



Bisichi Mining  
Annual report &  
accounts 2007



Bisichi Mining PLC



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 Status in 1999, one of the first coal mines in South Africa to do so. Today, over 500 personnel are employed at the mine.

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2007 has been an excellent year for Bisichi and, with a strong platform for growth now in place in South Africa, we look forward to the coming year with confidence.

Michael Heller,  
Chairman of Bisichi Mining PLC

Record Performance  
achieved by South  
African Coal Mine



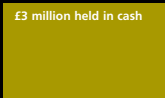
Bisichi ends year  
in strongest ever  
financial position



Bisichi Mining  
generates trading profit  
in excess of £2.3 million



Group gearing falls  
from 22.4% to 15.2%



£3 million held in cash



Open cast coal mining  
to commence shortly  
at Black Wattle Colliery  
in South Africa



Strong pipeline  
of potential coal  
reserve acquisitions



Memorandum of  
Understanding signed  
with Barclays to fund  
future mining investments

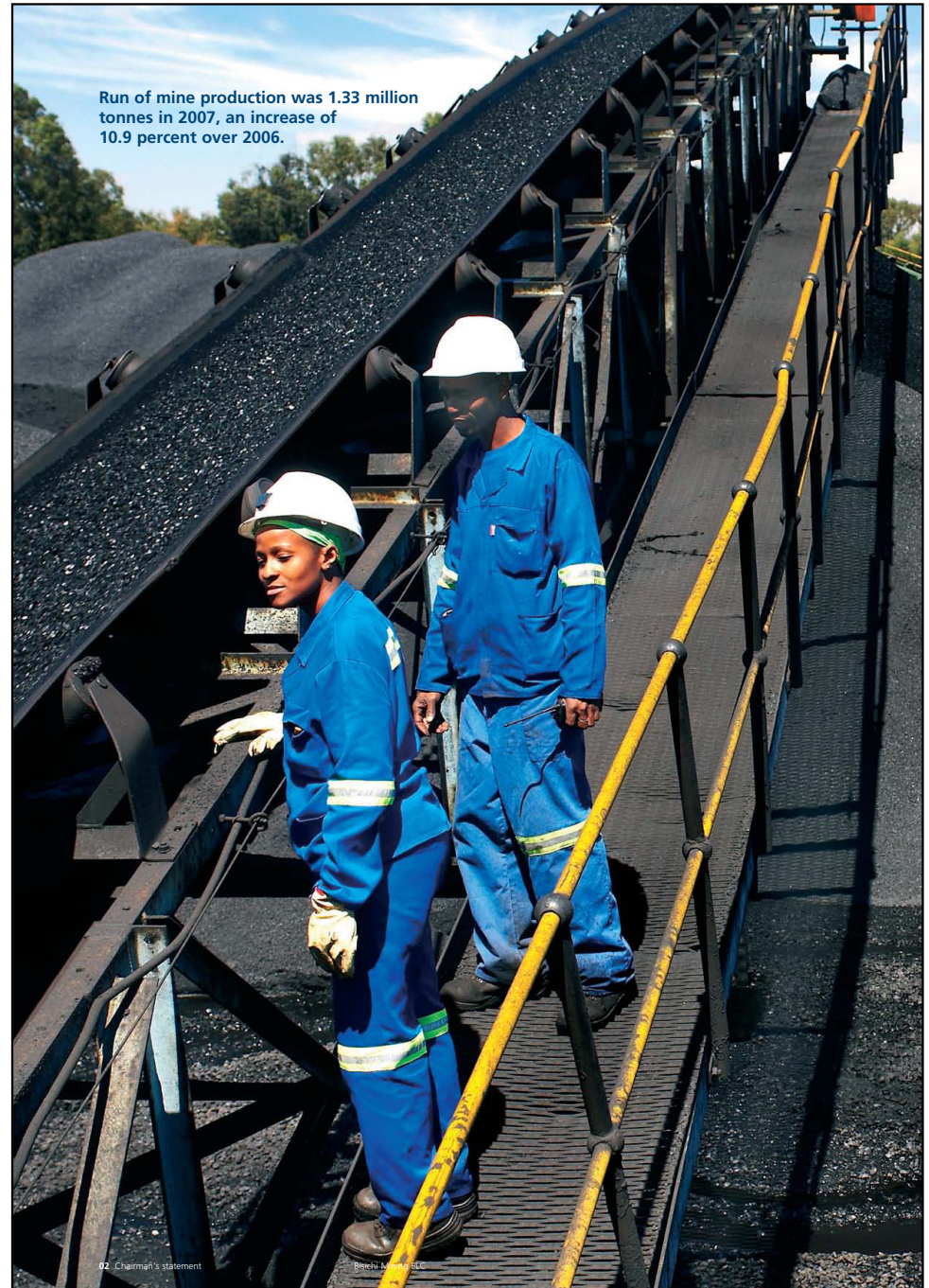
Black Wattle receives  
favourable rating in  
National Mine Health  
and Safety Audit



Dividend increased  
by 20% to 3.0p  
per share



Run of mine production was 1.33 million  
tonnes in 2007, an increase of  
10.9 percent over 2006.



# Chairman's statement

by Michael Heller  
Chairman

I am pleased to be able to inform shareholders that Bisichi has never been in a stronger financial position.

Bisichi made a trading profit in 2007 in excess of £2.3 million, group gearing fell from 22.4% to 15.2%, we have over £3 million on deposit, we expect shortly to commence open cast mining at Black Wattle Colliery, opportunities to acquire new coal reserves in South Africa have never been better, and income from our property portfolio remained steady. The headline loss for the full year, which arises from the way in which we now have to treat unrealised gains and losses in our property portfolio, therefore disguises an exceptionally strong performance by your company.

The success of the past year rests firmly on the strong performance of Black Wattle. With production averaging 110,000 metric tonnes per month, we have been able to take advantage of the substantial strengthening of prices for steam coal and metallurgical coal, both within South Africa and in the international export market.

Although Black Wattle suffered only minimal disruptions from power cuts by the national electricity supplier Eskom, these have had no effect on Black Wattle's monthly production, sales or exports. We have received approval from the Department of Minerals and Energy (DME) for open cast mining at Black Wattle, and expect to commence these operations shortly. When combined with the benefits we are now deriving from our direct management of the washing plant, open cast mining will further improve yields and product quality.

The signing of a Memorandum of Understanding (MOU) with Barclays Capital Commodities Principal Investment Area (Barclays Capital CPIA) for the expansion of Bisichi's operations in South Africa represents an important step in our growth strategy in South Africa. We hope to announce the first transaction for this investment framework in the near future.

As I stated last year, the prospect of obtaining additional mineral reserves has never been better. The full implementation of the Mineral and Petroleum Resource Development Act (MPRDA) of 2004 has resulted in the transfer of a substantial number of coal reserves to empowered companies. We have a pipeline of prospective acquisitions that is continually growing. We are in the process of acquiring an additional drill rig and have put in place a technical team in Middleburg solely dedicated to the review and assessment of these reserves. Moreover, with the support and cooperation of our partner, Barclays Capital CPIA, we have a successful transaction model in place that will allow us to move quickly when opportunities present themselves.



## Chairman's statement continued

To support our growth strategy in South Africa, we have invited Robert Grobler, our General Mine Manager at Black Wattle, to join the Bisichi Board of Directors and to take on the role of Director of Mining with the responsibility to oversee all of our operations in South Africa.

With regard to the legal issues surrounding the removal of our former partner at Black Wattle, there is nothing further to report other than to reiterate that court proceedings have been initiated in South Africa to obtain a declaration that the Mhlaba Dube Memorial Trust is no longer a shareholder. This legal action does not affect the operation of Black Wattle nor its mineral rights granted under the MPRDA. As stated previously, once this matter has been resolved, we will invite a new partner to join us as a shareholder in Black Wattle. We are proud of our commitment to, and track record in, the area of Black Economic Empowerment (BEE) and look forward to concluding more transactions with BEE groups as we grow in South Africa.

Bisichi's UK retail property portfolio, managed by London & Associated Properties PLC, continues to contribute substantial cash to the company and is virtually fully let. Although there has been a significant downturn in the UK property market and, more specifically, in the valuation of Bisichi's property portfolio, we have not seen any effect on rental income or on the lettings within the portfolio.

To underline our confidence in the future of Bisichi, your directors are recommending a dividend of 3.0p, compared to 2.50p per share in the previous year, an increase of 20%. This will be paid on 11 August 2008 to shareholders on the register as of 4 July 2008.

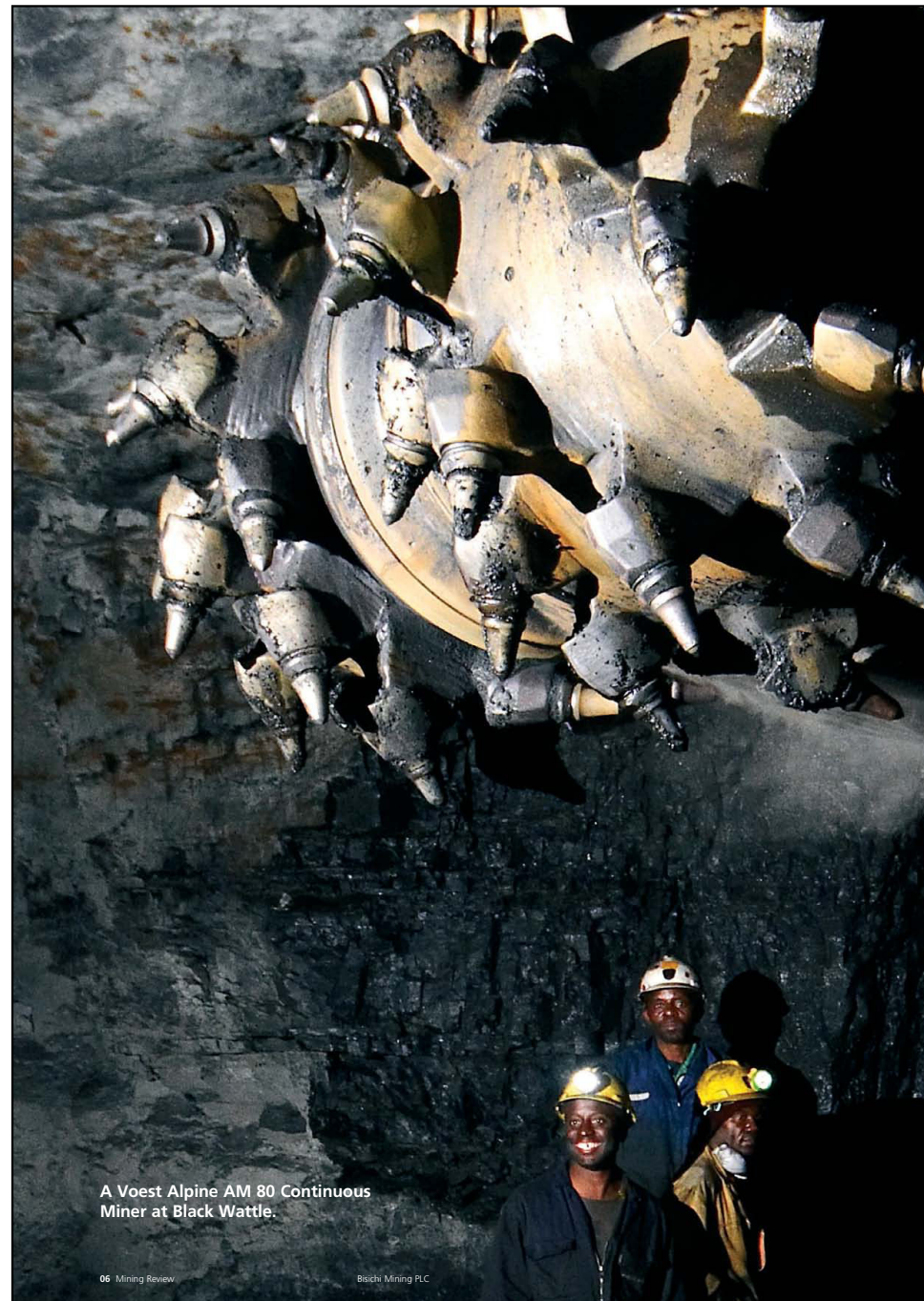
2007 has been an excellent year for Bisichi, and, with a strong platform for growth now in place within South Africa, we look forward to the coming year with confidence.

*Michael Heller*

Michael Heller  
Chairman  
31 March 2008



Black Wattle recently received approval from the Department of Minerals and Energy for open cast mining.



A Voest Alpine AM 80 Continuous Miner at Black Wattle.

# Mining Review

by Andrew Heller  
Managing Director

As the Chairman has stated, 2007 was an excellent year for Bisichi Mining PLC in South Africa. Our direct mining asset, the Black Wattle Colliery, had its most profitable year ever, supported by strong domestic and international coal markets, as well by improved yields and product quality as a result of investments we have made in our washing plant.

