in mining activities around the world, underwritten by a solid UK income flow from its property investment portfolio."

Michael Heller, *Chairman*

2006 highlights

- **Record profits from Black Wattle Colliery in the second half of 2006**
- **Continuous Miner back in operation and producing at near optimum levels**
- **Washing plant taken over – yields improved and productivity increased**
- **New order mining rights granted on opencastable areas**
- **High average selling price achieved for both domestic and export coal**
- **Strong performance from UK property portfolio adds to Group profits**

chairman's statement

Underground mining takes place across three sections: two conventional drill and blast sections and one mechanised section which utilises a Voest Alpine AM 80 Continuous Miner. 1.2 million tonnes of bituminous coal were produced at Black Wattle in 2006.

2006 was year which clearly demonstrated both the promise and challenges inherent in our South African mining operations

Michael Heller, *Chairman*

I am pleased to report to shareholders that a very strong performance in the second half has resulted in a profitable year for Bisichi Mining PLC ("Bisichi") with Group profit on ordinary activities before interest, taxation and depreciation at £3,737,000 (2005: £5,471,000).

As already reported, the first six months of 2006 were severely impacted by the consequences of the fatality that occurred in late 2005 at Black Wattle Colliery. However, 2006 clearly demonstrated the strength of the management team and its ability to deal swiftly and effectively with unforeseen problems in our mining operations. The second half of the year has been the most profitable in the company's history.

One of the most exciting aspects of the past year in South Africa has been the sharp increase in the availability of mineral rights for development by empowered mining companies such as ourselves. This has arisen because many reserves have been returned to the State as a result of the "use it or lose it" provisions of the Mineral and Petroleum Resources Development Act 2004 ("MPRDA"). With Black Wattle's Black Economic Empowerment ("BEE") status and successful track record we are well placed to take advantage of these newly-available coal reserves.

During the past year, we have forged relationships with new BEE partners which will allow us to take the operations in South Africa onto the next level. In this regard, I am pleased to announce the appointment of David Nkosi as a Director of Black Wattle Colliery. David is a graduate of the Department of Minerals and Energy ("DME") training programme and has been involved in the mining sector for several years. We look forward to his active involvement as a Director of Black Wattle identifying new reserves and helping to grow our South African business.

Shareholders should be aware that, as a result of certain difficulties that have emerged in our relationship with the minority shareholder at Black Wattle Colliery, we have had to remove Sipho Dube and Duku Mogoai (his associate at Endulwini Resources) as directors of the Black Wattle Colliery. In addition we have cancelled the Agreement by which the Mhlaba Dube Memorial Trust held a 37.5% shareholding in Black Wattle and we have initiated court proceedings in South Africa to obtain a declaration that the Trust is no longer a shareholder. This legal action does not affect the operation of Black Wattle Colliery nor its mineral rights granted under the MPRDA. Once this matter has been resolved, we will invite a new BEE partner to join us as a shareholder in Black Wattle.

Black Wattle was one of the first coal mines in South Africa to achieve BEE status in 1999 and Bisichi remains committed to maintaining its leadership in this regard.

As shareholders have already been informed, Ezimbokodweni Mining (Pty) Limited is the joint venture company formed to own and develop the Pegasus Reserve. This company is owned as to 49% by Bisichi and 51% by Endulwini Resources. Although the DME has converted the prospecting rights, Ezimbokodweni has not yet provided the 100% financial guarantee required by the vendor, Ingwe, in accordance with its obligation under the original Purchase and Sale Agreement. We have already indicated to Ingwe that Bisichi is willing to put up a guarantee for its 49% of the project and we are actively pursuing the resolution of this issue with all parties concerned.

If the development of Pegasus does not proceed as planned the current availability of other high quality coal reserves referred to earlier in this report provides us with numerous opportunities to develop our mining activities in South Africa independent of Pegasus. To that end, we are in the process of purchasing a drill rig and have set up a dedicated team in a satellite office to work full time on reserve acquisitions.

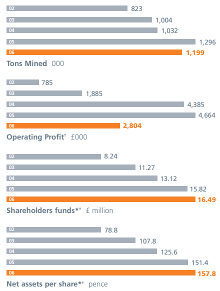
I am delighted to report that Bisichi's UK retail property portfolio, managed by London & Associated Properties PLC has contributed most satisfactorily to this year's profits and has underpinned our mining activities. The portfolio, including our share of Dragon Retail Properties, is virtually fully let, and was valued at 31 December 2006 by independent chartered surveyors at £19.3 million, an increase of 10%.

To underline our confidence in the future of Bisichi, your directors are recommending a dividend of 2.50p, compared to 2.25p per share in the previous year, an increase of 11.1%. This will be paid on 13 August 2007 to shareholders on the register as of 20 July 2007.

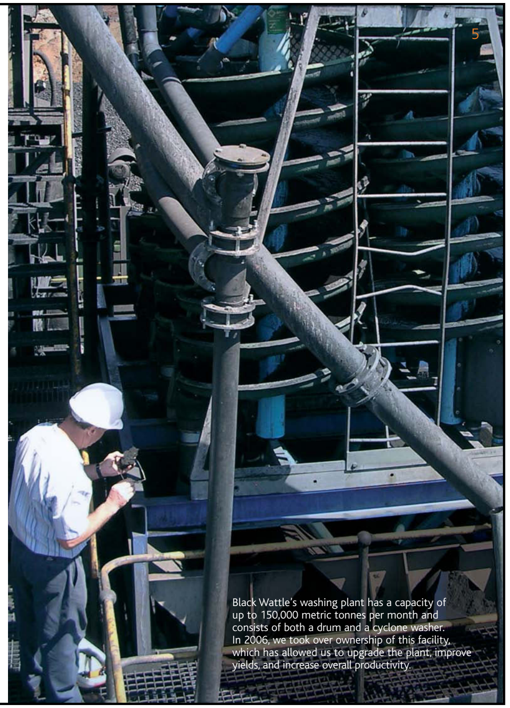
2006 has been both a challenging and a successful year for Bisichi and, with the many opportunities now arising in South Africa, we look forward to the coming year with confidence.

Michael Heller

Michael Heller
Chairman
27 March 2007



*Based on net assets including the investment portfolio at market value
†Years 2001-2003 based on UK GAAP figures



Black Wattle's washing plant has a capacity of up to 150,000 metric tonnes per month and consists of both a drum and a cyclone washer. In 2006, we took over ownership of this facility, which has allowed us to upgrade the plant, improve yields, and increase overall productivity.

mining review

As an operating mine for the past 13 years, Black Wattle has a substantial quantity of discard material. In 2006, we entered into a long term contract with a BEE company for the sale of our discard material to Eskom, the South African electricity utility.

As a result of actions by your management, Black Wattle delivered its most profitable half year in its history in the second half of 2006.

Andrew Heller, *Managing Director*

As the Chairman has reported, the first six months of 2006 were greatly affected by the aftermath of the first underground fatality in Black Wattle's history which took place in late 2005.

The closure of the Continuous Miner section immediately reduced production which had a negative impact on profitability. In the wake of the accident, your management took a number of decisive actions in order to turn the situation around. The Continuous Miner was overhauled and lowered during this down time period which facilitated its return to reliable operation earlier than was originally anticipated as it could start to mine in areas of lower seam height. We obtained accelerated permission from the DME to mine under a major highway, which allowed us access to a substantial untouched portion of our reserves. We also took over ownership of Black Wattle's washing plant, which has allowed us to upgrade the facility, improve yields and increase overall productivity. Moreover, we successfully achieved substantial increases in price for each of our major products.

Finally, we have entered into a long term contract with a BEE company for the sale of our discard material to Eskom, the South African electricity utility. This contract both generates substantial revenue and will greatly reduce our rehabilitation liability when we eventually cease mining. Furthermore, it has already reduced our handling and stockpiling expenses on the mine. As a result of these actions by your management, Black Wattle delivered the most profitable half year in its history in the second half of 2006.

Production: Black Wattle Colliery

The two bord and pillar and continuous miner sections performed well in the second half of 2006. Taking the setbacks of late 2005 and the first half of 2006 into account, we are very pleased to have achieved a run-of-mine production figure for the year of 1.199 million tonnes, just 7.5% less than 2005. The three sections should continue to mine at acceptable levels in 2007. We will increase production when we receive opencast permission, which has recently been applied for from the DME. In this regard, we have had the necessary meetings with all interested and affected parties and are awaiting DME approval to commence opencast mining.

Marketing: Black Wattle Colliery

2006 was a very successful year, both in terms of export-based sales and the prices we are achieving in a very strong domestic market. In April 2006, we achieved a price increase of 18.6% for our sales to local suppliers of steam coal, followed by another increase of 14.3% in November 2006. In July 2006, we achieved an 11% increase in our prices for the local ferrochrome market. Although the mine's fixed price export contract came to a conclusion in the second half of 2006, strong prices in the international market have meant that export-based sales are still highly profitable, especially with the recent depreciation of the South African rand. The general tightness of supply both in the international and domestic markets has effectively put in place a price floor at much higher than historical levels. For the first time in recent memory, the prices for domestic steam coal Free on Mine are higher than the price which we receive from Richards Bay Coal Terminal, taking into account the additional transportation costs. We fully intend to exploit these favourable market conditions by locking in prices where sensible and taking advantage of new sales opportunities as they arise.

Human Resources: Black Wattle Colliery

In order to strengthen our human resource management activities, Andrew Mandlazi was recently appointed Head of Human Resources at the Black Wattle Colliery. He has joined us at a critical time when we are implementing a number of important policies, key among these being:

Worker Training: Black Wattle is sending a number of its employees to various training programs throughout the Mpumalanga and Gauteng Regions, including the Colliery Training College in Witbank, Witwatersrand University, and Potchefstroom University.

Adult Basic Education Training (ABET): The workforce has been assessed for ABET training and a computer-based ABET training facility is being established at the mine to facilitate participation in this program.

HIV/AIDS Peer Education: Six employees have been sent to be trained as HIV/AIDS Peer Educators to assist in putting into place Black Wattle's HIV/AIDS education program.

Employment Equity: Quarterly Employment Equity meetings are taking place to ensure that the Black Wattle Colliery is complying with all aspects of national legislation related to Employment Equity.

Social Development

We are participating in the Integrated Development Program of the Steve Tshwete (Middelburg) Municipality through the provision of assistance to the Evergreen Primary School and the nearby community. Key activities completed in the recent year include painting of all classrooms, completion of the school administration buildings, and final construction of the school kitchen.

Procurement

Black Wattle has implemented a BEE-focussed procurement policy which strongly encourages our suppliers to have and maintain strong BEE credentials. We constantly monitor our monthly BEE spend and encourage potential BEE suppliers to compete for equipment and service contracts at the Black Wattle Colliery. We also are actively engaged in sale of our products to BEE enterprises, as shown by our 5 year sales agreement with a BEE company for the purchase of our discard for supply to Eskom.

Health and Safety

Supervisors have received training in hazard identification and risk assessment in their work areas. All levels of employees will have received this training by the end of 2007. A medical surveillance system is in place which provides management with information used in determining measures to eliminate, control and minimise employee health risks and hazards.

