# 08
Annual report & accounts

Bisichi Mining PLC

Commercial production of the open cast section commenced in July 2008. The effect of open cast on yield, quality and profitability has been immediate.

During the second half of 2008, production was close to a rate of 1.5 million tonnes per annum.

# “2008 has been a record year for Bisichi, and we are well positioned for the coming year”

**Michael Heller** Chairman

## financial highlights

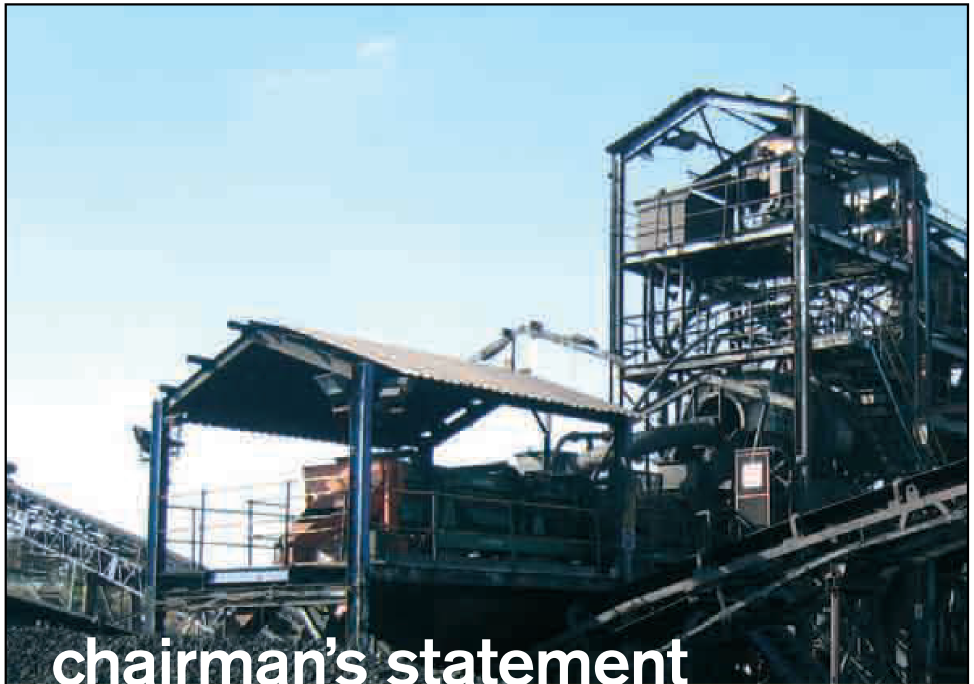
Bisichi Mining generated profit before tax in excess of £6.0 million (realised) (2007: £2.3 million)

Full Commercial Operation of Open Cast Section commenced in July 2008

New Black Economic Empowerment Partnership for Black Wattle Colliery signed in November 2008







# chairman's statement

**I am very pleased to inform shareholders that Bisichi made a record profit before tax in 2008 in excess of £6.0 million (Realised) (2007: £2.3 million). As £5.1 million of this profit was made in the second half of 2008, at a time when international commodity prices were tumbling, the year's success can be attributed to the advent of open cast mining at Black Wattle combined with strong performance from the existing underground sections. In contrast to many mining companies around the world, the financial position of Bisichi has never been stronger.**

The commencement of open cast mining at Black Wattle Colliery in April 2008 fundamentally changed the profitability profile of the mine. In addition to improving yields and product quality, open cast mining also allows us to mine much more flexibly, adding or reducing production promptly when necessary. As a result of the open cast mining, we have been able to increase monthly production to a regular 130,000 metric tonnes per month. We are presently finalising applications to the Department of Mineral and Energy (DME) for the opening up additional areas to mine open cast.

In 2008, we commenced a capital investment programme at Black Wattle which, when completed in the second quarter of 2009, will expand the plant's capacity from 130,000 to 170,000 metric tonnes per month. The investment programme is already producing results having already improved yields and increased productivity at the plant.

In April 2008 - with the full and final settlement of our dispute with our previous Black Economic Empowerment (BEE) partner - we embarked on a search to identify a new BEE partner for a 37.5% equity stake in Black Wattle. I am pleased to report that, in November 2008, we signed an agreement for the sale of this stake to a well recognised, publicly listed BEE company with a strong track record in financial services, property and mining. Further details of this transaction will be released in due course once the transaction has received the approval of the Department of Minerals and Energy.