We are hoping to commence open cast operations at Black Wattle, having recently received permission from the Department of Minerals and Energy (DME) to do so. The DME have recently concluded a compliance audit at the mine, as part of a nationwide Presidential audit of all operating mines, and Black Wattle received a favourable rating.

## Production

The two conventional sections and the single continuous miner underground section performed well in 2007. Despite minor disruptions to our power supply, these had no impact on the mine's overall monthly production or sales contracts. Run of mine production was 1.33 million tonnes in 2007, an increase of 10.9% over 2006. We will increase production and yields at the mine once opencast operations commence.

After nearly four years of operation, the continuous miner needs a major overhaul. We will carry out this work once the open cast section is operating so that any lost tonnage can be easily replaced.

## Markets

2007 witnessed an unprecedented strengthening of the coal market, a trend driven by growth in global demand, infrastructure constraints within the major coal basins, a high freight basis, weakening of the US dollar and substantial increases in the prices for competing fuels.

At the beginning of 2007, the average weekly price for Free-on-Board (FOB) Coal from Richards Bay Coal Terminal (AP4) stood at approximately US\$50.00 per tonne. By the end of 2007, this price had nearly doubled. Obviously, this trend has had a major impact on the prices Black Wattle receives for both its steam and low phosphorous metallurgical coal products. On top of the strong price increases we benefited from in 2007, we have successfully negotiated a 64% increase in price from Q2 2008 to Q1 2009 for our steam coal, and a 42% increase in price from Q1 2008 to Q3 2008 for our metallurgical coal. The price increases should enhance substantially our profitability for the duration of 2008.



Bisichi Mining PLC



## Mining review continued

### Memorandum of Understanding (MOU) with Barclays Capital Commodities Principal Investment Area (Barclays Capital CPIA)

As the Chairman has stated, the signing of the MOU with Barclays Capital CPIA in December 2007, for the acquisition and development of coal reserves within the Black Economic Empowerment (BEE) framework in South Africa, represents a major step forward for Bisichi. Barclays CPIA was established in 2006 with a mandate to invest in commodity-based projects and companies worldwide. Barclays CPIA is funded solely by Barclays and to date has made direct equity investments totalling circa US \$650 million in coal mining, gold mining, oil & gas and biofuels. We expect to announce our first BEE transaction in partnership with Barclays CPIA in the near future.

### Acquisition of Coal Reserves

We have seen a marked increase in the number and quality of coal reserves that have become available following the implementation of the Mineral and Petroleum Resources Development Act (MPRDA) of 2004. The team in our Middleburg office is reviewing a long pipeline of opportunities and, in consequence, we are in the process of acquiring another drill rig to support our prospecting efforts in the area.

There is nothing further to report concerning the Pegasus Reserve other than that constructive discussions between all parties concerned are continuing.

### Health & Safety

The health and safety of our employees is of the utmost importance. In addition to the requisite personnel appointments and assignment of direct health and safety responsibilities on the mine, a system of Hazard Identification and Risk Assessments has been designed, implemented and maintained at Black Wattle. Health and safety training is conducted on an ongoing basis. Supervisors have received training in hazard identification and risk assessment in their work areas. 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. The recent Mine Health and Safety Compliance Audit ordered by the President of South Africa and performed by the DME extensively reviewed Black Wattle's Health & Safety activities, including mine design and maintenance, statutory reporting, legal appointments, safety risk management, mandatory codes of practice, training, and mine explosives control. I am pleased that Black Wattle received a favourable rating as a result of this comprehensive exercise.

### Environment

Under the terms of the mine's Environmental Management Programme approved by the DME, Black Wattle undertakes a host of activities which ensure that the approved Environmental Management Plan is fully implemented. In addition

to these activities, Black Wattle conducts a number of monitoring activities on the mine, including evaluations of water quality, air quality, noise and lighting levels. The recent Mine Health and Safety compliance audit also looked at Black Wattle's mine water management and public health and safety practices, for which the mine also received a favourable rating.

### Community Support and Social Development

Black Wattle is committed to improving the living conditions of its employees and the residents of the local community. We have been actively involved in the provision of various municipal services to our surrounding community, including waste removal, road repair, free bus services and emergency water supply assistance.

In support of the creation of sustainable local industry, Black Wattle is establishing a brickmaking facility on the mine's property which will employ local residents who will be engaged in the production of bricks and blocks for sale to the local housing industry. Black Wattle will be providing assistance in the provision of raw materials including sand, water and electricity and will also be providing the initial capital equipment required for this facility. We hope that this local industry will be expanded as the market for bricks and blocks increases and Black Wattle will assist it with any expansion plans.



At present, over 12 percent of Black Wattle's workforce consists of women, including those serving as artisans and electricians.



## Mining review continued

### Procurement

Black Wattle has implemented a BEE-focussed procurement policy which strongly encourages our suppliers to establish and maintain strong BEE credentials. We monitor closely our monthly BEE expenditure and encourage potential BEE suppliers to compete for equipment and service contracts at Black Wattle. We are also actively engaged in the sale of our products to BEE enterprises, as is evidenced by our long term sales agreement with a BEE company for the purchase of our discard product for on-sale to Eskom.

### Employment Equity

Bisichi takes its Employment Equity responsibilities at Black Wattle very seriously. At present, over 12 percent of the workforce consists of women, including those serving as artisans and electricians. Black Wattle's Workplace Skills Plan and Annual Training Report has been approved by the Mining Qualifications Agency.

### Skills Training

Black Wattle has constructed a computer-equipped training centre which is currently carrying out Adult Basic Education Training (ABET), HIV/AIDS education and other training activities for the mining workforce. It is Black Wattle's intention to extend these training activities into the local community as soon as possible.

### People

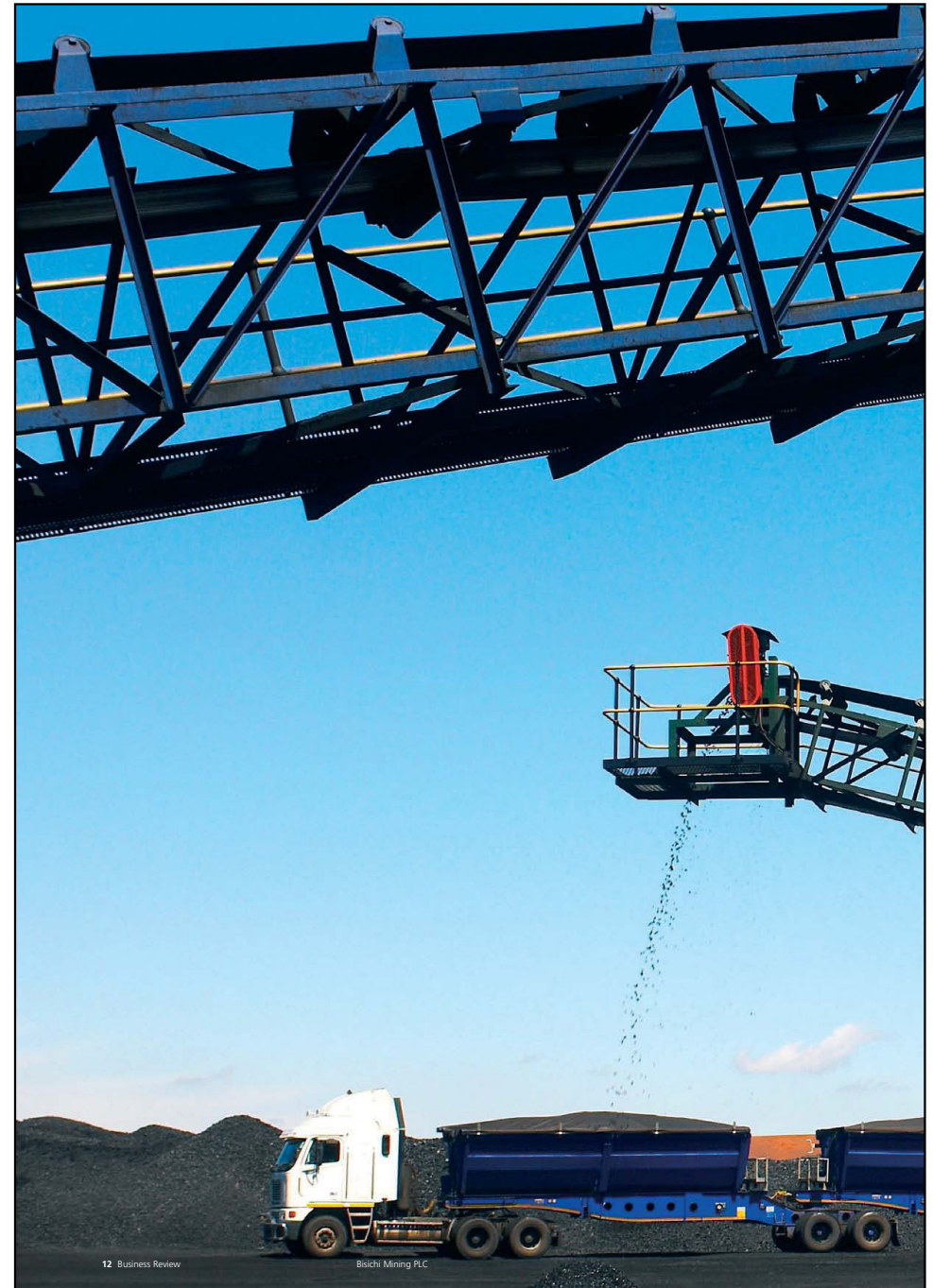
In order to take advantage of the many opportunities becoming available in South Africa, we are strengthening Bisichi's management team.

Robert Grobler, who has served as General Mine Manager at Black Wattle for over 8 years, has been promoted to Director of Mining and joins the Bisichi Board of Directors. In addition to overseeing all of our operations in South Africa, Robert will be leading the expansion of our presence in the coal sector there. As a result of this promotion, we are currently interviewing for a replacement mine manager at Black Wattle. We have also recently appointed a Group Finance Manager, who will be based in London.

### Prospects

When the opencast mining begins, it will have a dramatic effect on Black Wattle's mining operations, mining yield and profitability. With historically high prices being achieved for our products and new prospects becoming available for acquisition, I am confident that 2008 will be a successful year for our South African operations.

**Andrew Heller**  
Managing Director  
31 March 2008



# Business Review

## Review of the group's development and performance

The Chairman's Statement and the Mining Review on the preceding pages 2 to 11 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 there are inherent health and safety risks. Any such safety 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 in UK commercial property has had 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).

The Key Performance Indicator for our UK property investment operations is the Net Property Valuation as shown on page 40 note 11.



Black Wattle has constructed a computer-equipped training centre which is carrying out Adult Basic Education Training, HIV/AIDS education, and other training activities for the mining workforce.

# Directors' report

**The directors submit their report together with the audited financial statements for the year ended 31 December 2007.**

**Activities and review of business**  
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 2007 are shown on pages 29 to 50 and the business review on page 13.

**Dividend**  
The directors recommend the payment of a dividend of 3.00p per share (2006: 2.50p) on the ordinary share capital for the year under review. The dividend will be payable on Monday 11 August 2008 to shareholders registered at the close of business on 4 July 2008. The ex-dividend date will be 2 July 2008.

## Investment properties

The investment property portfolio is stated at its open market value of £14,725,000, at 31 December 2007 (2006: £17,270,000) as valued by professional external valuers.

## Financial instruments

Note 21 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 the group's 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 M A Heller, T M Kearney and J A Sibbald who offer themselves for re-election.

Michael Heller has been an executive director since 1972 and Chairman since 1981. He is a Chartered Accountant and has a contract of employment determinable at six months notice.

Tom Kearney has been an executive director since 2003. He has many years experience gained in the international energy business. He has a contract of employment determinable at three months notice.

John Sibbald has been a non-executive director since 1988. He is a retired chartered accountant. For most of his career he was employed in stockbroking in the City of London where he specialised 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 31.12.2007	1.1.2007	Non-Beneficial 31.12.2007	1.1.2007
<b>M A Heller</b>	<b>146,666</b>	146,666	<b>181,334</b>	181,334
<b>A R Heller</b>	<b>772,000</b>	772,000	-	-
<b>C A Joll</b>	<b>5,000</b>	5,000	-	-
<b>T M Kearney</b>	<b>40,000</b>	35,000	-	-
<b>J A Sibbald</b>	-	-	-	-

There have been no changes in the above shareholdings since 31 December 2007.

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 24.

## 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 31 March 2008:

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.



# Directors' report continued

## Disclosure of information to auditors

The directors in office at 31 December 2007 have confirmed that they are aware that there is no relevant audit information of which the auditors are unaware. Each of the directors has confirmed that they have taken all the steps they ought to have taken as directors 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.

## Principals 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 promote shareholder value.

## 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 20. 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 27.

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 are subject to re-election at least every three years.

- 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 24 and 25.

- 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 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 director of finance.

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 DME have recently concluded a Mine Health and Safety Audit at the mine, as part of a nationwide Presidential audit of all operating mines, and Black Wattle received a favourable rating.