Prospects

At Black Wattle Colliery higher prices are being achieved across the range of all of our markets, from our premium low phosphorous coal to our discard sales to the power industry. The opportunity to commence opencast mining in the next few months is now a real possibility, and the increased performance of the washing plant has improved both yield and coal quality.

The prospects for acquiring additional reserves have never looked so good. I am confident that 2007 will be a successful year for our South African operations.

Andrew Heller
Managing Director
27 March 2007

Key activities completed in the recent year include painting of all classrooms, completion of the school administration buildings, and final construction of the school kitchen.

Andrew Heller, *Managing Director*

Black Wattle's Social Development Programme includes supporting the Evergreen Primary School and the nearby community. The mine's activities are included in the Integrated Development Programme of the Steve Tshwete Municipality.

business review

New women recruits for underground mining – part of Black Wattle's ongoing commitment to South Africa's Employment Equity Act.

With our strong balance sheet and low gearing, we are well positioned to make further acquisitions in the South African mining sector.

Robert Corry, *Chairman of Black Wattle Colliery*

Review of the group's development and performance
The Chairman's Statement and the Mining Review on the preceding pages 2 to 9 give a comprehensive review and assessment of the group's activities during the past year and prospects for the forthcoming year.

Risk
Coal price risk: The group's mining operations earnings are largely dependent on developments in the coal price. It does have the flexibility in terms of markets where it can sell its coal: (a) domestically (to local industrial consumers and the power industry); (b) for export; or (c) to the ferrochrome smelters for a premium.

Coal washing: The group's mining operation's earnings are highly sensitive to coal washing, therefore a stoppage or disruption to the process could significantly impact earnings. However, there is scope to raise earnings substantially if the yield from the washing process is improved even marginally.

Mining Risk: The group's primary South African operation is an underground mine, and the fatality in 2005 highlights the potential risk in such an environment. Such incidents disrupt operations, and can slow or even stop production. In addition, as with many operations, the deposit being worked has the risk of not being what had been expected. In the case of the group's mining operations such risks could be an increase in the sulphur and/or phosphorous content of the coal, thus lowering its value.

Currency Risk: The group's South African operations are sensitive to currency movements, especially those between the South African Rand and the US Dollar.

New Reserves: The acquisition of additional reserves and new mining opportunities in South Africa are contingent on a number of factors outside of the group's control, e.g. conversion of new mining rights by the Department of Minerals and Energy.

We seek to balance the high risk of our mining operations with a dependable cash flow from our UK property investment operations. Fluctuations in property values, which are reflected in the Income Statement and Balance Sheet, are dependent on an annual valuation of commercial properties. During recent years healthy surpluses have been shown in the group's annual year end property valuations, but a fall or leveling off in UK commercial property could have a marked effect in profitability and the net asset value of the group. However, due to the long term nature of the leases, the effect on cash flows from property investment activities would remain stable.

Future development
The group seeks to expand its operations in South Africa through the acquisition of additional coal reserves.

Environment and employment
The group's UK activities are principally property investment whereby we provide premises which are rented to retail businesses. We seek to provide those tenants with good quality premises from which they can operate in an efficient and environmentally sound manner.

Our South African mining operations are regulated by and are operated in compliance with all relevant prevailing national and local legislation. Employment terms and conditions provided for mining staff meet or exceed the national average.

Performance indicators
The Key Performance Indicator for our South African mining activities is Earnings before Interest, Tax, Depreciation, and Amortisation (EBITDA) and Profit before Tax, as shown on page 3, paragraph 1 and page 17.

The Key Peformance Indicator for our UK property investment operations is the Net Property Valuation as show on page 33 note 10.

In 2006, we not only benefited from the strong international market, but also achieved record prices for our low phosphorous and domestic steam coal products.

Tom Kearney, *Commercial Director*

director's report

The directors submit their report together with the audited financial statements for the year ended 31 December 2006.

Activities during the year and business review
The company continues its mining and property investment activities. Income for the year was derived from sales of coal from its South African operations and property rental income.

The results for the year and state of affairs of the group and the company at 31 December 2006 are shown on pages 23 to 46 and the business review on pages 10 and 11.

Dividend
The directors recommend the payment of a dividend of 2.50p per share on the ordinary share capital for the year under review. The dividend will be payable on Monday 13 August 2007 to shareholders registered at the close of business on 23 July 2007.

Investment properties
The investment property portfolio is stated at its open market value of £17,270,000 at 31 December 2006, as valued by professional external valuers.

Financial instruments
Note 19 to the financial statements sets out the risks in respect of financial instruments. The board reviews and agrees overall treasury policies, delegating appropriate authority to the managing director. Financial instruments are used to manage the financial risks facing the group – speculative transactions are not permitted. Treasury operations are reported at each board meeting and are subject to weekly internal reporting.

Derivatives have been put in place, as required by its bankers, to reduce interest rate risk.

Directors
The directors of the company for the whole year were M A Heller, A R Heller, C A Joll, T M Kearney and J A Sibbald. The directors retiring by rotation are A R Heller, C A Joll and J A Sibbald who offer themselves for re-election.

Andrew Heller has been a director since 1998. He is a chartered accountant and has been employed by the group since 1994 under a contract of employment determinable at three months notice.

Christopher Joll has been a director since 2001 and has a contract of service determinable at three months notice. He holds a number of non-executive directorships of un-quoted companies. He is chairman of MJ2 Limited, a financial public relations company, which provides services to the group.

John Sibbald has been a director since 1988. He is a retired chartered accountant. Most of his career was in stockbroking in the City of London specialising in mining and international investment. He has a contract of service determinable at three months notice.

No director had any material interest in any contract or arrangement with the company during the year other than as shown in this report.

Directors' shareholdings
The interests of the directors in the shares of the company, including family and trustee holdings where appropriate, were as follows:

		Beneficial		Non-Beneficial
	31.12.2006	1.1.2006	31.12.2006	1.1.2006
M A Heller	146,666	146,666	181,334	181,334
A R Heller	772,000	772,000	-	-
C A Joll	5,000	5,000	-	-
T M Kearney	35,000	35,000	-	-
J A Sibbald	-	-	-	-

There have been no changes in the above shareholdings since 31 December 2006.

Details of the options to subscribe for new ordinary shares of the company granted to the directors are contained under "Share option schemes" in the remuneration report on page 19.

Substantial interests
The following have advised that they have an interest in 3 per cent or more of the issued share capital of the company as at 27 March 2007:

London & Associated Properties PLC - 4,355,752 shares representing 41.68 per cent of the issued capital. M A Heller is a director and shareholder of London & Associated Properties PLC.
M A Heller - 328,000 shares representing 3.14 per cent of the issued capital.
A R Heller - 772,000 share representing 7.39 per cent of the issued capital.
Neil Kirton - 382,000 shares representing 3.65 per cent of the issued capital.

Statement as to disclosure of information to auditors
The directors in office on 31 December 2006 have confirmed that they are aware there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Corporate governance
The company has adopted the Guidance for Smaller Quoted Companies published by the Quoted Companies Alliance (QCA)

The QCA provides guidance to companies outside the FTSE 350 index, referred to generally as SQCs. The QCA's guidance covers the implementation of the Combined Code on Corporate Governance for SQCs and the paragraphs below set out how the company has applied this guidance during the year. The company has complied with the QCA's guidance throughout the year.

Principles of corporate governance
The group's board appreciates the value of good corporate governance not only in the areas of accountability and risk management but also as a positive contribution to business prosperity. The board endeavours to apply corporate governance principles in a sensible and pragmatic fashion having regard to the individual circumstances of the group's business. The key objective is to enhance and prote

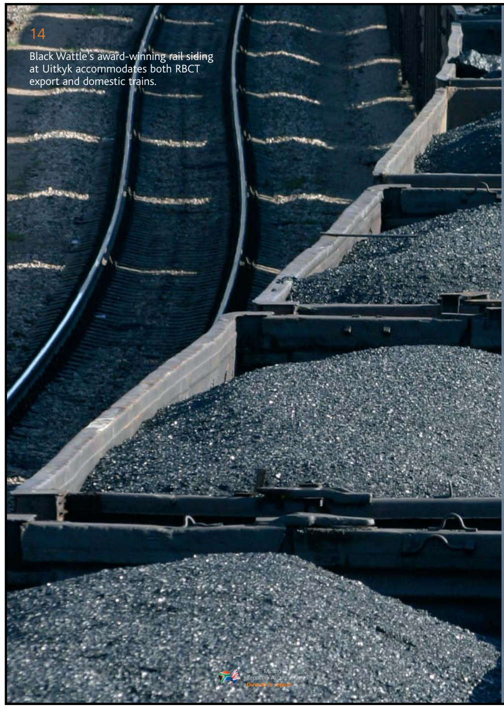
Board structure
During the year the board comprised the executive chairman, the managing director, one other executive director, and two non-executive directors. Their details appear on page 16.

The board is responsible to shareholders for the proper management of the group. A statement of directors' responsibilities in respect of the accounts is set out on page 21. The non-executive directors have a particular responsibility to ensure that the strategies proposed by the executive directors are fully considered. To enable the board to discharge its duties, all directors have full and timely access to all relevant information and there is a procedure for all directors, in furtherance of their duties, to take independent professional advice, if necessary, at the expense of the group. The board has a formal schedule of matters reserved to it and meets bi-monthly. It is responsible for overall group strategy, approval of major capital expenditure projects and consideration of significant financing matters.

The following committees, which have written terms of reference, deal with specific aspects of the group's affairs.

- The nomination committee is chaired by C A Joll and comprises the non-executive directors and the executive chairman. The committee is responsible for proposing candidates for appointment to the board, having regard to the balance and structure of the Board. In appropriate cases recruitment consultants are used to assist the process. All Directors to re-election at least every three years.

Black Wattle supplies low phosphorous coal to South African ferrochrome producers, steam coal to domestic industrial users, export quality thermal coal to the international market, and now, discard material to the South African power industry.



Black Wattle's award-winning rail siding at Uitkyk accommodates both RBCT export and domestic trains.

- The remuneration committee is responsible for making recommendations to the board on the company's framework of executive remuneration and its cost. The committee determines the contract terms, remuneration and other benefits for each of the executive directors, including performance related bonus schemes, pension rights and compensation payments. The board itself determines the remuneration of the non-executive directors. The committee comprises the non-executive directors. It is chaired by C A Joll. The report on directors' remuneration is set out on pages 18 and 19.
- The audit committee comprises the two non-executive directors and is chaired by C A Joll. Its prime tasks are to review the scope of external audit, to receive regular reports from PKF (UK) LLP and to review the half-yearly and annual accounts before they are presented to the board, focusing in particular on accounting policies and areas of management judgment and estimation. The committee is responsible for monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. The committee acts as a forum for discussion of internal control issues and contributes to the board's review of the effectiveness of the group's internal control and risk management systems and processes. The committee also considers the need for an internal audit function. It advises the board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature and scope of the audit with the external auditors. The committee, which meets formally at least once a year, provides a forum for reporting by the group's external auditors. Meetings are also attended, by invitation, by the managing director and group finance director.