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 are intensively managing the properties to ensure that rental income remains strong. To date, we have not seen any effect on rental income or on the lettings within the portfolio: in 2008, rental income totalled £1.032 million (2007: £1.019 million).

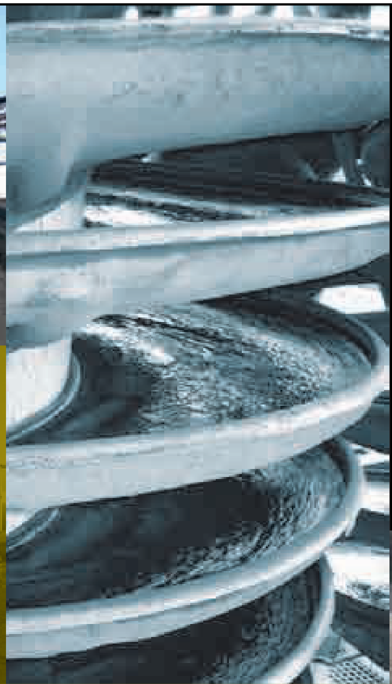
To underline our confidence in the future of Bisichi, your directors are recommending a dividend of 3.5p, compared to a 3.0p per share in the previous year, an increase of 16.7%. This will be paid on Monday 10 August to shareholders on the register at the close of business on 10 July 2009.

2008 has been a record year for Bisichi. Although we anticipate 2009 will be a difficult year in the international coal market, with the open cast operations running smoothly at Black Wattle and your management taking a proactive approach to managing in the downturn, we are well positioned for the coming year.

Michael Heller

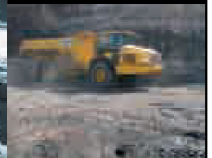
**Michael Heller**
Chairman





"The year's success can be attributed to the advent of opencast mining at Black Wattle Colliery combined with strong performance from the existing underground sections."

**Michael Heller**
Chairman





# mining review

**As noted in the Chairman's statement, 2008 was a record year for Bisichi in South Africa. Our direct mining asset, Black Wattle, enjoyed its most profitable year ever. It is important to stress that most of this profit was made in the second half of 2008. This was as a result of open cast mining coming on line in April 2008, when we were able to improve production and quality at Black Wattle Colliery even as international commodity markets started to collapse. We will continue to see the value of the opencast operation contributing strongly to Black Wattle's profitability in 2009.**

### Production

The effect of open cast on yield, quality, and profitability has been immediate and continuous. Total run of mine production in 2008 was 1.31 million metric tonnes, but the trend for the second half (when the open cast was in full commercial production) was closer to an annual production rate of 1.5 million metric tonnes. Given the reliability and flexibility of the open cast operations, we have been able to increase production to a regular 130,000 metric tonnes per month.

During 2008, the number of underground shifts was reduced from three to two. We expect, after nearly five years in operation, that the continuous miner section will come to the end of its operational life in 2009. Any reduction in tonnage from the closure of the continuous miner section will be made up from the open cast section and the potential buy in of coal.

An intensive capital investment programme was carried out at the washing plant in 2008. In addition to increasing productivity and efficiency at the plant, the investment programme will also expand the capacity of the washing plant to 170,000 metric tonnes per month. This expansion is scheduled for completion in the second quarter of 2009. The enhanced plant will give us the opportunity to increase production from our own operations or to purchase coal from nearby operations which do not have their own coal washing facilities.

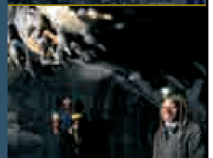
### Markets

2008 witnessed one of the most volatile periods in the international coal market in decades. At the beginning of 2008, the average weekly price of Free on Board (FOB) Coal from Richards Bay Coal Terminal (API4) stood at nearly US$100.00 per metric tonne. By June 2008, this had increased to US$140.00 per metric tonne, peaking at over US$180.00 per metric tonne by August. By the end of the year, the API4 price had fallen to US$75.00 per metric tonne. API4 currently trades at about US$61.00 per metric tonne.

In late 2007, we fixed our export coal price until the end of 2009 for the majority of our export coal with one of the the world's largest commodities traders. While the bulk of our export volumes are covered by this fixed price contract, there will be some incremental volumes sold on a spot basis which will reflect the new international prices.

Domestic prices benefited from the sharp rise in international coal prices and we achieved significant price increases in 2008. These prices are now beginning to reflect the downturn and we anticipate having to reduce our prices for our domestic steam coal product. As a result of the collapse in global steel prices, the ferrochrome industry has effectively ceased production in South Africa. As a consequence, we do not anticipate supplying large volumes of low phosphorous coal to the ferrochrome industry in 2009.