## Directors' report continued

The audit committee report is set out on page 26.

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 5 to the financial statements.

### Performance evaluation – board, board committees and directors

The performance of the board as a whole and of its committees and 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 senior independent director meets regularly with the chairman and both the executive and non-executive directors individually outside of formal meetings. The directors will take outside advice in reviewing performance but have not found this necessary to date.

### Independent Directors

The senior independent non-executive director is Christopher Joll. The other independent non-executive director is John Sibbald. Christopher Joll is a minority shareholder and director of M12 Limited, a company which 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 Combined Code are not entirely met. However the Board considers that Mr Joll and Mr Sibbald are both independent directors and that their independence is not impaired by their failure to meet these criteria.

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

### Board and board committee meetings

The Board held six regular meetings during 2007 each of which were attended by all directors.

The remuneration committee met twice during 2007 with all members in attendance.

The audit committee had one meeting with full attendance in 2007 with the external auditors present, prior to release of the 2006 annual results.

Members of the committee discussed the 30 June 2007 half year results prior to their approval by the full Board.

The business of the nomination committee was dealt with at Board meetings and the committee held no individual meetings.

### Internal control

The directors are responsible for the group's system of internal control and review of 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.

The key elements of the control system in operation are:

- The Board meets regularly with a formal schedule of matters reserved to it for decision and has put in place an organisational structure with clear lines of responsibility defined and with appropriate delegation of authority;
- There are established procedures for planning, approval and monitoring of capital expenditure and information systems for monitoring the group's financial performance against approved budgets and forecasts;
- UK property and financial operations are closely monitored by members of the Board and senior managers to enable them to assess risk and address the adequacy of measures in place for its monitoring and control. The South African operations are closely supervised by the UK based executives through daily, weekly and monthly reports from the directors and senior officers in South Africa. This is supplemented by frequent visits by the UK executives to the South African based operations which include checking the integrity of information supplied to the UK. The directors are guided by "Internal Control Guidance for Directors on the Combined Code" as issued by the Institute of Chartered Accountants in England and Wales.

2007 witnessed an unprecedented strengthening of the coal market.

## Directors' report continued

During the period, the audit committee has reviewed the effectiveness of internal control as described above. The Board receives periodic reports from all its committees.

There are no significant issues disclosed in the report and financial statements for the year ended 31 December 2007 and up to the date of approval of the report and financial statements that have required the Board to deal with any related material internal control issues. The directors confirm that the Board has reviewed the effectiveness of the system of internal control as described during the period.

**Communication with shareholders**  
Communication with shareholders is given a high degree of priority. Extensive information about the group and its activities is given in the Annual Report and Accounts, and the Half-year Report, which are sent to shareholders. Further information is available on the company's website, [www.bisichi.co.uk](http://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 15.7 days trade purchases (2006 - 8.32 days).

**Takeover Directive**  
The company has one class of share capital, ordinary shares. Each ordinary share carries one vote. All the ordinary shares rank pari passu. There are no securities issued in the company which carry special rights with regard to control of the company. The identity of all significant direct or indirect holders of securities in the company and the size and nature of their holdings is shown in "Substantial Interests".

The rights of the ordinary shares to which the Unapproved Share Option Scheme relates are exercisable directly by employees.

A relationship agreement dated 15 September 2005 (the "Relationship Agreement") was entered into between the company and London & Associated Properties PLC ("LAP") in regard to the arrangements between them while LAP is a controlling shareholder of the company. The Relationship Agreement includes a provision under which LAP has agreed to exercise the voting rights attached to the ordinary shares in the company owned by LAP to ensure the independence of the Board of directors of the company.

Other than the restrictions contained in the Relationship Agreement, there are no restrictions on voting rights or on the transfer of ordinary shares in the company. The rules governing the appointment and replacement of directors, alteration of the articles of association of the company and the powers of the company's directors accord with usual English company law provisions. Each director is re-elected every three years or less. The company has not requested authority from its shareholders to buy back its own ordinary shares.

The company is not party to any significant agreements that take effect, alter or terminate upon a change of control of the company following a takeover bid.

The company is not aware of any agreements between holders of its ordinary shares that may result in restrictions on the transfer of its ordinary shares or on voting rights.

There are no agreements between the company and its directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

**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 inoperational existence for the foreseeable future. For this reason, the going concern basis has been adopted in the preparation of the financial statements.

**Other matters**  
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  
31 March 2008



## Our 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



**Thomas Kearney**  
Commercial Director  
Bisichi Mining PLC,  
Director Black Wattle Colliery



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



**David Nkosi**  
Director  
Black Wattle Colliery



**Robert Grobler**  
General Manager  
Black Wattle Colliery

## Directors & advisors

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

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

**Thomas M Kearney**  
MA (Commercial Director)

**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**  
Michael J Dignan FRICS

**Auditors**  
PKF (UK) LLP

\*† **Christopher A Joll**  
MA (Non-executive)  
Christopher Joll was appointed a Director on 1 February 2001. He is chairman of MJ2 Limited, a financial public relations consultancy.

**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,  
Johannesburg  
Tugendhaft Wapnick  
Banchetti and Partners,  
Johannesburg

° **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.

**Stockbrokers**  
Numis Securities

**Registrars and transfer office**  
Capita Registrars  
Northern House  
Woodsome Park  
Fenay Bridge  
Huddersfield HD8 0LA

Tel: 0871 664 0300  
(Calls cost 10p per minute plus network extras)  
E: [ssd@capitaregistrars.com](mailto:ssd@capitaregistrars.com)  
[www.capitaregistrars.com](http://www.capitaregistrars.com)

**Company registration No.**  
112155  
(Incorporated in England and Wales)

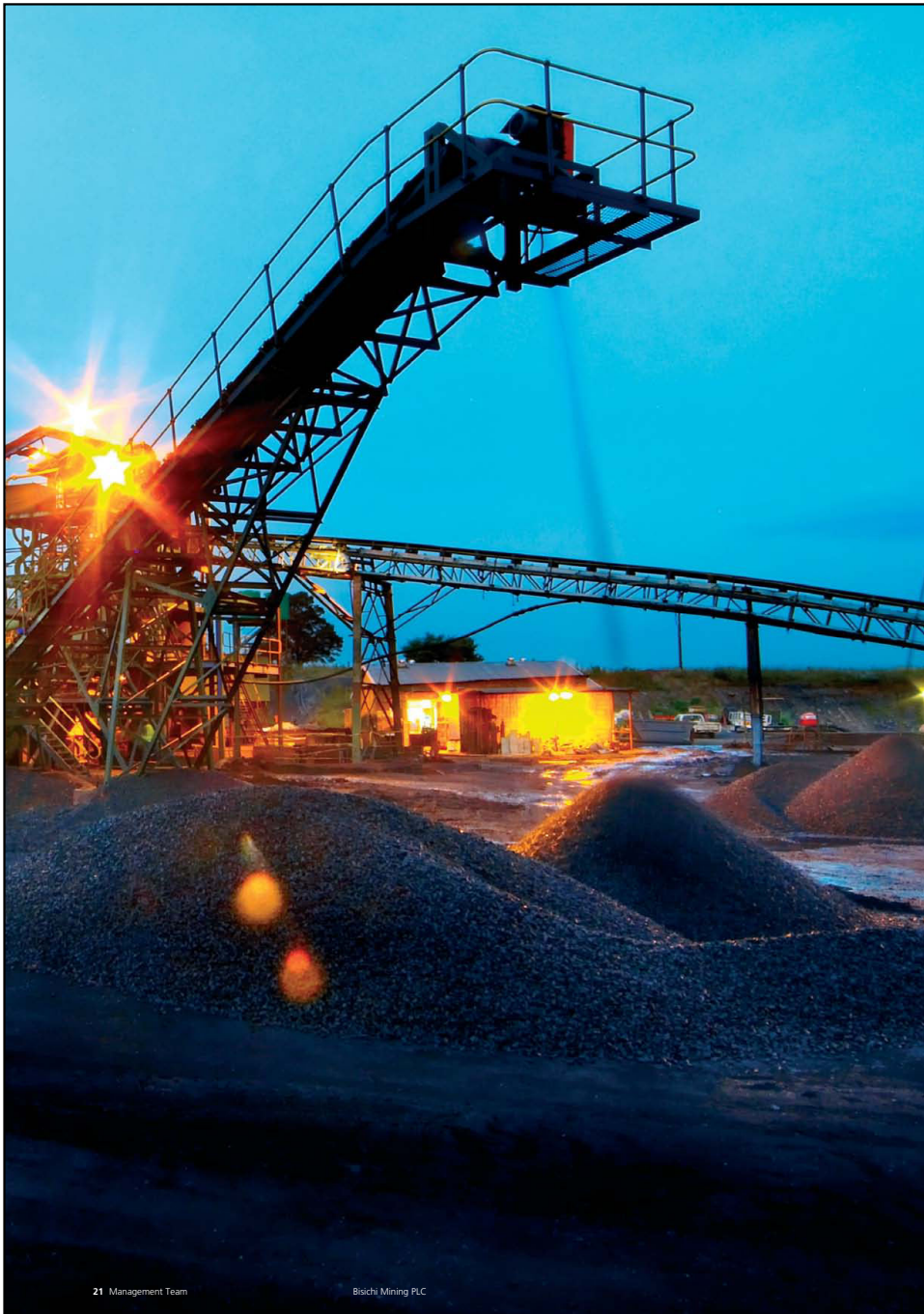
**Website**  
[www.bisichi.co.uk](http://www.bisichi.co.uk)

**E-mail**  
[admin@bisichi.co.uk](mailto:admin@bisichi.co.uk)

\* Member of the nomination committee

† Senior independent director

° Member of audit, remuneration and nomination committees



Black Wattle is committed to improving the living conditions of its employees and the residents of the local community. We have been actively involved in the provision of various municipal services to our surrounding community, including waste removal, road repair, free bus service and emergency water supply assistance.

## Five year financial summary

	2007 £000	2006 £000	2005 £000	2004 £000	2003+ £000
<b>Consolidated profit and loss account</b>					
Revenue	16,693	13,239	13,485	11,548	8,781
Operating (loss)/profit	(395)	2,362	4,664	4,385	1,885
(Loss)/Profit before tax	(459)	2,172	4,206	4,011	1,475
<b>Consolidated balance sheet</b>					
Intangible assets	-	-	-	-	47
Investment properties	14,725	17,270	15,625	14,990	13,060
Fixed asset investments	2,991	3,028	2,943	1,860	1,744
	17,716	20,298	18,568	16,850	14,851
Current asset investments	770	700	629	403	419
	18,486	20,998	19,197	17,253	15,270
Other assets less liabilities	(3,127)	(5,668)	(4,578)	(4,254)	(4,103)
<b>Consolidated shareholders funds per balance sheet</b>	15,359	15,330	14,619	12,999	11,167
Adjustment of current asset investments to market value	-	-	-	123	99
<b>Consolidated shareholders funds*</b>	15,359	15,330	14,619	13,122	11,266
<b>Net assets per ordinary share*</b>	147.0p	146.7p	139.9p	125.6p	107.8p
<b>Dividend per share</b>	3.0p	2.50p	2.25p	2.00p	1.80p

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

## financial calendar

<b>12 June 2008</b>	Annual General Meeting
<b>11 August 2008</b>	Payment of final dividend for 2007 (if approved)
<b>August 2008</b>	Announcement of interim results to 30 June 2008
<b>Late March 2009</b>	Announcement of results for the year ending 31 December 2008

## Remuneration report

### The remuneration committee is pleased to present its report for the year ended 31 December 2007.

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
<b>Executive directors</b>			
M A Heller	November 1972	Continuous	6 months
A R Heller	January 1994	Continuous	3 months
T M Kearney	November 2003	Continuous	3 months
<b>Non-executive directors</b>			
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	Benefits £000	Total before pensions £000	Pensions contributions £000	Total 2007 £000	Total 2006 £000
<b>Executive directors</b>							
M A Heller	75	-	-	75	-	75	75
A R Heller	300	350	34	684	32	716	462
T M Kearney	185	250	17	452	24	476	238
	560	600	51	1,211	56	1,267	775
<b>Non-executive directors</b>							
C A Joll	20	-	-	20	-	20	20
J A Sibbald	2	-	2	4	-	4	4
	22	-	2	24	-	24	24
<b>Total remuneration for directors' services during the year</b>						1,291	799

## Remuneration report *continued*

### Pension schemes and incentives

Two (2006 - two) directors have benefits under money purchase pension schemes. Contributions in 2007 were £56,000 (2006-£48,000), 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 2007 (2006:2).

### 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*	1 January 2007	Number of share options Granted in 2007	31 December 2007	Exercisable from	to
<b>First Scheme</b>						
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
<b>Second Scheme</b>						
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
<b>The 2006 Scheme</b>						
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 grant.

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 2007 was 265.0p (2006-242.5p).

During the year the share price ranged between 217.5p and 287.5p.