The audit committee also undertakes a formal assessment of the auditors' independence each year which includes:

- a review of non-audit services provided to the group and related fees;
- discussion with the auditors of a written report detailing all relationships with the company and any other parties that could affect independence or the perception of independence;
- a review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
- obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

The audit committee report is set out on page 20.

An analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in note 4 to the financial statements.

Board and board committee meetings

The board held five regular meetings during 2006 which were attended by all directors.

The remuneration committee met twice with all members in attendance.

The audit committee met once with full attendance and with the auditors present prior to publication of the 2005 annual results. The members of the committee consulted informally prior to the publication of the 30 June 2006 half year's results which were approved by the full board.

The business of the nomination committee was dealt with by the full board and the committee had no formal meetings.

Assessment of directors' performance

The performance of the non-executive directors is assessed by the chairman and the managing director and is discussed with the senior independent director. Their recommendations are discussed at the nomination committee prior to proposals for re-election being recommended to the board. The performance of executive directors is discussed and assessed by the remuneration committee.

The directors will take outside advice in reviewing performance when they consider this necessary. The chairman and managing director have confirmed that they are satisfied with the commitment and performance of the non-executive directors.

Independent Directors

The senior independent non-executive director is Christopher Joll. The other independent non-executive director is John Sibbald.

MJ2 Limited is a company in which Christopher Joll is a minority shareholder and director. MJ2 provides financial public relations services to the company on an ad hoc basis in relation to specific transactions. John Sibbald has been a director for over nine years. For these reasons the criteria for independence set out in the Revised Combined Code are not entirely met. Despite this, the board considers that Mr Joll and Mr Sibbald are both independent.

The independent directors regularly meet prior to board meetings to discuss corporate governance issues.

Directors and officers liability insurance

The group maintains directors and officers liability insurance which is reviewed annually and is considered to be adequate.

Internal control

The directors are responsible for the group's system of internal control and reviewing its effectiveness.

The board has designed the group's system of internal control in order to provide the directors with reasonable assurance that its assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would be detected within a timely period. However, no system of internal control can eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss.

Communication with shareholders

Communication with shareholders is given a high priority. Extensive information about the group and its activities is given in the Annual Report and Accounts, and the Interim Report, which are sent to shareholders. Further information is available on the company's website, www.bisichi.co.uk. There is a regular dialogue with institutional investors. Enquiries from individuals on matters relating to their shareholdings and the business of the group are dealt with informatively and promptly.

Payment of suppliers

The company agrees terms of contracts when orders are placed. It is company policy that payments to suppliers are made in accordance with those terms, provided that suppliers also comply with all relevant terms and conditions. Trade creditors outstanding at the year end represented 8.32 days trade purchases (2005 - 5.31 days).

Disapplication of pre-emption rights

Shares allotted for cash must normally first be offered to shareholders in proportion to their existing shareholdings. The directors will, at the forthcoming Annual General Meeting of the company (Resolution 9), seek power to allot shares as if the pre-emption rights contained in Section 89(1) of the Companies Act 1985 did not apply up to a maximum of 10% of the company's issued share capital. The authority will expire at the earlier of the conclusion of the company's next annual general meeting and 15 months from the passing of Resolution 9.

Donations

No political or charitable donations were made during the year (2006: Nil).

Going concern

The directors confirm that they have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in the preparation of the financial statements.

Close company

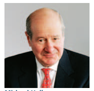
The company is not a close company as defined by the Income and Corporation Taxes Act 1988.

PKF (UK) LLP have expressed their willingness to continue in office as auditors. A proposal will be made at the annual general meeting for their re-appointment, and for their remuneration to be determined by the directors.

By order of the board
M C Stevens, Secretary

30-35 Pall Mall
London SW1Y 5LP
27 March 2007

Management team



Michael Heller
Chairman
Bisichi Mining PLC

Andrew Heller
Managing Director
Bisichi Mining PLC
and Black Wattle Colliery

Robert Corry
Chairman
Black Wattle Colliery

Tom Kearney
Commercial Director
Bisichi Mining PLC,
Director Black Wattle Colliery

Christopher A Joll
Senior Independent Director
Chairman, Audit and
Remuneration Committees

David Nkosi
Director
Black Wattle Colliery

Robert Grobler
General Manager
Black Wattle Colliery

Directors & advisers

* **Michael A Heller** MA, FCA *(Chairman)*

Andrew R Heller MA, ACA *(Managing Director)*

°† **Christopher A Joll** MA *(Non-executive)*
Christopher Joll was appointed a Director on 1 February 2001. He holds a number of non-executive directorships of un-quoted companies including Butler Kelly Ltd and The Room Ltd. He is chairman of MJ2 Limited, a financial public relations consultancy.

Thomas M Kearney MA *(Commercial Director)*

° **John A Sibbald** BL *(Non-executive)*
John Sibbald has been a Director since 1988. After qualifying as a Chartered Accountant he spent over 20 years in stockbroking, specialising in mining and international investment.

Secretary
Michael C Stevens FCA

Registered office
30-35 Pall Mall
London SW1Y 5LP

Black Wattle Colliery
Directors
Robert Corry *(Chairman)*
Andrew Heller
(Managing Director)
Tom Kearney
David Nkosi

General mine manager
Robert Grobler

Director of property
Mike J Dignan FRICS

Auditors
PKF (UK) LLP

Principal bankers
United Kingdom
Barclays Bank PLC
National Westminster
Bank PLC

South Africa
ABSA Bank (SA)
First National Bank (SA)
Standard Bank (SA)

Corporate solicitors
United Kingdom
Olswang, London

South Africa
Leppan Beech, *Johannesburg*
Routledge Modise Moss Morris,
Johannesburg
Tugendhaft Wapnick Banchetti
and Partners, *Johannesburg*

Stockbrokers
Numis Securities

Registrars and transfer office
Capita Registrars
The Registry
34 Beckenham Road
Beckenham,
Kent BR3 4TU

Telephone: 020 8650 4866
E-mail: ssd@capitaregistrars.com
Website: www.capitaregistrars.com

Company registration No
112155
(Incorporated in England and Wales)

Website
www.bisichi.co.uk

E-mail
admin@bisichi.co.uk

* Member of the nomination committee
† Senior independent director
° Member of the audit and nomination committees

five year financial summary

	2006 £000	2005 £000	2004 £000	2003+ £000	2002+ £000
Consolidated profit and loss account					
Revenue	**13,239**	13,485	11,548	8,781	5,310
Operating profit	**2,804**	4,664	4,385	1,885	785
Profit before tax	**2,614**	4,206	4,011	1,475	628
Consolidated balance sheet					
Intangible assets	**-**	-	-	47	132
Investment properties	**17,270**	15,625	14,990	13,060	11,360
Fixed asset investments	**3,028**	2,943	1,860	1,744	1,408
	20,298	18,568	16,850	14,851	12,900
Current asset investments	**700**	629	403	419	490
	20,998	19,197	17,253	15,270	13,390
Other assets less liabilities	**(4,509)**	(3,376)	(4,254)	(4,103)	(5,194)
Consolidated shareholders funds per balance sheet	**16,489**	15,821	12,999	11,167	8,196
Adjustment of current asset investments to market value	**-**	-	123	99	41
Consolidated shareholders funds*	**16,489**	15,821	13,122	11,266	8,237
Net assets per ordinary share*	**157.8p**	151.4p	125.6p	107.8p	78.8p
Dividend per share	**2.50p**	2.25p	2.00p	1.80p	1.50p

* Based on net assets including the investment portfolio at market value.
\+ Based on UK GAAP figures.

financial calendar

4 June 2007	Annual General Meeting
13 August 2007	Payment of final dividend for 2006 (if approved)
September 2007	Announcement of interim results to 30 June 2007
Late March 2008	Announcement of results for the year ending 31 December 2007

Remuneration report

The remuneration committee is pleased to present its report for the year ended 31 December 2006.
The remuneration committee is a formally constituted committee and is comprised exclusively of non-executive directors. The members of the committee are Christopher Joll (chairman) and John Sibbald.

Remuneration policy for executive directors and non-executive directors
The principal function of the remuneration committee is to determine, on behalf of the board, the remuneration and other benefits of the executive directors and senior executives, including pensions, share options and service contracts. The company's policy is to ensure that the executive directors are rewarded competitively in relation to other companies in order to retain and motivate them. The emoluments of each executive director comprises basic salary, a bonus at the discretion of the remuneration committee, provision of a car, premiums paid in respect of individual defined contribution pension arrangements, health insurance premium and share options.

The remuneration of non-executive directors is determined by the board, and takes into account additional remuneration for services outside the scope of the ordinary duties of non-executive directors. No pension costs are incurred on behalf of non-executive directors and they do not participate in the share option schemes.

Service and employment contracts
All executive directors have full time contracts of employment with the company. Non-executive directors have contracts of service. No director has a contract of employment or contract of service with the company, its joint venture or associated companies with a fixed term which exceeds twelve months. All directors' contracts, as amended from time to time, have run from the date of appointment. Details of the directors standing for re-election are given under 'Directors' in the directors' report.

The policy is not to grant employment contracts or contracts of service in excess of six months and there are no provisions for termination payments. A summary of terms of service and employment is as follows:

	Start date of contract	Unexpired term	Notice period
Executive directors			
M A Heller	November 1972	Continuous	6 months
A R Heller	January 1994	Continuous	3 months
T M Kearney	November 2003	Continuous	3 months
Non-executive directors			
C A Joll	February 2001	Continuous	3 months
J A Sibbald	October 1988	Continuous	3 months

The following information has been audited:

Directors' remuneration

	Salaries and fees £000	Bonus £000	Pensions £000	Benefits £000	**2006 Total £000**	2005 Total £000
Executive directors						
M A Heller	75	-	-	-	**75**	75
A R Heller	300	100	27	35	**462**	413
T M Kearney	165	50	21	2	**238**	192
	540	150	48	37	**775**	680
Non-executive directors						
C A Joll	20	-	-	-	**20**	20
J A Sibbald	2	-	-	2	**4**	4
	22	-	-	2	**24**	24
Total remuneration for directors' services during the year					**799**	704

Remuneration report *continued*

Pension schemes and incentives
Two (2005 - two) directors have benefits under money purchase pension schemes. Contributions in 2006 were £48,000 (2005-£37,000), see table above. Directors are not entitled to benefits under any bonus or incentive schemes apart from the share option schemes, details of which are set out below. Bonuses are awarded by the remuneration committee when merited. Performance bonuses were awarded by the remuneration committee to two executive directors during 2006 (2005:2).

Share option schemes
The company has three "Unapproved" Share Option Schemes which are not subject to HM Revenue and Customs (HMRC) approval. The "First Scheme" was approved by shareholders on 15 June 1999. The "Second Scheme" was approved by shareholders on 23 June 2005, options having been provisionally granted under it on 23 September 2004, and the "2006 Scheme" was approved by shareholders on 29 June 2006. All available options under the three schemes have been granted.