> "Our direct mining asset, Black Wattle, enjoyed its most profitable year ever."
>
> **Andrew Heller**
> Managing Director





## mining review continued

### Health, Safety & Environment (HSE)

Black Wattle is committed to creating a safe and healthy working environment for its employees, and 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 and about 60 percent of employees up to date 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 minimalise employee health risks and hazards and all Occupational Health hazards are monitored on an ongoing basis.

A Health Safety and Environment Manager was recently appointed. The key performance targets of the HSE Manager are:

- To eliminate, control and minimise the risk to all employees at Black Wattle.
- Effective management and control of contractor activities at Black Wattle from a HSE perspective.
- Develop, implement and monitor the Risk and Change Management process.
- Ensure compliance of HSE system to legal and other requirements.
- Develop, implement and maintain together with management team a HSE strategy to ensure continual improvement of the company's HSE performance.
- Develop, implement and maintain an investigation system to determine the immediate and underlying causes of incidents.

Various systems to enhance the current HSE strategy have been introduced as follows:

- In order to improve hazard identification before the commencing of tasks, mini risk assessment booklets were rolled out to all mine employees and long term contractors on the mine.
- In order to improve the current reporting practice of incidents on the mine, Initial reporting of incidents booklets were handed out to all employees and contractors.
- In order to capture and record investigation findings from incidents, an incident recording sheet was introduced to line management and contractors.
- Hazard Identification and Risk Assessment training was presented to line management, Head of Department's and contractor representatives.
- A HSE 'contractor pack' was introduced to all contractors working on Black Wattle.
- A weekly labour return form was introduced to all contractors.
- A Plan, Do, Review system for all Heads of Department was introduced to encourage managers to take ownership of HSE matters.
- In order to effectively control jobs over weekends that require additional risk assessments to safely perform tasks, a weekend work register was introduced on the mine.

### Environment Management Programme

Under the terms of the mine's Environmental Management Programme approved by the DME, Black Wattle undertakes a host of environmental protection activities to ensure that the approved Environmental Management Plan is fully implemented. In addition to these regular activities, Black Wattle regularly carries out environmental monitoring activities on and around the mine, including evaluation of ground water quality, air quality, noise and lighting levels, ground vibrations, air blast monitoring, and assessment of visual impacts.

> "Black Wattle is committed to creating a safe and healthy working environment for its employees and the health and safety of our employees is of the utmost importance."

**Andrew Heller**
Managing Director



# mining review continued

### Community Support and Social Development

Black Wattle is an active participant in the Steve Tshwete Municipal Area, the locality where many of the mine's employees reside. Black Wattle regularly provides municipal services to our surrounding community, including waste removal, road repair, transport, provision of winter fuel supplements, and emergency water supply assistance.

Black Wattle has continuously provided ongoing support to the local Evergreen Primary School, including the construction and maintenance of a perimeter fence, the electrification of main school buildings, the construction of offices and repair of school facilities, and support for the employment costs of additional school staff.

### Procurement

In compliance with the Mining Charter and the Mineral and Petroleum Resource Development Act, Black Wattle has implemented a BEE-focussed procurement policy which strongly encourages our suppliers to establish and maintain BEE credentials. At present, BEE companies provide approximately 66 percent of Black Wattle's equipment and services. We closely monitor our monthly expenditure and welcome potential BEE suppliers to compete for equipment and service contracts at Black Wattle. Black Wattle also sells much of its coal products to empowered companies as evidenced by our long term sales agreement with a BEE company for the purchase of our discard product which is then sold to the national power utility Eskom.

### Employment Equity

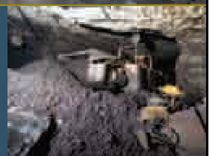
Black Wattle is committed to achieving the goals of the Employment Equity Act. Presently, over 13 percent of Black Wattle's workforce is female, which includes women working as artisans and mining equipment operators. Black Wattle's Workplace Skills Plan and Annual Training report has been approved by the Mining Qualifications Authority.

### Skills Training

Black Wattle has constructed a computer- equipped training centre which supports the mine's Adult Basic Education and Training (ABET) programme, provides HIV/AIDS education and carries out other continuing education programmes for the mining workforce. A Training Manager has been appointed to lead training activities on the mine.