*The following information is unaudited:*

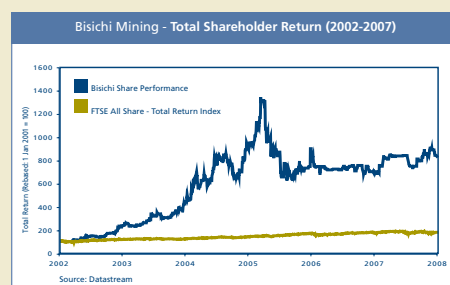
The board's policy is to grant options to executive directors, managers and staff at appropriate times to provide them with an interest in the longer term development of the group.

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.

### C A Joll

Chairman - remuneration committee

30-35 Pall Mall  
London SW1Y 5LP  
31 March 2008



## Audit committee report

The committee's terms of reference have been approved by the board and follow published guidelines, which are available from the company secretary. The audit committee comprises the two non-executive directors, Christopher Joll (chairman), 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 discusses 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 prior to the annual audit with the external auditors to plan the audit and again prior to the publication of the annual results. These meetings are 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 half-year financial results;

Considered and approved the annual review of internal controls;

Decided that due to the size and nature of operations there was not a 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 5 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 (Jhb) Inc. is the external auditor to the South African companies, and the work of that firm is reviewed by PKF (UK) LLP London.

### C A Joll

Chairman - audit committee

30-35 Pall Mall  
London SW1Y 5LP  
31 March 2008

# Statement of Directors' responsibilities

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 are required to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and have elected to prepare the parent company financial statements in accordance with United 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 these 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 in the parent company financial statements whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the parent company 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 keeping proper accounting records that 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

# 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 2007 by the company as detailed in our Valuation Report dated 14 February 2008.

Having regard to the foregoing, we are of the opinion that the open market value as at 31 December 2007 of the interests owned by the Company was £11,075,000, being made up as follows:

	£000
Freehold	11,075
	11,075
London	Allsop LLP
14 February 2008	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 2007 by the company as detailed in our Valuation Report dated 19 February 2008.

Having regard to the foregoing, we are of the opinion that the open market value as at 31 December 2007 of the interests owned by the Company was £3,650,000, being made up as follows:

	£000
Leasehold	3,650
	3,650
Leeds	Towlers
19 February 2008	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 2007 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 2006 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 2007 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 2007;
- 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  
22 April 2008

# Consolidated income statement

for the year ended 31 December 2007

	Notes	Year ended 31 Dec 2007		Year Ended 31 Dec 2006 Restated	
		Realised £'000	Unrealised £'000	Total £'000	£'000
<b>Group revenue</b>	1	<b>16,693</b>	-	<b>16,693</b>	13,239
Operating costs	2	<b>(14,710)</b>	-	<b>(14,710)</b>	(12,788)
<b>Operating profit before adjustments</b>	1	<b>1,983</b>	-	<b>1,983</b>	451
(Decrease)/increase in value of investment properties	3	-	<b>(2,588)</b>	<b>(2,588)</b>	1,643
Gains on held for trading investments		-	<b>31</b>	<b>31</b>	81
Exceptional items	4	<b>383</b>	-	<b>383</b>	12
Share of (loss)/profit in joint ventures	14	-	<b>(204)</b>	<b>(204)</b>	175
<b>Operating profit/(loss)</b>	1	<b>2,366</b>	<b>(2,761)</b>	<b>(395)</b>	2,362
Interest receivable		<b>394</b>	-	<b>394</b>	232
Interest payable	7	<b>(458)</b>	-	<b>(458)</b>	(422)
<b>Profit/(Loss) before tax</b>	5	<b>2,302</b>	<b>(2,761)</b>	<b>(459)</b>	2,172
Taxation	8	<b>(472)</b>	<b>1,023</b>	<b>551</b>	(677)
<b>Profit/(Loss) for the year</b>		<b>1,830</b>	<b>(1,738)</b>	<b>92</b>	1,495
<b>Earnings per share - basic</b>	10	<b>17.51p</b>	<b>(16.63)p</b>	<b>0.88p</b>	14.30p
<b>Earnings per share - diluted</b>	10	<b>16.81p</b>	<b>(16.63)p</b>	<b>0.85p</b>	13.84p

The 2006 Income statement has been restated to adjust a change in the deferred tax charge in the year (note 8).

Realised income reflects all the mining and property operations. Unrealised income reflects the fixed asset revaluations and joint ventures, where the income has not actually been received.

# Consolidated balance sheet

at 31 December 2007

	Notes	2007 £000	2006 Restated £000
<b>Assets</b>			
<b>Non current assets</b>			
Value of investment properties attributable to group	11	<b>14,725</b>	17,270
Fair value of head lease		<b>267</b>	146
Property		<b>14,992</b>	17,416
Reserves, plant and equipment	12	<b>5,859</b>	5,415
Investments in Joint Ventures	13	<b>2,520</b>	2,637
Other Investments	13	<b>471</b>	391
<b>Total non-current assets</b>		<b>23,842</b>	25,859
<b>Current assets</b>			
Inventories	16	<b>126</b>	56
Trade and other receivables	17	<b>2,130</b>	2,030
Corporation tax recoverable		<b>174</b>	26
Held for trading investments	18	<b>770</b>	700
Interest derivative		<b>16</b>	53
Cash and cash equivalents		<b>3,199</b>	3,275
<b>Total current assets</b>		<b>6,415</b>	6,140
<b>Total assets</b>		<b>30,257</b>	31,999
<b>Liabilities</b>			
<b>Current liabilities</b>			
Borrowings	20	<b>(2,402)</b>	(3,302)
Trade and other payables	19	<b>(5,606)</b>	(5,887)
Current tax liabilities		<b>(454)</b>	(33)
<b>Total current liabilities</b>		<b>(8,462)</b>	(9,222)
<b>Non current liabilities</b>			
Borrowings	20	<b>(3,139)</b>	(3,402)
Finance lease liabilities		<b>(267)</b>	(146)
Deferred tax liabilities	22	<b>(3,030)</b>	(3,899)
<b>Total non current liabilities</b>		<b>(6,436)</b>	(7,447)
<b>Total liabilities</b>		<b>(14,898)</b>	(16,669)
<b>Net assets</b>		<b>15,359</b>	15,330
<b>Equity</b>			
Share capital	23	<b>1,045</b>	1,045
Translation reserve		<b>(1,276)</b>	(1,237)
Other reserves	24	<b>426</b>	189
Retained earnings		<b>15,164</b>	15,333
<b>Total equity</b>		<b>15,359</b>	15,330

The 2006 balance sheet has been restated to reflect a change to the deferred tax provision (note 8).

These financial statements were approved and authorised for issue by the board of directors on 31 March 2008 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 2007

	Share capital £000	Translation reserves £000	Other reserves £000	Retained earnings £000	Total £000	Minority interest £000	Total equity £000
Balance as at 1 January 2006	1,045	56	114	14,606	15,821	592	16,413
Restatement	-	(218)	-	(533)	(751)	(451)	(1,202)
Restated opening balance	1,045	(162)	114	14,073	15,070	141	15,211
Revaluation of investment properties	-	-	-	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	-	-	-	-	-	(141)	(141)
Equity share options	-	-	75	-	75	-	75
Balance at 31 December 2006	1,045	(1,459)	189	15,963	15,738	-	15,738
Prior restatement – in year effect	-	222	-	(630)	(408)	-	(408)
Restated opening balance	1,045	(1,237)	189	15,333	15,330	-	15,330
Revaluation of investment properties	-	-	-	(2,588)	(2,588)	-	(2,588)
Movement on fair value of derivatives	-	-	-	16	16	-	16
Other income statement movements	-	-	-	2,664	2,664	-	2,664
Profit for the year	-	-	-	92	92	-	92
Exchange adjustment	-	(39)	-	-	(39)	-	(39)
Total recognised income and expense for the year	-	(39)	-	92	53	-	53
Dividend	-	-	-	(261)	(261)	-	(261)
Equity share options	-	-	237	-	237	-	237
Balance at 31 December 2007	1,045	(1,276)	426	15,164	15,359	-	15,359

The 2006 Reserves have been restated to adjust a change in the deferred tax charge in the year (note 8).

# Consolidated cash flow statement

for the year ended 31 December 2007

	Year ended 31 December 2007 £000	Year ended 31 December 2006 Restated £000
<b>Cash flows from operating activities</b>		
Operating (loss)/profit	(395)	2,362
Depreciation	1,196	933
Share based payment expense	237	75
Unrealised gain on investment held for trading	(31)	(81)
Unrealised loss/(gain) on investment properties	2,588	(1,643)
Share of profit of joint ventures	204	(175)
Cash flow before working capital	3,799	1,471
Change in inventories	(69)	57
Change in trade and other receivables	(87)	1,780
Change in trade and other payables	(454)	98
Acquisitions of held for trading investments	(89)	-
Proceeds from held for trading investments	50	10
Cash generated from operations	3,150	3,416
Interest received	394	232
Interest paid	(458)	(422)
Income tax paid	(43)	28
Cash flow from operating activities	3,043	3,254
<b>Cash flows from investing activities</b>		
Acquisition of reserves, plant and equipment	(1,775)	(1,893)
Proceeds from sale of investment properties, reserves, plant and equipment	158	19
Acquisitions of investments	(78)	(10)
Cash flow from investing activities	(1,695)	(1,884)
<b>Cash flows from financing activities</b>		
Borrowings drawn	163	1,380
Borrowings repaid	(990)	(498)
Equity dividends paid	(261)	(235)
Cash flow from financing activities	(1,088)	647
Net increase in cash and cash equivalents	260	2,017
Cash and cash equivalents at 1 January	978	(969)
Exchange adjustment	6	(70)
Cash and cash equivalents at 31 December	1,244	978

# Group accounting policies

for the year ended 31 December 2007

## Basis of accounting

The results for the year ended 31 December 2007 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The principal accounting policies are described below:

The group financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise stated.

## International Accounting Standards (IAS/IFRS):

The financial statements are prepared in accordance with International Financial Reporting Standards and Interpretations in force at the reporting date. The company has not adopted any standards or interpretations in advance of the required implementation dates. It is not expected that adoption of standards or interpretations which have been issued by the International Accounting Standards Board but have not been adopted will have a material impact on the financial statements.

The following interpretations were mandatory for the group's accounting period, but are not relevant to the operations of the group.

- IFRIC 7 'Applying the restatement approach under IAS 29 Financial reporting in hyperinflationary economies'.
- IFRIC 9 'Reassessment of embedded derivatives'.

The directors anticipate that the adoption of these standards will have no material impact on the group's financial statements in the period of initial application.

## Key judgements and estimates

The directors consider their judgements and estimates surrounding the life of the mine and its reserves to have the most significant effect on the amounts recognised in the financial statements and to be the area where the financial statements are at most risk of a material adjustment due to estimation uncertainty.

In addition the directors note that other areas, in particular the valuation of the investment properties, are considered to be less judgemental due to the nature of the underlying properties and to the use of external valuers.

## 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.

The fair value of the head leases is the net present value of the current head rent payable on leasehold properties unit the expiry of the lease.

# Group accounting policies *continued*

for the year ended 31 December 2007

## Reserves, 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 reserves and development cost

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.

Opencast mining is expected to commence in 2008. The life of the mine remaining is currently estimated at 6 years.

## 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

## Employee benefits

### Share based remuneration

The company 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 model. 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.

## Group accounting policies continued

for the year ended 31 December 2007

### 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 non-recoverable amounts.

#### Trade payables

Trade payables are not interest bearing and are stated at their 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 together with the group's share of post acquisition reserves, on an equity basis.

### 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 and 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 and original maturities of three months or less. The cash and cash equivalents shown in the cash flow statement are stated net of bank overdrafts.