	Option price*	Number of share options 1 January 2006	Granted in 2006	31 December 2006	Exercisable from	to
First Scheme						
A R Heller	34p	233,000	-	233,000	30/9/2005	29/9/2012
Employee	34p	80,000	-	80,000	30/9/2005	29/9/2012
Second Scheme						
A R Heller	149p	80,000	-	80,000	23/9/2007	22/9/2014
T M Kearney	149p	120,000	-	120,000	23/9/2007	22/9/2014
The 2006 Scheme						
A R Heller	237.5p	-	275,000	275,000	4/10/2009	3/10/2016
T M Kearney	237.5p	-	275,000	275,000	4/10/2009	3/10/2016
Employee	237.5p	-	50,000	50,000	4/10/2009	3/10/2016

*Middle market price at date of issue

The exercise of options under the Unapproved Share Option Schemes is subject to the satisfaction of objective performance conditions specified by the remuneration committee, which will conform to institutional shareholder guidelines and best practice provisions in force from time to time. The remuneration committee has not yet set these guidelines for the first scheme and the 2006 scheme. The performance conditions for the second scheme, agreed by members on 23 June 2005, requires growth in net assets over a three year period to exceed the growth of the retail prices index by a scale of percentages.

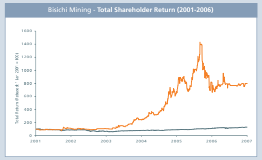
The middle market price of Bisichi Mining PLC ordinary shares at 31 December 2006 was 242.5p (2005-247.5p).

During the year the share price ranged between 202.5p and 292.5p.

The following information is unaudited:
The board's policy is to grant options to executive directors, managers and staff at appropriate times to provide them with an interest in the longer term development of the group.

The following graph illustrates the company's performance compared with a broad equity market index over a five year period. Performance is measured by total shareholder return. The directors have chosen the FTSE All Share - Total Return Index as a suitable index for this comparison as it gives an indication of performance against a large spread of quoted companies.

Bisichi Mining - Total Shareholder Return (2001-2006)



C A Joll
Chairman - remuneration committee

30-35 Pall Mall
London SW1Y 5LP
26 March 2007

Audit committee report

The committee's terms of reference have been approved by the board and follow published guidelines.

The audit committee comprises the two non-executive directors and is chaired by Christopher Joll, an experienced financial PR executive, and John Sibbald, a retired chartered accountant.

The Audit Committee's prime tasks are to:

Review the scope of external audit, to receive regular reports from PKF (UK) LLP and to review the half-yearly and annual accounts before they are presented to the board, focusing in particular on accounting policies and areas of management judgment and estimation;
Monitor the controls which are in force to ensure the integrity of the information reported to the shareholders;
Act as a forum for discussion of internal control issues and contribute to the board's review of the effectiveness of the group's internal control and risk management systems and processes;
Consider each year the need for an internal audit function;
Advise the board on the appointment of external auditors and rotation of the audit partner every five years, and on their remuneration for both audit and non-audit work, and discuss the nature and scope of their audit work.
Undertake a formal assessment of the auditors' independence each year which includes:

- a review of non-audit services provided to the group and related fees;
- discussion with the auditors of a written report detailing all relationships with the company and any other parties that could affect independence or the perception of independence;
- a review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
- obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

Meetings
The committee meets annually following the external audit and prior to the publication of the annual results. This meeting is attended by the external audit partner, managing director, director of finance and company secretary. Prior to bi-monthly board meetings the members of the committee meet on an informal basis to discuss any relevant matters which may have arisen. Additional formal meetings are held as necessary.

During the past year the committee:

Met with the external auditors, and discussed their report to the Audit Committee.

Approved the publication of annual and interim financial results;

Considered and approved the annual review of internal controls;

Decided that there was no current need for an internal audit function;

Agreed the independence of the auditors and approved their fees for both audit and non-audit services as set out in note 4 to the financial statements.

External Auditors
PKF (UK) LLP held office throughout the year. In the United Kingdom the company is provided with extensive administration and accounting services by London & Associated Properties plc which has its own audit committee and employs a separate firm of external auditors, Baker Tilly UK Audit LLP. In South Africa PKF Johannesburg is the external auditor to the South African companies.

C A Joll
Chairman - audit committee

30-35 Pall Mall
London SW1Y 5LP
26 March 2007

Directors' responsibility statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. They are also responsible for ensuring that the annual report includes information required by the Listing Rules of the Financial Services Authority.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the parent company financial statements in accordance with Unitied Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Valuers' certificates

To the directors of Bisichi Mining PLC
In accordance with your instructions we have carried out a valuation of the freehold and leasehold property interests held as at 31 December 2006 by the company as detailed in our Valuation Report dated 20 March 2007.

Having regard to the foregoing, we are of the opinion that the open market value as at 31 December 2006 of the interests owned by the Company was £13,470,000, being made up as follows:

	£000
Freehold	**13,470**
	13,470

London
20 March 2007

Allsop LLP
Chartered Surveyors

To the directors of Bisichi Mining PLC
In accordance with your instructions we have carried out a valuation of the freehold and leasehold property interests held as at 31 December 2006 by the company as detailed in our Valuation Report dated 22 February 2007.

Having regard to the foregoing, we are of the opinion that the open market value as at 31 December 2006 of the interests owned by the Company was £3,800,000, being made up as follows:

	£000
Leasehold	**3,800**
	3,800

Leeds
22 February 2007

Towlers
Chartered Surveyors

Independent Auditors' report

to the members of Bisichi Mining PLC

We have audited the group and parent company financial statements ('the financial statements') of Bisichi Mining PLC for the year ended 31 December 2006 which comprise the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in shareholders' equity, the consolidated cash flow statement, the company balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the directors' remuneration report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report, the directors' remuneration report and the financial statements in accordance with applicable law and for preparing the group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and the parent company financial statements in accordance with United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the directors' responsibility statement.

Our responsibility is to audit the financial statements and the part of the directors' remuneration report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985 and whether in addition, the group financial statements have been properly prepared in accordance with Article 4 of the IAS regulation. We also report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements. The information in the directors' report includes that specific information presented in the Chairman's Statement and the Mining Review that is cross referenced from the business review section of the directors' report. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the corporate governance statement reflects the company's compliance with the nine provisions of the 2003 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the unaudited part of the directors remuneration report, the Chairman's statement, the Mining Review, the Audit Committee report and the Valuers' certificates. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the directors' remuneration report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the directors' remuneration report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the directors' remuneration report to be audited.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 December 2006 and of its profit for the year then ended;
- the group financial statements have been properly prepared in accordance with article 4 of the IAS regulation;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 December 2006;
- the financial statements and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

PKF (UK) LLP
Registered auditors
London, UK

20 April 2007

Consolidated income statement

for the year ended 31 December 2006

	Notes	2006 £000	2005 £000
Group revenue	1	**13,239**	13,485
Operating costs		**(12,346)**	(12,037)
Operating profit before adjustments	1	**893**	1,448
Increase in value of investment properties	2	**1,643**	2,393
Gains on held for trading investments		**81**	177
Exceptional items	3	**12**	124
Share of profit in joint ventures	13	**175**	522
Operating profit	1	**2,804**	4,664
Interest receivable		**232**	76
Interest payable	6	**(422)**	(534)
Profit before taxation	4	**2,614**	4,206
Income tax expense	7	**(489)**	(687)
Profit for the year		**2,125**	3,519
Attributable to:			
Equity holders of the company		**2,125**	3,256
Minority interest		**-**	263
Profit for the year		**2,125**	3,519
Earnings per share - basic	9	20.33p	31.15p
Earnings per share - diluted	9	19.68p	30.19p

Consolidated balance sheet

for the year ended 31 December 2006

	Notes	2006 £000	2005 £000
Assets			
Non current assets			
Value of investment properties attributable to the group	10	**17,270**	15,625
Fair value of head leases		**146**	153
Property		**17,416**	15,778
Reserves, plant and equipment	11	**5,415**	5,604
Investments in joint ventures	12	**2,637**	2,519
Other investments	12	**391**	424
Deferred tax assets	20	**234**	241
Total non current assets		**26,093**	24,566
Current assets			
Inventories		**56**	124
Trade and other receivables	15	**2,056**	4,578
Held for trading investments	16	**700**	629
Interest derivative		**53**	36
Cash and cash equivalents		**3,275**	488
Total current assets		**6,140**	5,855
Total assets		**32,233**	30,421
Liabilities			
Current liabilities			
Borrowings	18	**(3,302)**	(2,382)
Trade and other payables	17	**(5,887)**	(4,432)
Current tax liabilities		**(33)**	(91)
Total current liabilities		**(9,222)**	(6,905)
Non current liabilities			
Borrowings	18	**(3,402)**	(4,368)
Finance lease liabilities		**(146)**	(153)
Deferred tax liabilities	20	**(2,974)**	(2,582)
Total non current liabilities		**(6,522)**	**(7,103)**
Total liabilities		**(15,744)**	(14,008)
Net assets		**16,489**	16,413
Equity			
Share capital	21	**1,045**	1,045
Translation reserve		**(1,241)**	56
Other reserves		**189**	114
Retained earnings		**16,496**	14,606
Total equity attributable to equity shareholders		**16,489**	15,821
Minority interest		**-**	592
Total equity		**16,489**	16,413

These financial statements were approved and authorised for issue by the board of directors on 26 March 2007 and signed on its behalf by:

M A Heller
Director

A R Heller
Director

Consolidated statement of changes in Shareholder Equity

for the year ended 31 December 2006

	Share capital £000	Translation reserves £000	Other reserves £000	Retained earnings £000	Total £000	Minority interest £000	Total equity £000
Balance at 1 January 2005	1,045	141	91	11,559	12,836	334	13,170
Revaluation of investment property	-	-	-	2,393	2,393	-	2,393
Movement on fair value of derivatives	-	-	-	(58)	(58)	-	(58)
Other income statement movements	-	-	-	921	921	263	1,184
Profit for the year	-	-	-	3,256	3,256	263	3,519
Exchange adjustment	-	(85)	-	-	(85)	(5)	(90)
Total recognised income and expense for the year	-	(85)	-	3,256	3,171	258	3,429
Dividend	-	-	-	(209)	(209)	-	(209)
Equity share options	-	-	23	-	23	-	23
Balance at 31 December 2005	**1,045**	**56**	**114**	**14,606**	**15,821**	**592**	**16,413**
Revaluation of investment property	-	-	-	1,643	1,643	-	1,643
Movement on fair value of derivatives	-	-	-	17	17	-	17
Other income statement movements	-	-	-	465	465	-	465
Profit for the year	-	-	-	2,125	2,125	-	2,125
Exchange adjustment	-	(1,297)	-	-	(1,297)	-	(1,297)
Total recognised income and expense for the year	-	(1,297)	-	2,125	828	-	828
Dividend	-	-	-	(235)	(235)	-	(235)
Cancellation of minority interest	-	-	-	-	-	(592)	(592)
Equity share options	-	-	75	-	75	-	75
Balance at 31 December 2006	**1,045**	**(1,241)**	**189**	**16,496**	**16,489**	**-**	**16,489**