### People

In April 2008, Luis Pinel was appointed General Manager of Black Wattle. Luis has made a substantial contribution to Black Wattle's performance during the year. Luis has made a number of key senior appointments on the mine, including that of Nic Bessenger as HSE Manager. Nic Bessenger's key role on the mine is to manage all HSE functions as well as safety related training activities.

**Prospects**

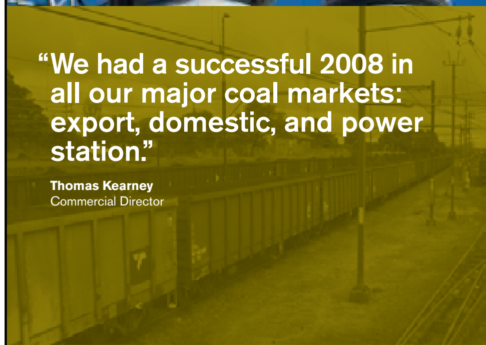
I cannot emphasise enough the value of having a profitable and fully operational mine in the current environment. Many developing mines have been delayed or stopped altogether because of lack of finance and the collapse in international commodity markets. While the prices for coal have fallen we prudently fixed the price for much of our export coal in 2007 until towards the end of 2009. Furthermore, open cast mining has fundamentally changed the cost structure and the level of productivity at Black Wattle. Going forward, we are presently submitting additional applications for open cast permission which will extend the life and improve productivity at the mine even further. I am confident that 2009 should be successful for our South African operations.

**Andrew Heller**
Managing Director

"I cannot emphasise enough the value of having a profitable and fully operational mine in the current environment."