## Notes to the financial statements

for the year ended 31 December 2007

### 1. Segmental reporting

	2007			
Business analysis (primary segment)	Mining £000	Property £000	Other £000	Total £000
<b>Segment revenue</b>	<b>15,594</b>	<b>1,019</b>	<b>80</b>	<b>16,693</b>
Operating profit before adjustments	1,702	269	12	<b>1,983</b>
Revaluation of investments	-	(2,588)	31	<b>(2,557)</b>
Exceptional items	-	383	-	<b>383</b>
Share of loss of joint ventures	(102)	(102)	-	<b>(204)</b>
<b>Operating profit/(loss) and segment result</b>	<b>1,600</b>	<b>(2,038)</b>	<b>43</b>	<b>(395)</b>
Segment assets	7,662	15,772	954	<b>24,388</b>
Unallocated assets - fixed assets				<b>150</b>
Unallocated assets - cash and cash equivalents				<b>3,199</b>
<b>Total assets</b>				<b>27,737</b>
Segment liabilities	(3,737)	(3,201)	(16)	<b>(6,954)</b>
Borrowings	(185)	(3,402)	-	<b>(3,587)</b>
	<b>(3,922)</b>	<b>(6,603)</b>	<b>(16)</b>	<b>(10,541)</b>
Unallocated liabilities				<b>(4,357)</b>
<b>Total liabilities</b>				<b>(14,898)</b>
<b>Net assets</b>				<b>12,839</b>
Investment in joint ventures - non segmental				<b>2,520</b>
<b>Net assets as per balance sheet</b>				<b>15,359</b>
Depreciation	1,171	-	25	<b>1,196</b>
Capital expenditure	1,643	-	132	<b>1,775</b>

Geographic analysis (secondary segment)	United Kingdom £000	South Africa £000	Other £000	Unallocated £000	Total £000
Segment revenue	1,099	15,594	-	-	<b>16,693</b>
Operating (loss)/profit and segment result	(2,125)	1,702	-	-	<b>(423)</b>
Segment assets	9,050	4,773	24	(1,008)	<b>12,839</b>
Capital expenditure	132	1,643	-	-	<b>1,775</b>

## Notes to the financial statements *continued*

for the year ended 31 December 2007

### 1. Segmental reporting *continued*

		2006 Restated			
		Mining £000	Property £000	Other £000	Total £000
<b>Business analysis (primary segment)</b>					
<b>Segment revenue</b>		12,138	1,064	37	<b>13,239</b>
Operating profit before adjustments		92	350	9	<b>451</b>
Revaluation of investments		-	1,643	81	<b>1,724</b>
Exceptional item		-	12	-	<b>12</b>
Share of (loss)/profit of joint ventures		(18)	193	-	<b>175</b>
<b>Operating profit and segment result</b>		<b>74</b>	<b>2,198</b>	<b>90</b>	<b>2,362</b>
Segment assets		7,005	18,031	883	<b>25,919</b>
Unallocated assets - fixed assets					<b>168</b>
Unallocated assets - cash and cash equivalents					<b>3,275</b>
<b>Total assets</b>					<b>29,362</b>
Segment liabilities		(3,619)	(4,095)	(20)	<b>(7,734)</b>
Borrowings		(409)	(3,998)	-	<b>(4,407)</b>
		<b>(4,028)</b>	<b>(8,093)</b>	<b>(20)</b>	<b>(12,141)</b>
Unallocated liabilities					<b>(4,528)</b>
<b>Total liabilities</b>					<b>(16,669)</b>
<b>Net assets</b>					<b>12,693</b>
Investment in joint ventures - non segmental					<b>2,637</b>
<b>Net assets as per balance sheet</b>					<b>15,330</b>
Depreciation		898	-	35	<b>933</b>
Capital expenditure		1,879	2	12	<b>1,893</b>
<b>Geographic analysis (secondary segment)</b>					
	United Kingdom £000	South Africa £000	Other £000	Unallocated £000	<b>Total £000</b>
Segment revenue	1,101	12,138	-	-	<b>13,239</b>
Operating profit and segment result	2,269	93	-	-	<b>2,362</b>
Segment assets	10,009	3,745	24	(1,085)	<b>12,693</b>
Capital expenditure	14	1,879	-	-	<b>1,893</b>

## Notes to the financial statements *continued*

for the year ended 31 December 2007

### 2. Operating costs

	2007 £000	Restated 2006 £000
Mining	<b>9,997</b>	8,073
Property	<b>62</b>	158
Share dealing	<b>33</b>	11
Cost of sales	<b>10,092</b>	8,242
Administration	<b>4,618</b>	4,546
<b>Operating costs</b>	<b>14,710</b>	12,788
The direct property costs are:		
Ground rent	<b>18</b>	17
Direct property expense	<b>49</b>	95
Bad debts	<b>(5)</b>	46
	<b>62</b>	158

2006 administrative costs are increased by £442,000 to reflect revised income statement presentation of South African litigation costs. This is necessitated by the restated deferred tax and associated minority interest.

### 3. 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:

	2007 £000	2006 £000
Gains on revaluation of investment properties - realised	<b>383</b>	12
Gains on revaluation of investment properties - unrealised	<b>(2,588)</b>	1,643
Valuation movement in respect of head lease payments	<b>(121)</b>	8
Sale of properties with headlease payments	-	(258)
<b>Investment surplus</b>	<b>(2,326)</b>	1,405

### 4. Exceptional items

	2007 £000	2006 £000
<b>Additional gain on sale of investment properties in prior year</b>	<b>383</b>	12

### 5. (Loss)/profit on ordinary activities before taxation

(Loss)/profit on ordinary activities before taxation is arrived at after charging:

	2007 £000	2006 £000
Staff costs (see note 28)	<b>6,228</b>	3,591
Depreciation	<b>1,196</b>	933
Fees payable to the company's auditor for the audit of the company's annual accounts	<b>21</b>	23
Fees payable to the company's auditor and its associates for other services		
The audit of the company's subsidiaries, pursuant to legislation	<b>13</b>	19
Tax services	<b>1</b>	5
Other services	<b>4</b>	21

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.

### 6. Directors' emoluments

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

## Notes to the financial statements continued

for the year ended 31 December 2007

### 7. Interest payable

	2007 £000	2006 £000
On bank overdrafts and bank loans	160	415
On other loans	-	5
Other interest payable	262	2
Hedging	36	-
<b>Interest payable</b>	<b>458</b>	<b>422</b>

### 8. Taxation

	2007 £000	2006 Restated £000
(a) Based on the results for the year:		
Corporation tax at 30% (2006: 30%)	326	(46)
Adjustment in respect of prior years - UK	4	143
Current tax	330	97
Deferred tax	(881)	580
<b>Total tax in income statement</b>	<b>(551)</b>	<b>677</b>

(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% (2006: 30%)

The differences are explained below:

(Loss)/profit on ordinary activities before taxation	(459)	2,172
Tax on profit on ordinary activities at 30%	(138)	652
Effects of:		
Expenses not deductible for tax purposes	89	160
Capital allowances for the year in excess of depreciation	(209)	178
Capital gains in excess of profit on disposal	(307)	(181)
Other differences	43	(4)
Loss relief	13	(272)
Adjustment to smaller companies rates	(42)	1
Adjustment in respect of prior years	-	143
<b>Total tax</b>	<b>(551)</b>	<b>677</b>

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.

The deferred tax prior year restatement which increases the 2006 charge by £188,000, relates to the recognition of the liability on the difference between the book value of the plant and equipment and the written down tax value on which capital allowances have been claimed. As a result of the profitability of the mine the directors have determined that the previous basis of calculation was not appropriate and required correction. This full provision will equalise the tax charge in future years.

The financial effect of the restatement on the prior years is set out in the Consolidated Statement of Changes in Shareholders' Equity.

## Notes to the financial statements continued

for the year ended 31 December 2007

### 9. Dividends paid

	2007 Per share £000	2006 Per share £000
Prior period final dividend	3.00 p	2.50p
	313	261

A final dividend in respect of 2007 of 3.0p (2006: 2.50p) per share amounting to a total of £313,000 (2006: £261,000) 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 2008.

### 10. Earnings and diluted earnings per share

Both the basic and diluted earnings per share calculations are based on a profit after tax of £92,000 (2006: restated profit £1,495,000). The basic earnings per share have been calculated on 10,451,506 (2006: 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 (2006: 10,451,506) plus the dilutive potential ordinary shares arising from share options of 433,438 (2006: 347,466) totalling 10,884,944 (2006: 10,798,972).

### 11. Investment properties

	Freehold £000	Long leasehold £000	Total £000
Valuation at 1 January 2007	13,470	3,800	17,270
Additions	43	-	43
Revaluation	(2,438)	(150)	(2,588)
<b>Valuation at 31 December 2007</b>	<b>11,075</b>	<b>3,650</b>	<b>14,725</b>
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			
<b>At 31 December 2007</b>	<b>4,653</b>	<b>728</b>	<b>5,381</b>
At 31 December 2006	4,610	728	5,338

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 2007 on an open market basis by:

	£'000
Allsop LLP, Chartered Surveyors	11,075
Towlers, Chartered Surveyors	3,650
	<b>14,725</b>

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

## Notes to the financial statements continued

for the year ended 31 December 2007

### 12. Mining reserves, plant and equipment

	Mining Reserves £000	Mining equipment £000	Motor vehicles £000	Office equipment £000	Total £000
Cost at 1 January 2007	1,976	6,906	562	59	<b>9,503</b>
Exchange adjustment	27	84	6	-	<b>117</b>
Additions	45	1,556	99	32	<b>1,732</b>
Disposals	(345)	(969)	(88)	(11)	<b>(1,413)</b>
<b>Cost at 31 December 2007</b>	<b>1,703</b>	<b>7,577</b>	<b>579</b>	<b>80</b>	<b>9,939</b>
Accumulated depreciation at 1 January 2007	1,127	2,569	350	42	<b>4,088</b>
Exchange adjustment	15	32	4	-	<b>51</b>
Charge for the year	192	946	49	9	<b>1,196</b>
Disposals in year	(465)	(735)	(44)	(11)	<b>(1,255)</b>
<b>Accumulated depreciation at 31 December 2007</b>	<b>869</b>	<b>2,812</b>	<b>359</b>	<b>40</b>	<b>4,080</b>
<b>Net book value at 31 December 2007</b>	<b>834</b>	<b>4,765</b>	<b>220</b>	<b>40</b>	<b>5,859</b>
Cost at 1 January 2006	2,513	6,330	745	51	<b>9,639</b>
Exchange adjustment	(555)	(1,284)	(117)	(5)	<b>(1,961)</b>
Additions	18	1,860	-	13	<b>1,891</b>
Disposals	-	-	(66)	-	<b>(66)</b>
<b>Cost at 31 December 2006</b>	<b>1,976</b>	<b>6,906</b>	<b>562</b>	<b>59</b>	<b>9,503</b>
Accumulated depreciation at 1 January 2006	1,199	2,410	383	43	<b>4,035</b>
Exchange adjustment	(259)	(501)	(68)	(5)	<b>(833)</b>
Charge for the year	187	660	82	4	<b>933</b>
Disposals in year	-	-	(47)	-	<b>(47)</b>
<b>Accumulated depreciation at 31 December 2006</b>	<b>1,127</b>	<b>2,569</b>	<b>350</b>	<b>42</b>	<b>4,088</b>
<b>Net book value at 31 December 2006</b>	<b>849</b>	<b>4,337</b>	<b>212</b>	<b>17</b>	<b>5,415</b>

### 13. Investments held as non-current assets

	2007		2006	
	Joint ventures Assets £000	Other £000	Joint ventures Assets £000	Other £000
At 1 January	2,126	604	1,951	637
Additions	-	78	-	-
Exchange adjustment	-	2	-	(33)
Share of revaluation reserve of joint venture	(73)	-	105	-
Share of retained (loss)/profit of joint ventures	(132)	-	70	-
<b>Net assets at 31 December</b>	<b>1,921</b>	<b>684</b>	<b>2,126</b>	<b>604</b>

## Notes to the financial statements continued

for the year ended 31 December 2007

### 13. Investments held as non-current assets continued

	2007		2006	
	Joint ventures Assets £000	Other £000	Joint ventures Assets £000	Other £000
At 1 January	511	-	568	-
Loan to joint venture	88	-	(57)	-
<b>At 31 December</b>	<b>599</b>	<b>-</b>	<b>511</b>	<b>-</b>
<b>At 31 December</b>	<b>2,520</b>	<b>684</b>	<b>2,637</b>	<b>604</b>
Provision for diminution in value				
As at 1 January and 31 December	-	(213)	-	(213)
<b>Net book value at 31 December</b>	<b>2,520</b>	<b>471</b>	<b>2,637</b>	<b>391</b>

	2007 £000	2006 £000
Included in other investments are:		
Net book value of unquoted investments	<b>258</b>	216
Rehabilitation fund	<b>196</b>	159
Market value of the overseas listed investments	<b>17</b>	16
	<b>471</b>	391

Net book value of investments listed on overseas Stock Exchanges	<b>143</b>	143
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### 14. 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 England and Wales. It has issued share capital of 500,000 (2006: 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 England and Wales. It has issued share capital of 101 (2006: 101) ordinary shares of £1 each.

The company owns 49% of the issued share capital of Ezimbokodweni Mining (pty) Limited, an unlisted coal production company. The company is incorporated in South Africa. It has issued share capital of 100 (2006: 100) ordinary shares of ZAR1 each.