Consolidated cash flow statement

for the year ended 31 December 2006

	2006 £000	2005 £000
Cash flows from operating activities		
Operating profit	**2,804**	4,664
Adjustments for:		
Depreciation charges	**933**	807
Share based payment expense	**75**	23
Unrealised gain on investment held for trading	**(81)**	(177)
Unrealised gain on investment properties	**(1,643)**	(2,393)
Share of profit of joint ventures	**(175)**	(522)
Hedging	**-**	82
Cash flow before working capital	**1,913**	2,484
Change in inventories	**57**	(89)
Change in trade and other receivables	**1,780**	(753)
Change in trade and other payables	**(382)**	750
Change in provisions	**38**	(136)
Acquisitions of held for trading investments	**-**	(24)
Proceeds from held from trading investments	**10**	99
Cash generated from operations	**3,416**	2,331
Interest received	**232**	76
Interest paid	**(422)**	(534)
Income tax paid	**28**	(331)
Cash flows from operating activities	**3,254**	1,542
Cash flows from investing activities		
Proceeds from sale of investment properties, reserves, plant and equipment	**19**	482
Acquisition of reserves, plant and equipment	**(1,893)**	(1,348)
Acquisition of investments	**(10)**	(41)
Cash flows from investing activities	**(1,884)**	(907)
Cash flows from financing activities		
Borrowings drawn	**1,380**	23
Borrowings repaid	**(498)**	(1,927)
Equity dividends paid	**(235)**	(209)
Cash flows from financing activities	**647**	(2,113)
Net increase (decrease) in cash and cash equivalents	**2,017**	(1,478)
Cash and cash equivalents at 1 January	**(969)**	507
Exchange adjustment	**(70)**	2
Cash and cash equivalents at 31 December	**978**	(969)

Group accounting policies

for the year ended 31 December 2006

Basis of Accounting
The results for the year ended 31 December 2006 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The principal accounting policies are described below:

Basis of Consolidation
The group accounts incorporate the accounts of Bisichi Mining Plc and all of its subsidiary undertakings, together with the group's share of the results of its joint ventures and associates.

Business Combinations
Bisichi has elected not to apply IFRS 3 retrospectively to business combinations that took place before the transition date of 1 January 2004.

Revenue
Revenue comprises sales of coal and property rental income. Revenue is recognised when delivery of the product or service has been made and when the customer has a legally binding obligation to settle under the terms of the contract and has assumed all significant risks and rewards of ownership.

Revenue is only recognised on individual sales when all of the significant risks and rewards of ownership have been transferred to a third party. In most instances revenue is recognised when the product is delivered to the location specified by the customer, which is typically when loaded into transport, where the customer pays the transportation costs.

Rental income is recognised in the group income statement on a straight-line basis over the term of the lease.

Investment properties
Investment properties comprise freehold and long leasehold land and buildings. Investment properties are carried at fair value in accordance with IAS 40 'Investment Properties'. Properties are recognised as investment properties when held for long-term rental yields, and after consideration has been given to a number of factors including length of lease, quality of tenant and covenant, value of lease, management intention for future use of property, planning consents and percentage of property leased. Investment properties are revalued annually by professional external surveyors and included in the balance sheet at their fair value. Gains or losses arising from changes in the fair values of assets are recognised in the consolidated income statement in the period to which they relate. In accordance with IAS 40, investment properties are not depreciated. Properties held for use in the business or in the course of restoration, renovation or held for development or sale, are not recognised as investment properties and are held at depreciated historical cost.

Property , plant and equipment
The cost of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in accordance with agreed specifications. Freehold land is not depreciated. Other property, plant and equipment is stated at historical cost less accumulated depreciation.

Mine development
The purpose of mine development is to establish secure working conditions and infrastructure to allow the safe and efficient extraction of recoverable reserves. Depreciation on mine development is not charged until production commences or the assets are put to use. On commencement of full production, depreciation is charged over the life of the mine on a straight-line basis.

Surface mine development
Expenditure incurred prior to the commencement of working surface mine sites, net of any residual value and taking into account the likelihood of the site being mined, is capitalised within property, plant and equipment and charged to the income statement over the life of the recoverable reserves of the scheme.

Other assets
The cost, less estimated residual value, of other property, plant and equipment is written off on a straight-line basis over the asset's expected useful life. Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Changes to the estimated residual values or useful lives are accounted for prospectively. Heavy surface mining and other plant and equipment is depreciated at varying rates depending upon its expected usage.

The depreciation rates generally applied are:

Mining equipment	The shorter of its useful life or the life of the mine
Mining reserves	Over the expected life of the reserves
Motor vehicles	25-33 per cent per annum
Office equipment	10-33 per cent per annum

Group accounting policies *continued*

for the year ended 31 December 2006

Employee benefits

Share based remuneration
The group operates a long-term incentive plan and share option scheme. The fair value of the conditional awards of shares granted under the long-term incentive plan and the options granted under the share option scheme are determined at the date of grant. This fair value is then expensed on a straight-line basis over the vesting period, based on an estimate of the number of shares that will eventually vest. At each reporting date, the fair value of the non-market based performance criteria of the long-term incentive plan is recalculated and the expense is revised. In respect of the share option scheme, the fair value of options granted is calculated using a binomial method. Details of the share options in issue are disclosed in the Directors Remuneration Report.

Pensions
The group operates a defined contribution pension scheme. The contributions payable to the scheme are expensed in the period to which they relate.

Foreign currencies
Monetary assets and liabilities are translated at year end exchange rates and the resulting exchange rate differences are included in the consolidated income statement, within the results of operating activities if arising from trading activities and within finance cost/income if arising from financing.

For consolidation purposes, income and expense items are included in the consolidated income statement at average rates, and assets and liabilities are translated at year end exchange rates. Translation differences arising on consolidation are taken directly to reserves. Where foreign operations are disposed of, the cumulative exchange differences of that foreign operation are recognised in the consolidated income statement when the gain or loss on disposal is recognised.

Financial Instruments

Bank loans and overdrafts
Bank loans and overdrafts are included as financial liabilities on the group balance sheet at the amounts drawn on the particular facilities. Interest payable on those facilities is expensed as a finance cost in the period to which it relates.

Finance lease liabilities
Finance lease liabilities arise for those investment properties held under a leasehold interest and accounted for as investment property. The liability is initially calculated as the present value of the minimum lease payments, reducing in subsequent reporting periods by the apportionment of payments to the lessor.

Interest rate derivatives
The group uses derivative financial instruments to manage the interest rate risk associated with the financing of the group's business. No trading in such financial instruments is undertaken.

At each reporting date, these interest rate derivatives are recognised at fair value, being the estimated amount that the group would receive or pay to terminate the agreement at the balance sheet date, taking into account current interest rates and the current credit rating of the counterparties. The gain or loss at each fair value remeasurement is recognised immediately in the income statement.

Held for trading investments
Financial assets/liabilities held for trading or short-term gain are measured at fair value and movements in fair value are charged/credited to the income statement in the period.

Trade receivables
Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated recoverable amounts.

Trade payables
Trade payables are not interest bearing and are stated at their nominal value.

Group accounting policies *continued*

for the year ended 31 December 2006

Joint ventures
Investments in joint ventures, being those entities over whose activities the group has joint control, as established by contractual agreement, are included at cost together with the group's share of post acquisition reserves, on an equity basis.

Other investments
Other investments, being investments not held for trading, are held at cost less any provision for a diminution in value as appropriate.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and overheads relevant to the stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Deferred Tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the tax computations, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. In respect of the deferred tax on the revaluation surplus, this is calculated on the basis of the chargeable gains that would crystallise on the sale of the investment portfolio as at the reporting date. The calculation takes account of indexation on the historical cost of the properties and any available capital losses.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the group income statement, except when it relates to items charged or credited directly to equity, in which case it is also dealt with in equity.

Dividends
Dividends payable on the ordinary share capital are recognised as a liability in the period in which they are approved.

Cash and cash equivalents
Cash comprises cash in hand and on-demand deposits. Cash equivalents comprises short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the financial statements

for the year ended 31 December 2006

1. Segmental reporting

Business analysis (primary segment)	2006 Mining £000	Property £000	Other £000	**Total** **£000**
Segment revenue	12,138	1,064	37	**13,239**
Operating profit before adjustments	534	350	9	**893**
Revaluation of investments	-	1,643	81	**1,724**
Exceptional items	-	12	-	**12**
Share of (loss) profit of joint ventures	(18)	193	-	**175**
Operating profit and segment result	**516**	**2,198**	**90**	**2,804**
Segment assets	7,750	17,980	883	**26,613**
Segment liabilities	(2,804)	(4,058)	(57)	**(6,919)**
Borrowings	(409)	(3,998)	-	**(4,407)**
	4,537	**9,924**	**826**	**15,287**
Unallocated assets				**1,202**
Net assets				**16,489**
Depreciation	898	-	35	**933**
Capital expenditure	1,879	2	12	**1,893**

Geographic analysis (secondary segment)	United Kingdom	South Africa	Other	Unallocated	**Total**
Segment revenue	1,101	12,138	-	-	**13,239**
Operating profit and segment result	2,269	535	-	-	**2,804**
Segment assets	10,774	4,489	24	1,202	**16,489**
Capital expenditure	14	1,879	-	-	**1,893**

Business analysis (primary segment)	2005 Mining £000	Property £000	Other £000	**Total** **£000**
Segment revenue	12,278	1,086	121	**13,485**
Operating profit before adjustments	1,008	436	4	**1,448**
Revaluation of investments	-	2,393	177	**2,570**
Exceptional item	-	124	-	**124**
Share of profit of joint ventures	58	464	-	**522**
Operating profit and segment result	**1,066**	**3,417**	**181**	**4,664**
Segment assets	8,828	17,490	838	**27,156**
Segment liabilities	(2,039)	(3,540)	(55)	**(5,634)**
Borrowings	(1,095)	(4,198)	-	**(5,293)**
	5,694	**9,752**	**783**	**16,229**
Unallocated assets				**184**
Net assets				**16,413**
Depreciation	777	-	30	**807**
Capital expenditure	1,288	42	129	**1,459**

Notes to the financial statements *continued*

for the year ended 31 December 2006

1. Segmental reporting continued

Geographic analysis (secondary segment)	United Kingdom	South Africa	Other	Unallocated	**Total**
Segment revenue	1,207	12,278	-	-	**13,485**
Operating profit and segment result	3,657	1,007	-	-	**4,664**
Segment assets	10,559	5,646	24	184	**16,413**
Capital expenditure	171	1,288	-	-	**1,459**

2. Gains on revaluation and sale of investment properties

The reconciliation of the investment surplus to the gain on revaluation of investment properties in the income statement is set out below:

	2006 **£000**	2005 £000
Income statement gain on revaluation and sale of investment properties Gain on sale of investment properties - realised	**-**	412
Gains on revaluation of investment properties - unrealised	**1,643**	2,393
Valuation movement in respect of head lease payments	**8**	5
Sale of properties with headlease payments	**(270)**	(195)
Investment surplus	**1,381**	2,615

3. Exceptional items

	2006 **£000**	2005 £000
Gain on sale of investment properties	**12**	412
Costs in relation to suspended fund raising	**-**	(288)
	12	124

4. Profit on ordinary activities before taxation

Profit on ordinary activities is arrived at after charging:

	2006 **£000**	2005 £000
Staff costs (see note 25)	**3,591**	3,272
Depreciation	**933**	807
Fees payable to the company's auditor for the audit of the company's annual accounts	**23**	24
Fees payable to the company's auditor and its associates for other services		
The audit of the company's subsidiaries, pursuant to legislation	**19**	14
Tax services	**5**	1
Corporate finance transaction advice	**-**	46
Other services	**21**	1

The directors consider the auditors were best placed to provide the above non-audit services.
The audit committee reviews the nature and extent of non-audit services to ensure that independence is maintained.