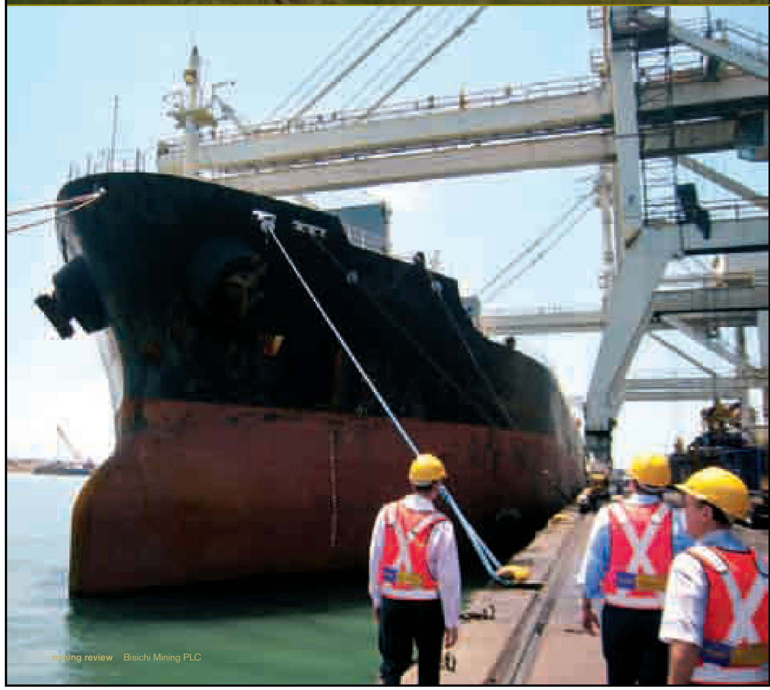
**Andrew Heller**
Managing Director





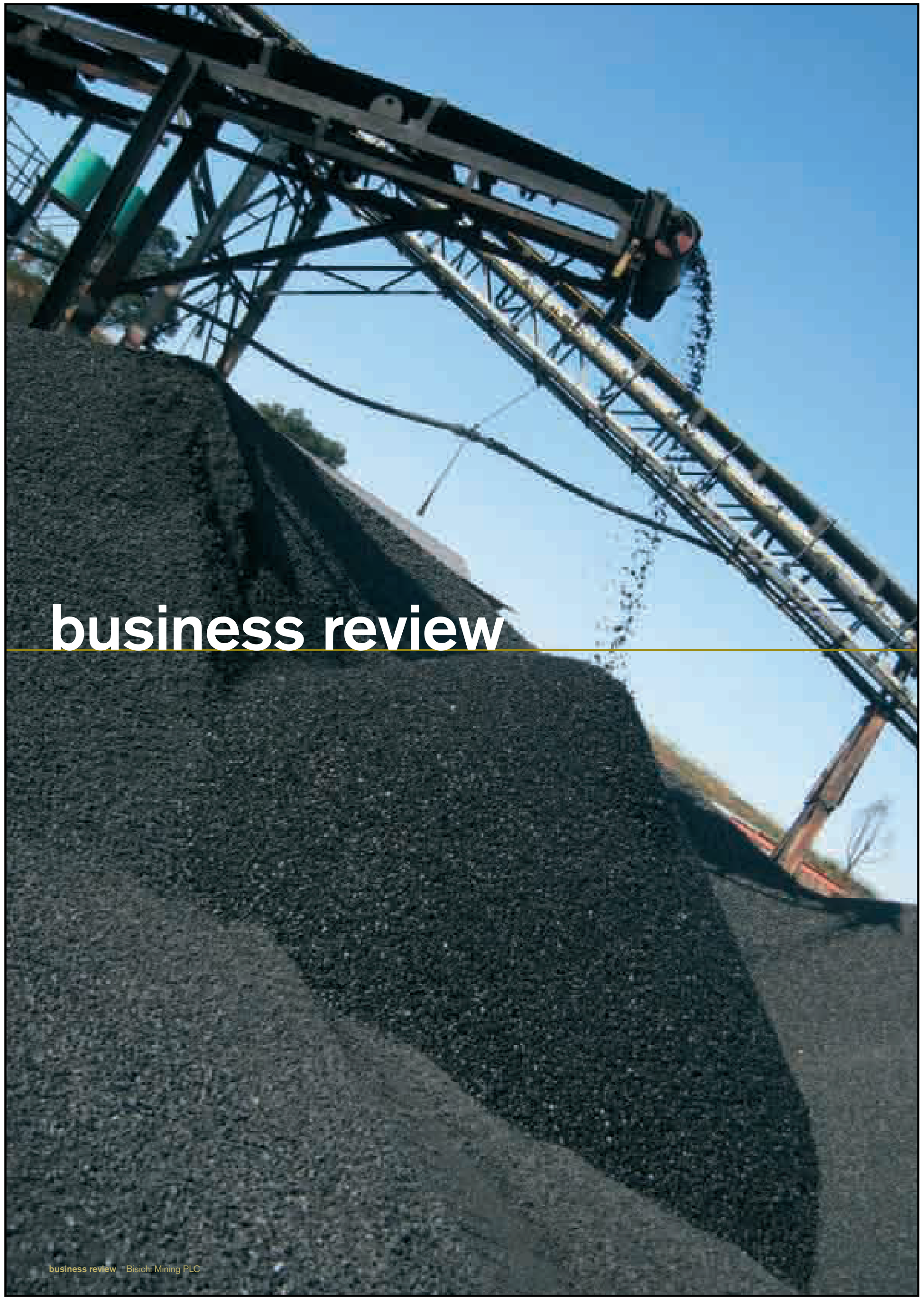
"We had a successful 2008 in all our major coal markets: export, domestic, and power station."

**Thomas Kearney**
Commercial Director





# 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 movements in the coal price. It does have the flexibility in terms of markets where it can sell its coal domestically (to local industrial consumers and the power industry) or to export to international markets.

**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:** Part of the group's South African operation is an underground mine, attached to which there are inherent health and safety risks. Any such safety incidents disrupt operations, and can slow or even stop production. The group has a comprehensive Health and Safety programme in place to mitigate this. There is scope to increase production in the opencast section to compensate for disruption in production from the underground mine.

As with many mining operations, the reserve that is mined has the risk of not having the qualities expected from geological analysis.

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

**New reserves and mining permissions:** The acquisition of additional reserves, permissions to mine opencast on existing reserves and new mining opportunities in South Africa generally are contingent on a number of factors outside of the group's control, e.g. approval by the Department of Minerals and Energy.

**Regulatory risk:** The group's South African operations are subject to the government Mining Charter and scorecard which primarily seeks to

- Promote equitable access to South Africa's mineral resources for all people in South Africa;
- Expand opportunities for historically disadvantaged South Africans (HDSA's), including women, to enter the mining and minerals industry and benefit from the extraction and processing of the country's resources;
- Utilise the existing skills base for the empowerment of HDSA's;
- Expand the skills base of HDSA's in order to serve the community;
- Promote employment and the social and economic welfare of mining communities and areas supplying mining labour; and
- Promote beneficiation of South Africa's mineral commodities beyond mining and processing, including the production of consumer goods.

The group continues to make good progress towards meeting the Charter requirements. However any regulatory changes to these, or failure to meet existing targets, could adversely affect the mine's ability to retain its mining rights in South Africa.