	Ezimbokodweni 49%	Dragon 50% £000	Ninghi 45% £000	2007 £000	2006 £000
Turnover	-	92	-	<b>92</b>	3,508
Profit and loss					
(Loss)/Profit before tax	-	(108)	(102)	<b>(210)</b>	181
Taxation	-	6	-	<b>6</b>	(6)
<b>(Loss)/profit after taxation</b>	<b>-</b>	<b>(102)</b>	<b>(102)</b>	<b>(204)</b>	175
Balance sheet					
Non-current assets	514	1,747	-	<b>2,261</b>	2,602
Current assets	-	1,578	71	<b>1,649</b>	1,870
Current liabilities	(514)	(75)	(134)	<b>(723)</b>	(740)
Non-current liabilities	-	(1,265)	-	<b>(1,265)</b>	(1,606)
<b>Share of net assets at 31 December</b>	<b>-</b>	<b>1,985</b>	<b>(63)</b>	<b>1,922</b>	2,126

## Notes to the financial statements *continued*

for the year ended 31 December 2007

### 15. 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%	England and Wales
Black Wattle Colliery (pty) Limited	Coal mining	100%	South Africa
Bisichi Coal Mining (pty) Limited	Coal mining	100%	South Africa
Bisichi Mining (Exploration) Limited	Holding company	100%	England and Wales

### 16. Inventories

	2007 £000	2006 £000
<b>Coal</b>		
Washed	63	45
Unwashed	18	4
Run of mine	38	2
Other	7	5
	<b>126</b>	<b>56</b>

### 17. Trade and other receivables

	2007 £000	2006 Restated £000
<b>Amounts falling due within one year:</b>		
Trade receivables	1,484	1,458
Other receivables	591	516
Prepayments and accrued income	55	56
	<b>2,130</b>	<b>2,030</b>

### 18. Held for trading investments

	2007 £000	2006 £000
<b>Market value of Listed Investments:</b>		
Listed in Great Britain	694	663
Listed outside Great Britain	76	37
	<b>770</b>	<b>700</b>
Original cost of Listed Investments	487	430
Unrealised surplus of market value over cost	283	270

## Notes to the financial statements *continued*

for the year ended 31 December 2007

### 19. Trade and other payables

	2007 £000	2006 £000
Trade payables	656	571
Joint venture	1,478	1,641
Provisions	472	450
Other payables	762	567
Accruals and deferred income	2,238	2,658
	<b>5,606</b>	<b>5,887</b>

The provisions relate to the South African litigation and the movement in the year primarily relates to the movement in the exchange rate. Included within accruals is £99,000 (2006: £154,000) being the current estimated cost of restoration of the mine site upon cessation of operations.

### 20. Financial liabilities - borrowings

	2007 £000	Current 2006 £000	Non-current 2007 £000	2006 £000
Bank overdraft (secured)	1,955	2,297	-	-
Bank loan (secured)	447	1,005	3,139	3,402
	<b>2,402</b>	<b>3,302</b>	<b>3,139</b>	<b>3,402</b>

Bank overdraft and loan installments by reference to the balance sheet date:

Within one year	2,402	3,302
From one to two years	403	3,396
From two to five years	2,736	6
	<b>5,541</b>	<b>6,704</b>

Bank overdraft and loan analysis by origin:

United Kingdom	5,159	6,017
Southern Africa	382	687
	<b>5,541</b>	<b>6,704</b>

The United Kingdom bank loans and overdraft are secured by way of a first charge over the investment properties in the UK. The South African bank loans are secured by way of a first charge over specific pieces of mining equipment or the Debtors of the relevant company which holds the loan.

Consistently with others in the industry, the group monitors its capital by its gearing levels. This is calculated as the net debt (loans less cash and cash equivalents) as a percentage of the equity. During 2007 this was reduced to 15.2% (2006: 22.4%) which was calculated as follows:

	2007 £000	2006 £000
Total debt	5,541	6,704
Less cash and cash equivalents	(3,199)	(3,275)
Net debt	2,342	3,429
<b>Total equity</b>	<b>15,359</b>	<b>15,330</b>
<b>Gearing</b>	<b>15.2%</b>	<b>22.4%</b>

## Notes to the financial statements continued

for the year ended 31 December 2007

### 21. 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 summarised 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.

The table below shows the currency profiles of cash and cash equivalents:

	2007 £000	2006 £000
Sterling	214	277
South African Rand	2,985	2,998
	3,199	3,275

Cash and cash equivalents earn interest at rates based on LIBOR in Sterling and Prime in Rand.

#### 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. The group only deposits surplus cash with well-established financial institutions of high quality credit standing.

#### Financial assets maturity

On 31 December 2007, cash at bank and in hand amounted to £3,199,000 (2006: £3,275,000) which is invested in short term bank deposits maturing within one year bearing interest at the bank's variable rates. Cash and cash equivalents all have a maturity of less than 3 months. Details of other financial assets are shown in notes 13, 17 and 18.

#### Borrowing facilities

At 31 December 2007 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 £4,045,000 (2006: £4,065,000) which expire within one year. Details of other financial liabilities are shown in notes 19 and 20.

#### Hedge profile

An interest rate swap has been entered into in line with the £3,400,000 UK loan at a fixed rate of 4.05%. The fair value of this swap is £16,000 (2006: £53,000).

#### Commodity price risk

Commodity price risk is the risk that the Group's future earnings will be adversely impacted by changes in the market price of commodities. The group is exposed to commodity price risk as its future revenues will be derived based on a contract with a physical off-take partner at prices that will be determined by reference to market prices of coal at the delivery date.

From time to time the Group may manage its exposure to commodity price risk by entering into forward sales contracts with the goal of preserving future revenue streams.

#### Foreign exchange risk

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.

As a result of the group mining assets being held in South Africa and having a functional currency different than the presentation currency, the Group balance sheet can be affected significantly by movements in the pounds sterling to the South African Rand. During 2006 and 2007 the group did not hedge its exposure of foreign investments held in foreign currencies. There is no significant impact on profit and loss from foreign currency movements associated with these South African subsidiary assets and liabilities as the effective portion of foreign currency gains or losses arising are recorded through the translation reserve.

## Notes to the financial statements continued

for the year ended 31 December 2007

### 21. Financial instruments continued

The effect of a movement in foreign currencies on the income statement and equity of the group is shown in the sensitivity analysis below:

	Income Statement		Equity	
	2007 £000	2006 £000	2007 £000	2006 £000
If there were a 10% weakening of the South African Rand against				
Sterling with all other variables held constant - (decrease)	(117)	(39)	(327)	(273)
If there were a 10% strengthening of the South African Rand against				
Sterling with all other variables held constant - increase	130	44	401	334

### 22. Deferred taxation

	2007 £000	Restated 2006 £000
Balance at 1 January	3,899	3,543
Recognised in income	(881)	580
Exchange adjustment	12	(224)
	3,030	3,899
	Non-current liabilities	
	2007 £000	2006 £000
The deferred tax balance comprises the following:		
Revaluation of properties	1,896	2,921
Capital allowances	1,120	962
Short-term timing differences	14	16
	3,030	3,899

The deferred taxation liability at 1 January 2006 has been increased by £1,202,000 in respect of the restatement explained in note 8.

### 23. Share capital

	2007 £000	2006 £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

The group's objectives when managing capital are:

- To safeguard the group's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders; and
- To provide adequate return to shareholders by ensuring returns are commensurate with the risk.

The group sets the amount of capital in proportion to risk. It ensures that the capital structure is commensurate to the economic conditions and risk characteristics to the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the capital structure, vary the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

### 24. Other reserves

	2007 £000	2006 £000
Equity share options	340	103
Net premium on share capital in joint venture	86	86
	426	189

## Notes to the financial statements continued

for the year ended 31 December 2007

### 25. 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 2006	Number of share options issued during year	Number of share for which options outstanding at 31 December 2007
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 - 47.33%
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.

	2007 Number	2007 Weighted average Exercise price	2006 Number	2006 Weighted average Exercise price
Outstanding at 1 January	1,113,000	164.4p	513,000	78.8p
Granted during year	-	-	600,000	237.5p
Outstanding at 31 December	1,113,000	164.4p	1,113,000	164.4p
Exercisable at 31 December	513,000	78.8p	313,000	34.0p

### 26. Minority interest

	2007 £000	Restated 2006 £000
As at 1 January	-	141
Cancellation (see below)	-	(141)
	-	-

The minority interest restated to reflect the change in deferred tax provision, 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.

The cancellation of the Minority Interest was due to the cancellation of the Agreement by which the Mhlaba Dube Memorial Trust held a 37.5% shareholding in Black Wattle and court proceedings have been scheduled for May 2008 in South Africa to obtain a declaration that the Trust is no longer a shareholder. The Board are confident that the company will be successful in these proceedings. This legal action does not affect the operation of Black Wattle Colliery nor its mineral rights granted under the MPRDA.

## Notes to the financial statements continued

for the year ended 31 December 2007

### 27. Related Party Transactions

	At 31 December 2007 Amounts owed to related party £000	Amounts owed by related party £000	During the year Costs recharged (to) / by related party £000	Cash paid (to) / by related party £000
<b>Related party:</b>				
London & Associated Properties PLC (note (a))	134	-	345	(542)
Dragon Retail Properties Limited (note (b))	1,478	-	-	(162)
Ninghi Marketing Limited (note (c))	253	-	(190)	(43)
Ezimbokodweni (pty) Limited (note (d))	-	(599)	(88)	-
<b>As at 31 December 2007</b>	<b>1,865</b>	<b>(599)</b>	<b>67</b>	<b>(747)</b>
As at 31 December 2006	1,972	(574)	(6,870)	8,420

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.

The costs in relation to Ninghi Marketing Limited is the cost of the coal sold by Black Wattle Colliery (pty) Limited to Ninghi Marketing Limited for export.

Ezimbokodweni Mining (pty) Limited is a joint venture and is treated as a non-current asset investment.

- London & Associated Properties PLC**  
Property management, office premises, general management, accounting and administration services are provided for Bisichi Mining PLC and its UK subsidiaries.
- Dragon Retail Properties Limited**  
Dragon Retail Properties Limited is owned equally by the company and London & Associated Properties PLC.
- Ninghi Marketing Limited**  
Ninghi Marketing Limited is a coal trading company, based in London.
- 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.

### 28. Employees

	2007 Number	2006 Number
The average weekly number of employees of the group during the year were as follows:		
Production	480	266
Administration	16	16
	496	282
	£000	£000
Staff costs during the year were as follows:		
Salaries	5,654	3,390
Social security costs	154	101
Pension costs	183	100
Share based payments	237	75
	6,228	3,666

Increased staff costs at Black Wattle Colliery are due to the acquisition of the washing plant where the staff, previously employed by the contractors became full time employees.

## Notes to the financial statements *continued*

for the year ended 31 December 2007

### 29. Capital commitments

	2007 £000	2006 £000
Commitments for capital expenditure approved but not contracted for at the year end	220	109
Share of commitment of capital expenditure in joint venture	1,854	1,831

### 30. Head lease commitments and future property lease rentals

Present value of head leases on properties

	Minimum lease payments		Present value of Minimum lease payments	
	2007 £000	2006 £000	2007 £000	2006 £000
Within one year	15	8	15	8
Second to fifth year	59	30	55	28
After five years	2,002	1,027	197	110
	2,076	1,065	267	146
Discounting adjustment	(1,809)	(919)	-	-
Present value	267	146	267	146

Finance lease liabilities are in respect of leased investment property. Many of the leases provide for contingent rents in addition to the rents above which is a proportion of rental income. Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in event of default.

The group leases out its investment properties under operating leases. The future aggregate minimum rentals receivable under non-cancellable operating lease are as follows:

	2007 £000	2006 £000
Within one year	804	923
Second to fifth year	2,541	2,749
After five years	10,424	10,851
	13,769	14,523

## Company balance sheet

at 31 December 2007

	Notes	2007 £000	2006 £000
<b>Fixed assets</b>			
Tangible assets	32	14,838	17,364
Investment in joint ventures	33	164	164
Other investments	33	1,130	1,105
		16,132	18,633
<b>Current assets</b>			
Debtors	34	1,560	2,594
Interest derivative		16	53
Bank balances		2,626	2,998
		4,202	5,645
Creditors - amounts falling due within one year	35	(4,635)	(5,278)
<b>Net current assets</b>		(433)	367
<b>Total assets less current liabilities</b>		15,699	19,000
Creditors - amounts falling due after one year - medium term bank loan	35	(3,000)	(3,402)
Provisions for liabilities and charges	36	(39)	(37)
<b>Net assets</b>		12,660	15,561
<b>Capital and reserves</b>			
Called up share capital	23	1,045	1,045
Revaluation reserve	37	8,946	11,534
Other reserves	37	357	156
Retained earnings	37	2,312	2,826
<b>Shareholders' funds</b>		12,660	15,561

The company financial statements were approved and authorised for issue by the board of directors on 31 March 2008 and signed on its behalf by:

**M A Heller**  
Director

**A R Heller**  
Director

# Company accounting policies

for the year ended 31 December 2007

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 installments 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. All exchange differences are taken to the profit and loss account.

## Investment properties

The investment property portfolio is included in the financial statements at open market valuation. An external professional valuation is carried out annually by professional external surveyors. 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 their 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.

## 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 s230 of the Companies Act 2006 from the requirement to present a cash flow statement, on the grounds that it is included within the consolidated accounts presented in this document.

# Notes to the financial statements *continued*

for the year ended 31 December 2007

## 31. Dividends

The aggregate amount of dividends comprises:

	2007 £000	2006 £000
Final dividends in respect of prior year but not recognised as liabilities in that year:	261	235

The aggregate amount of dividends proposed and not recognised as liabilities as at year end is £313,000 (2006: £261,000).