Notes to the financial statements *continued*

for the year ended 31 December 2006

5. Directors' emoluments

The emoluments of the directors are shown in the Directors' Remuneration Report.

6. Interest payable

	2006 **£000**	2005 £000
On bank overdrafts and bank loans	**415**	511
On other loans	**5**	14
Other interest payable	**2**	9
Interest payable	**422**	534

7. Taxation

(a) Based on the results for the year:	**2006** **£000**	2005 £000
Corporation tax at 30% (2005: 30%)	**(46)**	152
Adjustment in respect of prior years - UK	**143**	(1)
Current tax	**97**	151
Deferred tax	**392**	536
Total tax in income statement	**489**	687

(b) Factors affecting tax charge for the year
The corporation tax assessed for the year is different from that at the standard rate of corporation tax in the United Kingdom of 30% (2005: 30%)

The differences are explained below:

	2006 **£000**	2005 £000
Profit on ordinary activities before taxation	**2,614**	4,206
Tax on profit on ordinary activities at 30%	**784**	1,262
Effects of:		
Expenses not deductible for tax purposes	**28**	9
Capital allowances for the year in excess of depreciation	**(10)**	(2)
Capital gains in excess of profit on disposal	**(181)**	(294)
Other differences	**(4)**	(17)
Loss relief	**(272)**	(237)
Adjustment to smaller companies rates	**1**	(12)
Adjustment in respect of prior years	**143**	(22)
Total tax	**489**	687

Factors that may affect future tax charges:
Based on current capital expenditure plans, the group expects to continue to be able to claim capital allowances in excess of depreciation in future years.

Notes to the financial statements *continued*

for the year ended 31 December 2006

8. Dividends paid

	2006 **Per share**	**£000**	2005 Per share	£000
Prior period final dividend	**2.50 p**	**261**	2.25 p	235

A final dividend in respect of 2006 of 2.50p (2005: 2.25p) per share amounting to a total of £261,000 (2005: £235,000) is proposed by the board. The dividend proposed is not accounted for until it has been approved at the Annual General Meeting. The amount will be accounted for as an appropriation of revenue reserves in the year ending 31 December 2007.

9. Earnings and diluted earnings per share

Both the basic and diluted earnings per share calculations are based on a profit of £2,125,000 (2005: £3,256,000). The basic earnings per share have been calculated on 10,451,506 (2005: 10,451,506) ordinary shares being in issue during the period. The diluted earnings per share have been calculated on the number of shares in issue of 10,451,506 (2005: 10,451,506) plus the dilutive potential ordinary shares arising from share options of 347,466 (2005: 334,746) totalling 10,798,972 (2005: 10,786,252).

10. Investment properties

	Freehold £000	Long leasehold £000	**Total** **£000**
Valuation at 1 January 2006	12,125	3,500	**15,625**
Additions	-	2	**2**
Revaluation	1,345	298	**1,643**
Valuation at 31 December 2006	13,470	3,800	**17,270**
Historical cost			
At 31 December 2006	4,610	728	**5,338**
At 31 December 2005	4,610	726	**5,336**

Long leasehold properties are those for which the unexpired term at the balance sheet date is not less than 50 years. All investment properties are held for use in operating leases and all properties generated rental income during the period.

Freehold and Long Leasehold properties were externally professionally valued at 31 December 2006 on an open market basis by:

	£'000
Allsop LLP, Chartered Surveyors	**13,470**
Towlers, Chartered Surveyors	**3,800**
	17,270

The valuations were carried out in accordance with the Statements of Asset Valuation and Guidance Notes published by the Royal Institution of Chartered Surveyors.

11. Reserves, plant and equipment

	Mining Reserves £000	Mining equipment £000	Motor vehicles £000	Office equipment £000	**Total £000**
Cost at 1 January 2006	2,513	6,330	745	51	**9,639**
Exchange adjustment	(555)	(1,284)	(117)	(5)	**(1,961)**
Additions	18	1,860	-	13	**1,891**
Disposals	-	-	(66)	-	**(66)**
Cost at 31 December 2006	1,976	6,906	562	59	**9,503**
Accumulated depreciation at 1 January 2006	1,199	2,410	383	43	**4,035**
Exchange adjustment	(259)	(501)	(68)	(5)	**(833)**
Charge for the year	187	660	82	4	**933**
Disposals in year	-	-	(47)	-	**(47)**
Accumulated depreciation at 31 December 2006	1,127	2,569	350	42	**4,088**
Net book value at 31 December 2006	849	4,337	212	17	**5,415**
Cost at 1 January 2005	2,536	5,113	613	45	**8,307**
Exchange adjustment	(26)	(53)	(6)	-	**(85)**
Additions	3	1,270	138	6	**1,417**
Cost at 31 December 2005	2,513	6,330	745	51	**9,639**
Accumulated depreciation at 1 January 2005	991	1,932	297	41	**3,261**
Exchange adjustment	(10)	(20)	(3)	-	**(33)**
Charge for the year	218	498	89	2	**807**
Accumulated depreciation at 31 December 2005	1,199	2,410	383	43	**4,035**
Net book value at 31 December 2005	1,314	3,920	362	8	**5,604**

12. Investments held as non-current assets

	2006		2005	
	Joint ventures Assets £000	Other £000	Joint ventures Assets £000	Other £000
At 1 January	1,951	637	1,476	597
Additions			(47)	41
Exchange adjustment	-	(33)	-	(1)
Share of revaluation reserve of joint venture	105	-	352	-
Share of retained profit of joint ventures	70	-	170	-
Net assets at 31 December	**2,126**	**604**	**1,951**	**637**
At 1 January	568	-	-	-
Loan to joint venture	(57)	-	568	-
At 31 December	**511**	**-**	**568**	**-**
At 31 December	**2,637**	**604**	**2,519**	**637**
Provision for diminution in value				
As at 1 January and 31 December	**-**	**(213)**	**-**	**(213)**
Net book value at 31 December	**2,637**	**391**	**2,519**	**424**

12. Investments held as non-current assets continued

Included in other investments are:	**2006 £000**	2005 £000
Net book value of investments listed on overseas Stock Exchanges	**143**	143
Market value of the overseas listed investments	**16**	17

The directors, having conducted a detailed review of the investments held, do not consider that there has been an impairment in their value.

13. Joint ventures

The company owns 50% of the issued share capital of Dragon Retail Properties Limited, an unlisted property investment company. The remaining 50% is held by London & Associated Properties PLC.

Dragon Retail Properties Limited is incorporated in Great Britain. It has issued share capital of £500,000 (2005: £500,000) ordinary shares of £1 each.

The company owns 45% of the issued share capital of Ninghi Marketing Limited, an unlisted coal trading company. The company is incorporated in Great Britain. It has issued share capital of £101 (2005: £101) ordinary shares of £1 each.

The company owns 49% of the issued share capital of Ezimbokodweni Mining (pty) Limited, and unlisted coal production company.

The company is incorporated in South Africa. It has issued share capital of ZAR100 (2005: ZAR 100) ordinary shares of ZAR1 each.

	Ezimbokodweni 49%	Dragon 50% £000	Ninghi 45% £000	**2006 £000**	2005 £000
Turnover	-	127	3,381	**3,508**	4,430
Profit and loss					
Profit (loss) before tax	-	216	(35)	**181**	726
Taxation	-	(23)	17	**(6)**	(204)
Profit (loss) after taxation	-	193	(18)	**175**	522
Balance sheet					
Non-current assets	568	2,034	-	**2,602**	2,469
Current assets	-	1,780	90	**1,870**	1,624
Current liabilities	(568)	(120)	(52)	**(740)**	(876)
Non-current liabilities	-	(1,606)	-	**(1,606)**	(1,266)
Share of net assets at 31 December	-	2,088	38	**2,126**	1,951

14. Subsidiary companies

The company owns the following ordinary share capital of the principal subsidiaries which are included within the consolidated financial statements:

	Activity	Percentage of share capital	Country of incorporation
Mineral Products Limited	Share dealing	100.0%	Great Britain
Black Wattle Colliery (pty) Limited	Coal mining	100.0%	South Africa
Bisichi Coal Mining (pty) Limited	Coal mining	100.0%	South Africa
Bisichi Mining (Exploration) Limited	Holding company	100.0%	Great Britain

15. Trade and other receivables

	2006 £000	2005 £000
Amounts falling due within one year:		
Trade receivables	**1,458**	2,037
Other receivables	**516**	2,507
Prepayments and accrued income	**56**	34
Corporation tax recoverable	**26**	-
	2,056	4,578

16. Held for trading investments

	2006 £000	2005 £000
Market value of Listed Investments:		
Listed in Great Britain	**663**	580
Listed outside Great Britain	**37**	49
	700	629
Original cost of Listed Investments	**430**	433
Unrealised surplus of market value over cost	**270**	196

17. Trade and other payables

	2006 £000	2005 £000
Trade payables	**571**	700
Joint venture	**1,641**	1,524
Other payables	**567**	459
Accruals and deferred income	**3,108**	1,749
	5,887	4,432

18. Financial liabilities - borrowings

	Current		**Non-current**	
	2006 £000	2005 £000	**2006 £000**	2005 £000
Bank overdraft (secured)	**2,297**	1,457	**-**	-
Bank loan (secured)	**1,005**	925	**3,402**	4,368
	3,302	2,382	**3,402**	4,368
Bank overdraft and loan instalments by reference to the balance sheet date:				
Within one year			**3,302**	2,382
From one to two years			**402**	304
From two to five years			**3,000**	4,064
			6,704	6,750
Bank overdraft and loan analysis by origin:				
United Kingdom			**6,017**	4,075
Southern Africa			**687**	2,675
			6,704	6,750

19. Financial instruments

Treasury policy
The group enters into derivative transactions such as interest rate swaps and forward exchange contracts in order to help manage the financial risks arising from the group's activities. The main risks arising from the group's financing structure are interest rate risk, liquidity risk and market price risk. The policies for managing each of these risks and the principal effects of these policies on the results are summarized below.

Interest rate risk
Treasury activities take place under procedures and policies approved and monitored by the Board to minimise the financial risk faced by the Group. The bank loans are secured by way of a first charge on certain fixed assets.The rates of interest vary based on LIBOR in the UK and PRIME in South Africa.

Liquidity risk
The group's policy is to minimise refinancing risk. Efficient treasury management and strict credit control minimise the costs and risks associated with this policy which ensures that funds are available to meet commitments as they fall due.

Market price risk
The group is exposed to market price risk through interest rate and currency fluctuations.