## 32. Tangible fixed assets

Investment properties					
	Long Freehold £000	Motor leasehold £000	Office vehicles £000	equipment £000	Total £000
Cost or valuation at 1 January 2007	13,470	3,800	126	37	17,433
Additions	43	-	89	-	132
Disposals	-	-	(67)	-	(67)
Revaluation	(2,438)	(150)	-	-	(2,588)
Cost or valuation at 31 December 2007	11,075	3,650	148	37	14,910
At valuation	11,075	3,650	-	-	14,725
At cost	-	-	148	37	185
	11,075	3,650	148	37	14,910
Accumulated depreciation at 1 January 2007	-	-	45	24	69
Charge for the year	-	-	22	4	26
Disposals in year	-	-	(23)	-	(23)
Accumulated depreciation at 31 December 2007	-	-	44	28	72
Net book value at 31 December 2007	11,075	3,650	104	9	14,838
Net book value at 31 December 2006	13,470	3,800	81	13	17,364

Details of historical cost of investment properties are shown in note 11.

## 33. Investments

	Joint ventures Shares £000	Other investments			Total £000
		Subsidiaries Shares £000	Loans £000	Other investments £000	
Cost at 1 January 2007	164	1,024	616	356	1,996
Drawn in year	-	-	25	-	25
Cost at 31 December 2007	164	1,024	641	356	2,021
Provision for impairment	-	-	-	-	-
As at 1 January and 31 December 2007	-	(678)	-	(213)	(891)
Net book value at 31 December 2007	164	346	641	143	1,130
Net book value at 31 December 2006	164	346	616	143	1,105

Other investments comprise £87,000 (2006: £87,000) shares and £56,000 (2006: £56,000) loans.

Investments in subsidiaries are detailed in note 15. 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.

## Notes to the financial statements *continued*

for the year ended 31 December 2007

### 34. Debtors

	2007 £000	2006 £000
<b>Amounts falling due within one year:</b>		
Amounts due from subsidiary undertakings	796	2,029
Tax recoverable	144	-
Other debtors	589	515
Prepayments and accrued income	31	50
	<b>1,560</b>	<b>2,594</b>

### 35. Creditors

	2007 £000	2006 £000
<b>Amounts falling due within one year:</b>		
Bank overdraft (secured)	1,757	2,018
Bank loan (secured)	402	597
Joint venture	1,478	1,641
Corporation tax	-	29
Other taxation and social security	387	60
Other creditors	278	463
Accruals and deferred income	333	470
	<b>4,635</b>	<b>5,278</b>

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

Amounts due in more than one year		
<b>Bank loans</b>	<b>3,000</b>	<b>3,402</b>

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

Within one year	402	597
From one to two years	400	402
From two to five years	2,600	3,000
	<b>3,402</b>	<b>3,999</b>

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

### 36. Provisions for liabilities and charges

	£000
Deferred Taxation	
Balance at 1 January 2007	37
Transfer to profit and loss account	2
<b>Balance at 31 December 2007</b>	<b>39</b>

No provision has been made for the approximate taxation liability at 28% (2006: 30%) of £1,896,000 (2006: £2,836,000) which would arise if the investment properties were sold at the stated valuation.

	2007 £000	2006 £000
The deferred tax balance comprises the following:		
Accelerated capital allowances	39	37

## Notes to the financial statements *continued*

for the year ended 31 December 2007

### 37. Reserves

	Revaluation reserve £000	Other reserve £000	Retained earnings £000
Balance at 1 January 2007	11,534	156	2,826
Dividend paid	-	-	(261)
Revaluation of investment property	(2,588)	-	-
Movement in reserves	-	(36)	36
Share options	-	237	-
Retained loss for the year	-	-	(289)
<b>Balance at 31 December 2007</b>	<b>8,946</b>	<b>357</b>	<b>2,312</b>

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 loss for the financial year, before dividends, was £289,000 (2006: profit £713,000).

Details of share capital are set out in note 23 and details of the share options are shown in the Directors Remuneration Report and note 25.

### 38. 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 27 of the Group financial statements.

### 39. Employees

The average number of employees (excluding directors), in administration, during the year was 1 (2006: 2).

	2007 £000	2006 £000
Staff costs were as follows:		
Salaries	42	80
Social Security costs	5	1
	<b>47</b>	<b>81</b>

# 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 financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all your ordinary shares in Bisichi Mining PLC please forward this document with the accompanying Form of Proxy, at once to the purchaser or transferee or 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-sixth Annual General Meeting of Bisichi Mining PLC (the "Company") will be held at 30-35 Pall Mall, London SW1Y 5LP on Thursday 12 June 2008 at 11.00 a.m. for the transaction of the following business:**

## Ordinary business

To consider and, if thought fit, pass resolutions 1 to 8 as ordinary resolutions:

- |   |  |                       |
|---|--|-----------------------|
| 1 | To receive and adopt the Company's annual accounts for the year ended 31 December 2007 together with the directors' report and the auditors' report on those accounts. | <b>(Resolution 1)</b> |
| 2 | To approve the remuneration report for the year ended 31 December 2007   | <b>(Resolution 2)</b> |
| 3 | To declare and approve a final dividend of 3.0p per share.   | <b>(Resolution 3)</b> |
| 4 | To re-elect as a director Mr M A Heller.   | <b>(Resolution 4)</b> |
| 5 | To re-elect as a director Mr T M Kearney.  | <b>(Resolution 5)</b> |
| 6 | To re-elect as a director Mr J A Sibbald.  | <b>(Resolution 6)</b> |
| 7 | To re-appoint PKF (UK) LLP as auditors, to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting.                    | <b>(Resolution 7)</b> |
| 8 | To authorise the directors to determine the remuneration of the auditors.  | <b>(Resolution 8)</b> |

## Special business

To consider and, if thought fit, pass the following resolutions which will be proposed as special resolutions:

9 That:

- 9.1 the directors shall have power under section 95 of the Companies Act 1985 (the "1985 Act") to allot equity securities (within the meaning of section 94 of the 1985 Act) for cash under the authority conferred upon them for the purposes of section 80 of the 1985 Act by a resolution passed on 4 June 2007 as if section 89(1) of the 1985 Act did not apply to any such allotment;
- 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;
- (b) to 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 1985 Act), a nominal amount or, in the case of other equity securities, giving the right to subscribe for or convert 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 (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; and
- 9.4 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 1985 Act as if in paragraph 9.1 the words "under the authority conferred upon them for the purposes of section 80 of the 1985 Act by a resolution passed on 4 June 2007" were omitted. **(Resolution 9)**

# Notice of Annual General Meeting *continued*

10 That with effect on and from 1 October 2008, the articles of association of the Company be amended by:

10.1 inserting the following new definition in article 1:

"The 2006 Act The Companies Act 2006;"

10.2 redefining "The Act" in article 1 as "The 1948 Act", with all references to "the Act" in the articles of association of the Company being deemed to be replaced with references to "the 1948 Act";

10.3 deleting the definition of "The Statutes" in article 1 and replacing it with the following:

"The Statutes the 1948 Act, the Companies Act 1967, the Companies Act 1985, the Companies Act 1989 and the 2006 Act and every statute (including any orders, regulations or other subordinate legislation made thereunder) for the time being in force concerning companies and so far as they apply to the Company"; and

10.3 deleting the existing articles 83 and 84 and adding the following new articles 83, 84 and 85 and by the consequential renumbering of subsequent articles of the Company's articles of association and the updating of all cross references:

83

- (a) A Director who is in any way, whether directly or indirectly, interested in any transaction or arrangement that has been entered into by the Company or any proposed transaction or arrangement with the Company shall declare the nature and extent of his interest to the other Directors to the extent required by, and in accordance with, the 2006 Act.
- (b) Before any situation arises in which a Director has, or can have, a direct or indirect interest or duty that conflicts or possibly may conflict with the interests of, or his duty to, the Company (other than in relation to a transaction or arrangement with the Company), he shall declare the nature and extent of his interest or duty to the other Directors (at a meeting of the Directors or by notice to the Directors in accordance with section 184 or 185 of the 2006 Act or otherwise). If a declaration proves to be, or becomes, inaccurate or incomplete, a further declaration must be made in accordance with this Article. A Director need not declare an interest or duty under this Article 83(b):
- (i) if the Director is not aware of it or the situation in question (and, for this purpose, a Director is treated as being aware of matters of which he ought reasonably to be aware if the situation cannot reasonably be regarded as likely to give rise to a conflict);
- (ii) if, or to the extent that, the other Directors are already aware of it (and, for this purpose, the other Directors are treated as being aware of anything of which they ought reasonably to be aware); or
- (iii) if, or to the extent that, it concerns terms of his service contract that have been or are to be considered by a meeting of the Directors or by a committee of the Directors appointed for the purpose under these Articles.
- (c) Subject to the Statutes and compliance with Article 83(a) or 83(b) (as applicable):
- (i) a Director, notwithstanding his office, may enter into, or otherwise be interested in, any transaction or arrangement with the Company or in which the Company is interested, either with regard to his tenure of any office or position in the management, administration or conduct of the business of the Company or as vendor, purchaser or otherwise;
- (ii) a Director, notwithstanding his office, may hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of Director for such period (subject to the Statutes) and upon such terms as the Board may decide and may be paid such extra remuneration for so doing (whether by way of salary, commission, participation in profits or otherwise) as the Board may decide, either in addition to or in lieu of any remuneration under any provision of these Articles;
- (iii) a Director, notwithstanding his office, may be or become a member or director of, or hold any other office or place of profit under, or otherwise be interested in, any other company in which the Company may be interested;
- (iv) the Board may cause the voting rights conferred by the shares in any company held or owned by the Company to be exercised in such manner in all respects as they think fit (including without limitation the exercise of such voting rights in favour of any resolution appointing the Directors or any of them as directors or officers of (or to hold any other position in) such company, or voting in favour of or providing for the payment of any benefit to the directors or officers of, or holders of any other position in, such company); and
- (v) a Director, notwithstanding his office, may act by himself or his firm in a professional capacity for the Company (except as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, and no Director shall, by reason of his holding office as a Director (or of the fiduciary relationship established by his holding that office) be liable to account to the Company for any remuneration, profit or other benefit received by him as a result of any interest permitted by this Article 83(c) and no contract, transaction or arrangement shall be liable to be avoided by reason of any Director having any interest permitted by this Article 83(c).

## Notice of Annual General Meeting *continued*

### 84

- (a) Any matter (a "Relevant Matter") which would otherwise constitute or give rise to a breach by a Director of his duty under the 2006 Act to avoid a situation in which he has, or could have, a direct or indirect interest or duty that conflicts or possibly may conflict with the interests of, or his duty to, the Company (including any breach which would arise by virtue of his appointment) may, if it has been declared to the other Directors in accordance with Article 83, be authorised by the Directors to the fullest extent permitted by law in accordance with this Article.
- (b) Any Director may propose that a Relevant Matter be authorised by the Directors. Such proposal and any authorisation given by the Directors shall be effected in the same way as any other matter may be proposed to, and resolved upon by, the Directors in accordance with the provisions of these Articles, except that no such authorisation shall be effective unless:
  - (i) the quorum requirement at any meeting at which the Relevant Matter is considered is met without counting the Director concerned or any other interested Director; and
  - (ii) the Relevant Matter is agreed to without the Director concerned or any other interested Director voting (or would have been agreed to if their votes had not been counted).

The Director concerned and any other interested Director may, if the other Directors so decide, be excluded from any Board meeting while the Relevant Matter is under consideration. The Directors may withdraw or vary any authorisation given in respect of a Relevant Matter at any time.

- (c) In giving authorisation in accordance with this Article 84, the Directors may impose, vary or remove such terms and conditions as they may think fit from time to time (whether at the time of giving the authorisation or subsequently) including, without limitation:
  - (i) applying to the Director concerned a strict duty of confidentiality to the Company for any confidential information of the Company relating to the Relevant Matter (without prejudice to the Director's general obligations of confidentiality);
  - (ii) specifying that the Director concerned shall be excluded from participation in discussion (whether at meetings of the Board or otherwise) or receipt of documents or information relating to the Relevant Matter; and
  - (iii) specifying whether or not the Director shall be entitled to vote or be counted in the quorum in relation to any resolution relating to the Relevant Matter.

The Director concerned must act in accordance with any terms and conditions specified by the Directors in accordance with this Article.