Credit risk
At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Financial assets maturity
On 31 December 2006, cash at bank and in hand amounted to £3,275,000 (2005: £488,000) which is invested in short term bank deposits maturing within one year bearing interest at the bank's variable rates. Details of other financial assets are shown in notes 12, 15 and 16.

Borrowing facilities
At 31 December 2006 the Group was within its bank borrowing facilities. Overdrafts are renewable annually. Term loan repayments are as set out above. The group has undrawn facilities of £4,065,000 (2005: £1,279,000) which expire within one year. Details of other financial liabilities are shown in notes 17 and 18.

Hedge profile
An interest rate swap has been entered into in line with the £3,860,000 UK loan at a fixed rate of 4.05%. The fair value of this swap is £53,000 (2005: £36,000).

Foreign currency
All trading is undertaken in the local currencies. Funding is also in local currencies other than inter-company investments and loans and it is not the Group's policy to cover these amounts as the date of repayment is uncertain.

There is no material difference between the fair value and carrying value of financial assets and liabilities.

Notes to the financial statements *continued*

for the year ended 31 December 2006

20. Deferred taxation

	2006 £000	2005 £000
Balance at 1 January	**2,341**	1,805
Recognised in income	**392**	536
Exchange adjustment	**7**	-
	2,740	2,341

	Non-current assets		Non-current liabilities	
	2006 £000	2005 £000	**2006 £000**	2005 £000
The deferred tax balance comprises the following:				
Revaluation of properties	**-**	-	**2,921**	2,529
Capital allowances	**-**	-	**37**	35
Short-term timing differences	**-**	-	**16**	18
Tax losses carried forward	**234**	241	**-**	-
	234	241	**2,974**	2,582

21. Share capital

	2006 £000	2005 £000
Authorised: 13,000,000 ordinary shares of 10p each	**1,300**	1,300
Allotted and fully paid: 10,451,506 ordinary shares	**1,045**	1,045

Notes to the financial statements *continued*

for the year ended 31 December 2006

22. Share based payments

Certain details of the share option schemes are set out in the Report on Director's Remuneration. Further details of the share option schemes are set out below.

The Bisichi Mining plc Unapproved Option Schemes:

Year of grant	Subscription price per share	Period within which options exercisable	Number of share for which options outstanding at 31 December 2005	Number of share options issued during year	Number of share for which options outstanding at 31 December 2006
2001	34.0p	Aug 2005 - Aug 2012	313,000	-	313,000
2004	149.0p	Sep 2007 - Sep 2014	200,000	-	200,000
2006	237.5p	Oct 2009 - Oct 2016	-	600,000	600,000

The exercise of options under the Unapproved Share Option Schemes is subject to the satisfaction of objective performance conditions specified by the remuneration committee, which will conform to institutional shareholder guidelines and best practice provisions in force from time to time. The remuneration committee has not yet set these guidelines for the first scheme and the 2006 scheme. The performance conditions for the second scheme, agreed by members on 23 June 2005, requires growth in net assets over a three year period to exceed the growth of the retail prices index by a scale of percentages.

Options were valued using the Binomial method with the following assumptions:

Expected volatility	45.46 - 47.38%
Expected life	3.00 - 5.00 Years
Risk free rate	4.81 - 4.93%
Expected dividends	0.08%

Expected volatility was determined by reference to the historical volatility of the share price over a period commensurate with the options expected life. The expected life used in the model is based on the risk-averse balance likely to be required by the option holders.

	2006		2005	
	Number	**Weighted average Exercise price**	Number	Weighted average Exercise price
Outstanding at 1 January	**513,000**	**78.8p**	513,000	78.8p
Granted during year	**600,000**	**237.5p**	-	-
Outstanding at 31 December	**1,113,000**	**164.4p**	513,000	78.8p
Exercisable at 31 December	**313,000**	**34.0p**	313,000	34.0p

23. Minority interest

	2006 £000	2005 £000
As at 1 January	**592**	334
Cancellation (see below)	**(592)**	-
Exchange adjustments	**-**	(5)
Share of profit for the year	**-**	263
	-	592

The minority interest represented the share of the net accumulated profits in Black Wattle Colliery (pty) Limited attributable to the minority shareholder together with the nominal value of shares held by that shareholder. Due to the cancellation of the agreement which created the Mhlaba Dube Memorial Trust 37.5% shareholding in Black Wattle Colliery (pty) Limited the Minority Interest has been reversed. Further details on this cancellation can be found in the chairman's statement.

Notes to the financial statements *continued*

for the year ended 31 December 2006

24. Related Party Transactions

	At 31 December 2006		During the year	
	Amounts owed to related party £000	Amounts owed by related party £000	Costs recharged (to) / by related party £000	Cash paid (to) / by related party £000
Related party:				
London & Associated Properties PLC (note (a))	331	-	283	(213)
Dragon Retail Properties Limited (note (b))	1,641	-	-	650
Ninghi Marketing Limited (note (c))	-	(63)	7,083	7,983
Ezimbokodweni (pty) Limited (note (d))	-	(511)	(70)	-
As at 31 December 2006	1,972	(574)	7,296	8,420
As at 31 December 2005	**1,794**	**(1,540)**	**9,480**	**(9,590)**

London & Associated Properties PLC is a substantial shareholder.
Dragon Retail Properties Limited is a joint venture and is treated as a non-current asset investment.
Ninghi Marketing Limited is a joint venture and is treated as a non-current asset investment.
Ezimbokodweni Mining (pty) Limited is a joint venture and is treated as a non-current asset investment.

(a) **London & Associated Properties PLC**
Property management, office premises, general management, accounting and administration services are provided for Bisichi Mining PLC and its subsidiaries.

(b) **Dragon Retail Properties Limited**
Dragon Retail Properties Limited is owned equally by the company and London & Associated Properties PLC.

(c) **Ninghi Marketing Limited**
Ninghi Marketing Limited is a coal trading company, based in London.

(d) **Ezimbokodweni Mining (pty) Limited**
Ezimbokodweni is a coal production company based in South Africa.

Details of key management personnel compensation and interest in share options are shown in the Directors Remuneration Report.

25. Employees

	2006 Number	2005 Number
The average weekly number of employees of the group during the year were as follows:		
Production	**266**	214
Administration	**16**	16
	282	230

	£000	£000
Staff costs during the year were as follows:		
Salaries	**3,390**	3,196
Social security costs	**101**	15
Pension costs	**100**	61
	3,591	3,272

26. Capital commitments

	2006 £000	2005 £000
Commitments for capital expenditure approved but not contracted for at the year end	**109**	248
Share of commitment of capital expenditure in joint venture	**1,831**	2,072

Company balance sheet

for the year ended 31 December 2006

	Notes	**2006 £000**	2005 £000
Fixed assets			
Tangible assets	28	**17,364**	15,761
Investment in joint ventures	29	**164**	164
Other investments	29	**1,105**	1,085
		18,633	17,010
Current assets			
Debtors	30	**2,594**	3,819
Interest derivative	32	**53**	36
Bank balances		**2,998**	420
		5,645	4,275
Creditors - amounts falling due within one year	31	**(5,278)**	(2,649)
Net current assets		**367**	1,626
Total assets less current liabilities		**19,000**	18,636
Creditors - amounts falling due after one year - medium term bank loan	31	**(3,402)**	(3,810)
Provisions for liabilities and charges	33	**(37)**	(35)
		15,561	14,791
Capital and reserves			
Called up share capital	21	**1,045**	1,045
Revaluation reserve	34	**11,534**	9,891
Other reserves	34	**156**	64
Retained earnings	34	**2,826**	3,791
Shareholders' funds		**15,561**	14,791

The company financial statements were approved and authorised for issue by the board of directors on 26 March 2007 and signed on its behalf by:

M A Heller
Director

A R Heller
Director

Notes to the financial statements

for the year ended 31 December 2006

Company accounting policies

The following are the main accounting policies of the company:

Accounting convention
The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and in accordance with applicable UK accounting standards.

Dividends received
Dividends are credited to the profit and loss account when received.

Depreciation
Provision for depreciation on tangible fixed assets is made in equal annual instalments to write each item off over its useful life. The rates generally used are:

Motor vehicles	25 - 33 per cent
Office equipment	10 - 33 per cent

Foreign currencies
Monetary assets and liabilities expressed in foreign currencies have been translated at the rates of exchange ruling at the balance sheet date and differences are taken direct to reserves. All other exchange differences are taken to the profit and loss account at average rates.

Investment properties
The investment property portfolio is included in the financial statements at open market valuation. An external professional valuation is carried out at least every five years, but is generally done every year. Surpluses and deficits arising on valuations are taken direct to the revaluation reserve. No depreciation or amortisation is provided in respect of freehold and leasehold investment properties. The directors consider that this accounting policy, which is not in accordance with the Companies Act 1985, results in the accounts giving a true and fair view. Depreciation or amortisation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Investments
Listed investments of the company are stated in the balance sheet as fixed assets at cost less provisions for impairment.

Financial Instruments

Bank loans and overdrafts
Bank loans and overdrafts are included in creditors on the company balance sheet at the amounts drawn on the particular facilities. Interest payable on those facilities is expensed as a finance cost in the period to which it relates.

Interest rate derivatives
The company uses derivative financial instruments to manage the interest rate risk associated with the financing of the group's business. No trading in such financial instruments is undertaken.

Debtors
Debtors do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated recoverable amounts.

Creditors
Creditors are not interest bearing and are stated at the nominal value.

Joint ventures
Investments in joint ventures, being those entities over whose activities the group has joint control as established by contractual agreement, are included at cost.

Deferred taxation
As required by FRS 19 "Deferred Tax", full provision is made for deferred tax arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation, except for those timing differences in respect of which the standard specifies that deferred tax should not be recognised.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Notes to the financial statements *continued*

for the year ended 31 December 2006

Company accounting policies continued

Leased assets and obligations
All leases are "Operating Leases" and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term. Rent free periods or other incentives received for entering into a lease are accounted for over the period of the lease so as to spread the benefit received over the lease term.

Pensions
The company makes contributions to a money purchase scheme and the costs are charged to the profit and loss account in the period to which they relate.

Cash Flow
The Company has taken advantage of the exemption available within FRS 1 from the requirement to present a cash flow statement, on the grounds that it is included within the consolidated accounts presented in this document.

27. Dividends

The aggregate amount of dividends comprises

	2006 £000	2005 £000
Final dividends in respect of prior year but not recognised as liabilities in that year	**235**	209

The aggregate amount of dividends proposed and not recognised as liabilities as at year end is £261,000 (2005: £235,000).

28. Tangible fixed assets

	Investment properties				
	Freehold £000	Long leasehold £000	Motor vehicles £000	Office equipment £000	**Total £000**
Cost or valuation at 1 January 2006	12,125	3,500	191	24	**15,840**
Additions	-	2	-	13	**15**
Disposals	-	-	(65)	-	**(65)**
Revaluation	1,345	298	-	-	**1,643**
Cost or valuation at 31 December 2006	**13,470**	**3,800**	**126**	**37**	**17,433**
At valuation	13,470	3,800	-	-	**17,270**
At cost	-	-	126	37	**163**
	13,470	**3,800**	**126**	**37**	**17,433**
Accumulated depreciation at 1 January 2006	-	-	61	18	**79**
Charge for the year		-	30	6	**36**
Disposals in year	-	-	(46)	-	**(46)**
Accumulated depreciation at 31 December 2006	**-**	**-**	**45**	**24**	**69**
Net book value at 31 December 2006	**13,470**	**3,800**	**81**	**13**	**17,364**
Net book value at 31 December 2005	12,125	3,500	130	6	**15,761**

Details of historical cost of investment properties are shown in note 10.