- (d) If a Relevant Matter has been authorised by the Directors in accordance with this Article 84, then (subject to such terms and conditions, if any, as the Directors may think fit to impose from time to time, and subject always to their right to withdraw or vary such authorisation), the Director concerned shall be entitled, without breaching the general duties he owes to the Company by virtue of sections 171 to 177 of the 2006 Act:
  - (i) to exclude himself from participation in discussion (whether at meetings of the Board or otherwise) or receipt of documents or information relating to the Relevant Matter; and/or
  - (ii) not to disclose to the Company, or use in relation to the Company's affairs, information which he obtains or has obtained otherwise than through his position as a Director of the Company which relates to the Relevant Matter and which is confidential to a third party, where to do so would amount to a breach of confidence or breach of duty to the third party.
- (e) No Director shall, by reason of his office as Director of the Company (or by reason of the fiduciary relationship established by holding that office), be liable to account to the Company for any benefit which he derives from any Relevant Matter which has been authorised by the Directors in accordance with this Article 84 and no contract, transaction or arrangement shall be liable to be avoided by reason of any interest of a Director which has been so authorised.
- (f) This Article 84 does not apply to a conflict of interest arising in relation to a transaction or arrangement with the Company.
- (g) For the purposes of this Article 84 a conflict of interest includes a conflict of interest and duty and a conflict of duties.

### 85

- (a) Save as otherwise provided in accordance with these Articles, a Director shall not vote (or be counted in the quorum) in respect of any transaction or arrangement or any other proposal in which he has a material interest and, if he purports to do so, his vote shall not be counted.

## Notice of Annual General Meeting *continued*

- (b) The prohibition in Article 85(a) shall not apply and a Director may (unless otherwise prohibited under these Articles) vote and be counted in the quorum in respect of any resolution concerning any of the following matters:
  - (i) any transaction, arrangement or proposal in which he is interested by virtue of an interest in shares, debentures or other securities of the Company or otherwise in or through the Company;
  - (ii) the giving of any guarantee, security or indemnity in respect of:
    - (1) money lent or obligations incurred by him or by any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings; or
    - (2) a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility (in whole or in part and whether alone or jointly with others) under a guarantee or indemnity or by the giving of security;
  - (iii) any issue or offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase, in respect of which he is or may be entitled to participate in his capacity as a holder of any such securities or as an underwriter or sub-underwriter;
  - (iv) any transaction or arrangement concerning any other company in which he is interested, directly or indirectly, and whether as an officer, creditor or shareholder or otherwise, provided that he is not the holder of, or beneficially interested in, 1 per cent or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances);
  - (v) any contract or arrangement relating to a pension, superannuation or similar scheme or retirement, death or disability benefit scheme or employees' share scheme and which has been approved, or is conditional upon approval, by the Board of the Inland Revenue for taxation purposes;
  - (vi) the purchase or maintenance of insurance either for or for the benefit of any Director or persons who include Directors.
- (c) Subject to the Statutes, the Company may by ordinary resolution suspend or relax the restrictions in Article 85(a) to any extent or ratify any transaction or other arrangement not duly authorised by reason of a contravention of that Article.
- (d) If any question arises at any meeting as to whether an interest of a Director may reasonably be regarded as likely to give rise to a conflict of interest or as to the entitlement of any Director to vote or as to the materiality of a Director's interest, and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting (or, if the Director concerned is the chairman, to the other Directors at the meeting) and his ruling in relation to any Director other than himself (or as the case may be, the ruling of the majority of the other Directors) shall be final and conclusive, except in a case where the nature or extent of the interest of the Director concerned, so far as known to him, has not been declared to the other Directors in accordance with Article 83.<sup>4</sup>

**(Resolution 10)**

## Notice of Annual General Meeting continued

### 11 That:

**11.1** the Company may use electronic means to convey any document or information to its shareholders and for the purposes of this resolution 11.1 “electronic means” and “shareholders” have the same meanings respectively as they have for the purposes of paragraph 6.1.8 of the Disclosure Rules and Transparency Rules made by the Financial Services Authority;

**11.2** the Company may send or supply any document or information that is required or authorised to be sent or supplied to a shareholder or any other person by the Company:

- (a) by a provision of the Companies Acts (as defined in Section 2 of the Companies Act 2006 (the “2006 Act”)); or
- (b) pursuant to the articles of association of the Company or pursuant to any other rules or regulations to which the Company may be subject, by making it available on a website;
- (c) the provisions of the 2006 Act which apply when sending or supplying a document or information required or authorised to be sent or supplied by the Companies Acts (as so defined) by making it available on a website shall, the necessary changes having been made, also apply when any document or information which is required or authorised to be sent or supplied by the articles of association of the Company or any other rules or regulations to which the Company may be subject, is sent or supplied by making it available on a website; and
- (d) this resolution shall supersede any provision in the articles of association of the Company to the extent that it is inconsistent with this resolution.

### (Resolution 11)

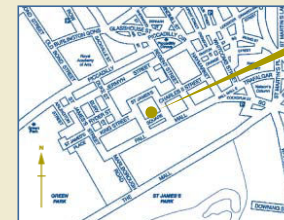
30-35 Pall Mall  
London SW1Y 5LP  
31 March 2008  
Bisichi Mining PLC  
Registered in England and Wales -  
Number 112155

By order of the board  
**Michael Stevens**  
Secretary

## Notice of Annual General Meeting continued

### Notes

- 1 Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Capita Registrars on 0871 6640300 (Calls cost 10p per minute plus network extras).
- 2 To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 11.00 a.m. on 10 June 2008.
- 3 The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 9 below) will not preclude a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
- 4 Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a “Nominated Person”) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- 5 The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
- 6 To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 11.00 a.m. on 10 June 2008 (or, in the event of any adjournment, 48 hours before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- 7 As at 28 March 2008 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 10,451,506 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 28 March 2008 are 10,451,506.
- 8 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- 9 In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited, (the operator of the CREST system), and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent Capita Registrars (Crest ID RA10) by 11.00 a.m. on 10 June 2008. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- 10 CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- 11 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- 12 In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives ([www.icsa.org.uk](http://www.icsa.org.uk)) for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in (i) above.
- 13 The following documents will be available for inspection from 10.45 a.m. on the day of the meeting at the place of the Annual General Meeting until the close of the meeting:
  - 13.1 A register in which are recorded all transactions of each director and of their family interests in the share capital of the Company;
  - 13.2 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; and
  - 13.3 A copy of the articles of association of the Company marked to show the changes being proposed by resolution 10.



The Annual General Meeting  
will be held at the offices of  
**Bisichi Mining PLC**  
**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 the chairman of the meeting as my/our proxy or:

*in respect of my/our voting entitlement\** to attend and vote for me/us on my/our behalf at the Annual General Meeting of the company to be held on Thursday 12 June 2008 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.

☐ Please tick here if this proxy appointment is one of multiple appointments being made\*  
\*For the appointment of more than one proxy, please refer to Explanatory Note 2 below.

## Resolutions

Ordinary Resolutions	For	Against	Vote withheld
1 To receive and adopt the company's annual accounts for the year ended 31 December 2007 together with the directors' report and the auditors' report on those accounts.			
2 To approve the remuneration report for the year ended 31 December 2007.			
3 To declare and approve a final dividend of 3.0p per share.			
4 To re-elect as a director Mr M A Heller.			
5 To re-elect as a director Mr T M Kearney.			
6 To re-elect as a director Mr J A Sibbald.			
7 To re-appoint PKF(UK) LLP as auditors.			
8 To authorise the directors to determine the remuneration of the auditors.			
Special Resolutions			
9 To empower the directors to disapply statutory pre-emption rights.			
10 To amend the articles of association of the Company.			
11 To enable the Company to communicate electronically via its website.			

## Notes:

- Every holder has the right to appoint some other person(s) of their choice, who need not be a shareholder as his proxy to exercise all or any of his rights, to attend, speak and vote on their behalf at the meeting. If you wish to appoint a person other than the chairman, please insert the name of your chosen proxy holder in the space provided (see above). If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name (see above) the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement, (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).
- To appoint more than one proxy, (an) additional proxy form(s) may be obtained by contacting Capita Registrars' helpline on 0871 6640300 (Calls cost 10p per minute plus network extras) or you may photocopy this form. Please indicate in the box next to the proxy holder's name (see above) the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
- Please indicate with an X how you wish your votes to be cast. Any alterations to this form should be initialled.
- The 'Vote Withheld' option above is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
- 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.
- If the appointor is a corporation this proxy should be executed under the common seal of such corporation or signed on its behalf by an attorney or officer duly authorised. In the case of an individual this proxy should be signed by the appointor or his attorney.
- 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 notorially certified copy of such power or authority) must be deposited at the company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU 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.
- 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.
- To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent Capita Registrars (Crest ID RA10) not later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- The completion and return of this form will not preclude a member from attending the meeting and voting in person.

Full Name (BLOCK CAPITALS PLEASE)

Address

Signed this                      day of                      2008 (Signature)

Second Fold

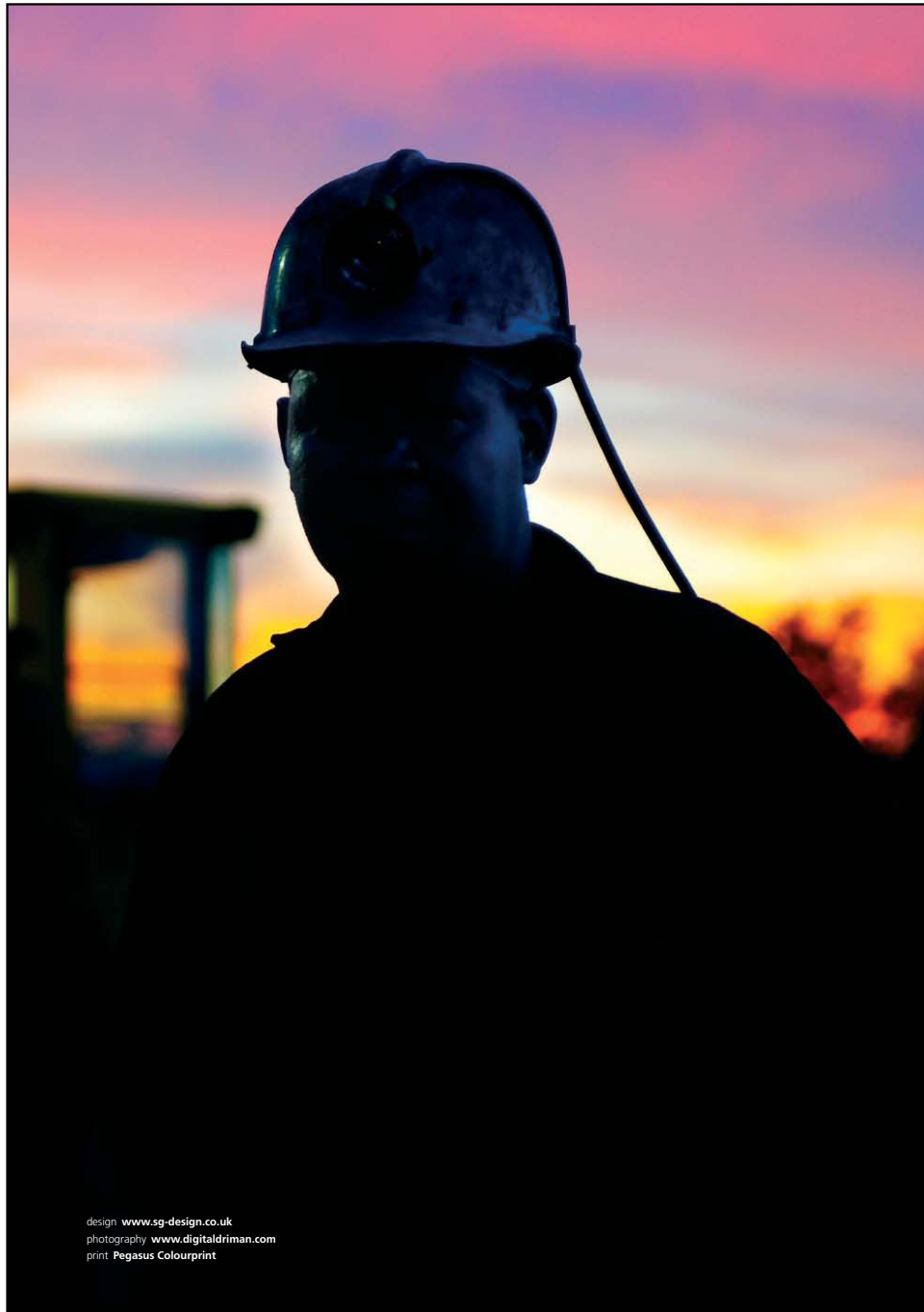
BUSINESS REPLY SERVICE  
Licence No MB 122



**Capita Registrars (Proxies)**  
**PO Box 25**  
**The Registry**  
**34 Beckenham Road**  
**Beckenham**  
**Kent**  
**BR3 4BR**

Third Fold

Tuck inside facing flap



design [www.sg-design.co.uk](http://www.sg-design.co.uk)  
photography [www.digitaldriman.com](http://www.digitaldriman.com)  
print Pegasus Colourprint

[www.bisichi.co.uk](http://www.bisichi.co.uk)

**Bisichi Mining**

30-35 Pall Mall,  
London SW1Y 5LP

web: [www.bisichi.co.uk](http://www.bisichi.co.uk)  
email: [admin@bisichi.co.uk](mailto:admin@bisichi.co.uk)