Notes to the financial statements *continued*

for the year ended 31 December 2006

29. Investments

	Joint ventures Shares £000	Subsidiaries Shares £000	Loans £000	Other investments £000	Total £000
Cost at 1 January 2006	164	1,024	596	356	1,976
Drawn in year	-	-	20	-	20
Cost at 31 December 2006	**164**	**1,024**	**616**	**356**	**1,996**
Provision for impairment					
As at 1 January 2006 and at 31 December 2006	**-**	**(678)**	**-**	**(213)**	**(891)**
Net book value at 31 December 2006	**164**	**346**	**616**	**143**	**1,105**
Net book value at 31 December 2005	164	346	596	143	1,085

Other investments comprise £87,000 (2005: £87,000) shares and £56,000 (2005: £56,000) loans.
Investments in subsidiaries are detailed in note 14. In the opinion of the directors the aggregate value of the investment in subsidiaries is not less than the amount shown in these financial statements.

30. Debtors

	2006 £000	2005 £000
Amounts falling due within one year:		
Amounts due from subsidiary undertakings	**2,029**	2,108
Other debtors	**515**	1,696
Prepayments and accrued income	**50**	15
	2,594	3,819

Notes to the financial statements *continued*

for the year ended 31 December 2006

31. Creditors

	2006 £000	2005 £000
Amounts falling due within one year:		
Bank overdraft (secured)	**2,018**	346
Bank loan (secured)	**597**	388
Joint venture	**1,641**	991
Corporation tax	**29**	67
Other taxation and social security	**60**	39
Other creditors	**463**	432
Accruals and deferred income	**470**	386
	5,278	2,649

The bank overdraft of the Company is secured by a charge over a long leasehold property.

Amounts due in more than one year		
Bank loans	**3,402**	3,810

Bank and other loan instalments by reference to the balance sheet date:

Within one year	**597**	388
From one to two years	**402**	240
From two to five years	**3,000**	3,570
	3,999	4,198

The bank loan of the company is secured by a charge over freehold and long leasehold properties.

33. Provisions for liabilities and charges

	£000
Deferred Taxation	
Balance at 1 January 2006	35
Transfer to profit and loss account	2
	37

No provision has been made for the approximate taxation liability at 30% (2005: 30%) of £2,836,000 (2005: £2,511,000) which would arise if the investment properties were sold at the stated valuation.

	2006 £000	2005 £000
The deferred tax balance comprises the following:		
Accelerated capital allowances	**37**	35

Notes to the financial statements *continued*

for the year ended 31 December 2006

34. Reserves

	Revaluation reserve £000	Other reserve £000	Retained earnings £000
Balance at 1 January 2006	**9,891**	**64**	**3,791**
Exchange adjustment	-	-	(889)
Dividend paid	-	-	(235)
Revaluation of investment property	1,643	-	-
Movement in reserves	-	17	(17)
Retained profit for the year	-	75	176
Balance at 31 December 2006	**11,534**	**156**	**2,826**

A profit and loss account for Bisichi Mining PLC has not been presented as permitted by Section 230(4) of the Companies Act 1985. The profit for the financial year, before dividends, was £176,000.

Details of share capital are set out in note 21 and details of the share options are shown in the Directors Remuneration Report and note 22.

35. Related party transactions

Under Financial Reporting Standard 8 Related Party Disclosures, the Company has taken advantage of the exemption from disclosing transactions with other Group companies.

Details of other related party transactions are given in note 24 of the Group financial statements.

36. Employees

The average number of employees (excluding directors), in administration, during the year was 2 (2005: 2).

	2006 £000	2005 £000
Staff costs were as follows:		
Salaries	**80**	90
Social Security costs	**1**	1
	81	**91**

Notice of Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all of your ordinary shares in Bisichi Mining Plc please forward this document, together with the accompanying Form of Proxy, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

NOTICE is hereby given that the ninety-fifth annual general meeting of the company will be held at 30-35 Pall Mall, London SW1Y 5LP on Monday 4 June 2007 at 11.00 a.m. for the transaction of the following business:

1 To receive and adopt the company's annual accounts for the year ended 31 December 2006 together with the directors' report and the auditors' report on those accounts. **(Resolution 1)**

2 To approve the remuneration report for the year ended 31 December 2006. **(Resolution 2)**

3 To declare and approve a dividend of 2.50p per share. **(Resolution 3)**

4 To re-elect as a director Mr Andrew Heller. **(Resolution 4)**

5 To re-elect as a director Mr Christopher Joll. **(Resolution 5)**

6 To re-elect as a director Mr John Sibbald. **(Resolution 6)**

7 To reappoint PKF (UK) LLP as auditors, to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting. **(Resolution 7)**

8 To authorise the directors to determine the remuneration of the auditors. **(Resolution 8)**

To consider and, if thought fit, pass the following resolution which will be proposed as a Special Resolution:

9 That:

9.1 The directors shall have power under section 95 of the Companies Act 1985 (the Act) to allot equity securities (within the meaning of section 94 of the Act) for cash under the authority conferred upon them for the purposes of section 80 of the Act by resolution passed on 29 June 2006 as if section 89(1) of the Act did not apply to any such allotment; and

9.2 this power shall be limited:
(a) to the allotment of equity securities in connection with an offer or issue of such securities (whether by way of rights issue, open offer or otherwise) to holders of ordinary shares of 10p each in the company ("Ordinary Shares") on the register on a date fixed by the directors in proportion (or as nearly as may be) to the respective number of Ordinary Shares held by them on that date or in accordance with the rights attached to them provided that the directors may make such arrangements and exclusions to deal with fractional entitlements or any legal or practical problems arising under the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory as they consider appropriate; and

(b) the allotment (otherwise than pursuant to paragraph 9.2 (a) of this resolution) of equity securities having, in the case of relevant securities (as defined for the purposes of section 89 of the Act), a nominal amount or, in the case of other equity securities, giving the right to subscribe for or convert into relevant shares having a nominal amount, not exceeding in aggregate £104,515 (representing approximately 10 per cent of the issued share capital of the company);

9.3 this power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 94 (3A) of the Act as if in paragraph 9.1 the words "under the authority conferred upon them for the purposes of section 80 of the Act by resolution passed on 26 June 2006" were omitted;

Notice of Annual General Meeting *continued*

9.4 (unless previously renewed, revoked or varied) this power shall expire on the earlier of the conclusion of the next annual general meeting of the company and the date which is 15 months from the passing of this resolution, save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired. **(Resolution 9)**

30-35 Pall Mall
London SW1Y 5LP
26 March 2007

By order of the board
Michael Stevens
Secretary

Bisichi Mining PLC - Registered in England and Wales - Number 112155

Notes

1 A member entitled to vote at the meeting may appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the company.

2 To be valid, the instrument appointing a proxy, together with the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of such power of authority) must be deposited at the company's registrars, Capita Registrars, 34 Beckenham Road, Beckenham, Kent BR3 4BR not later than 48 hours before the time fixed for the meeting or if the meeting is adjourned not later than 48 hours before the time fixed for the adjourned meeting.

3 Completion of a proxy form will not preclude shareholders from attending and voting at the meeting if they wish. A form of proxy is enclosed for use by shareholders.

4 The following documents will be available for inspection at the registered office of the company on any weekday during normal business hours and will also be available from 10.45 am on the day of the meeting until the close of the meeting:
- A register in which are recorded all the transactions of each director and their family interests in the share capital of the company.
- A copy, or a memorandum of the terms, of every service contract between the company or any of its subsidiaries and any director of the company.

The Annual General Meeting will be held at the
Bisichi Mining
30-35 Pall Mall
London SW1Y 5LP

The nearest Underground stations are Piccadilly Circus and Green Park.

Bisichi Mining PLC Form of Proxy

I/We the undersigned, being the holder(s) of ordinary shares of the company, hereby appoint

or, failing him/her, the chairman of the meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the company to be held on Monday 4 June 2007 at 11.00 am at 30-35 Pall Mall, London SW1Y 5LP and at any adjournment thereof. I/We direct that my/our vote(s) be cast on the resolutions as indicated by an X in the appropriate spaces below.

RESOLUTIONS Ordinary Business	FOR	AGAINST	VOTE WITHHELD
1 To receive and adopt the company's annual accounts for the year ended 31 December 2006 together with the directors' report and the auditors' report on those accounts.			
2 To approve the remuneration report for the year ended 31 December 2006.			
3 To declare and approve a dividend of 2.50p per share.			
4 To re-elect as a director Mr Andrew Heller.			
5 To re-elect as a director Mr Christopher Joll.			
6 To re-elect as a director Mr John Sibbald.			
7 To reappoint PKF (UK) LLP as auditors, to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting.			
8 To authorise the directors to determine the remuneration of the auditors.			

Notes:

1 Shareholders may appoint one or more proxies of his/her/their own choice. A proxy need not be a member of the company. The chairman of the meeting will act as your proxy if you do not insert the name of a proxy of your choice.

2 Please indicate with an X how you wish your votes to be cast. Any alterations made to this form should be initialled.

3 Please note the "vote withheld" option is provided to enable you to instruct your proxy not to vote on any particular resolution. However, a "vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "for" or "against" a resolution.

4 Unless otherwise instructed the proxy will abstain or vote as he/she thinks fit. On any motion to amend any resolution, to propose a new resolution, to adjourn the meeting or any other motion put to the meeting the proxy will act at his/her discretion.

5 If the appointor is a corporation this proxy should be executed under the common seal of such corporation or signed by two directors or a director and the company secretary in accordance with Section 36A of the Companies Act 1985 or be signed by its attorney or by an authorised officer on behalf of the corporation. In the case of an individual this proxy should be signed by the appointor or his attorney.

6 To be valid, this form of proxy, together with the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of such power or authority) must be deposited at the company's registrars, Capita Registrars, 34 Beckenham Road, Beckenham, Kent BR3 4BR not later than 48 hours before the time fixed for the meeting, or if the meeting is adjourned not later than 48 hours before the time fixed for the adjourned meeting.

7 In the case of joint registered holders the signature of any holder is sufficient but the vote of the senior holder who tenders a vote shall be accepted to the exclusion of the other joint holders. For this purpose seniority shall be determined by the order in which the names stand in the register of members.

8 Completion of this form will not preclude a shareholder from attending and voting in person.

9 A special resolution to empower the directors to disapply statutory pre-emption rights.

Full Name (block capitals please)

Address

Signed this day of 2007 (Signature)

Second Fold

BUSINESS REPLY SERVICE
Licence No MB 122

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Bisichi Mining PLC,
Capita Registrars (Proxies)
PO Box 25
Beckenham
Kent
BR3 4BR

Third Fold

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First Fold