**Transport risk:** At present the government owned Transnet Freight Rail (TFR) is the sole rail freight provider for coal in South Africa. The group's South African operations are therefore reliant on TFR for delivery of its export quality coal directly or indirectly via the Southern African ports to its end customers.

**Power supply risk:** The current utility provider for power supply in South Africa is the government run Eskom. Eskom has recently undergone capacity problems resulting in power cuts and lack of provision of power supply to new projects. The group's mining operations have to date not been affected by power cuts.

**Flooding risk:** The group's mining operations are susceptible to seasonal flooding which could disrupt production. Management monitors water levels on an ongoing basis and various projects have been completed or are due for completion in the coming months, including the construction of additional dams, to mitigate this risk.

**Environmental risk:** The group's South African mining operations are required to adhere to local environmental regulations. Details of the groups Environment Management Programme is disclosed in the mining review on page 6.

**Health & Safety risk:** The groups South African mining operations are required to adhere to local Health and Safety regulations. Details of the groups Health and Safety Programme is disclosed in the mining review on page 6.

**Labour risk:** The groups underground mining operations and coal washing plant facility are labour intensive and unionised. Any labour disputes, strikes or wage negotiations may disrupt production and impact earnings.

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 will remain stable as long as tenants remain in operation.

## Future development

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

## Environment and employment

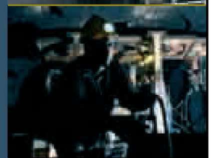
The group's UK activities are principally property investment whereby we provide premises which are rented to retail businesses. We seek to provide those tenants with good quality premises from which they can operate in an efficient and environmentally sound manner.

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 to mining staff meet or exceed the national average.

## Performance indicators

The Key Performance Indicator for our South African mining activities is Profit before Tax (PBT) and 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 42 note 11.





# director's report

**The directors submit their report together with the audited financial statements for the year ended 31 December 2008.**

## Activities and review of business

The company continues its mining activities. Income for the year was derived from sales of coal from its South African operations. The company also has a property investment portfolio for which it receives rental income.

The results for the year and state of affairs of the group and the company at 31 December 2008 are shown on pages 29 to 50 and in the Mining Review and Business Review on pages 6 to 15. Future developments and prospects are also covered in the Mining Review. Over 99 per cent of staff are employed in the South African coal mining industry - employment matters and health and safety are dealt with in the Mining and Business reviews.

## Corporate responsibility

*Environment*

The environmental issues of the group's South African coal mining operations are covered in the Mining Report and Business Review on pages 6 to 15

The group's UK activities are principally property investment whereby premises are provided for rent to retail businesses. The group seeks to provide those tenants with good quality premises from which they can operate in an efficient and environmentally friendly manner. Wherever possible, improvements, repairs and replacements are made in an environmentally efficient manner and waste re-cycling arrangements are in place at all the company's locations.

*Employment*

The group's policy is to attract staff and motivate employees by offering competitive terms of employment. The group provides equal opportunities to all employees and prospective employees including those who are disabled. The Mining Review gives details of the group's activities and policies concerning the employment, training, health and safety and community support and social development concerning the group's employees in South Africa.

## Dividend

The directors recommend the payment of a dividend of 3.5p per share (2007: 3.00p) on the ordinary share capital for the year under review. The dividend will be payable on Monday 10 August 2009 to shareholders registered at the close of business on 10 July 2009. The ex-dividend date will be 8 July 2009.

## Investment properties

The investment property portfolio is stated at its open market value of £11,773,000, at 31 December 2008 (2007:£14,725,000) as valued by professional external valuers.

## Financial instruments

Note 22 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. R J Grobler, who is a South African citizen, was appointed to the board by the directors on 22 April 2008. A proposal for his election will be made at the AGM and is recommended by the board. The directors retiring by rotation are A R Heller, C A Joll and J A Sibbald who offer themselves for re-election. The board recommends their re-appointment.

Robert Grobler was appointed as General Mine Manager by Black Wattle Colliery (Proprietary) Limited on 1 May 2000. He was appointed to the board of Bisichi Mining PLC as Director of Mining on 22 April 2008. He has over 40 years experience in the South African coal mining industry. He is a professional engineer and member of the South African Coal Managers Association.

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

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

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 31.12.2008 | 1.1.2008 | Non-Beneficial 31.12.2008 | 1.1.2008 |
|---|---|---|---|---|
| **M A Heller** | **146,666** | 146,666 | **181,334** | 181,334 |
| **A R Heller** | **772,000** | 772,000 | - | - |
| **C A Joll** | **5,000** | 5,000 | - | - |
| **T M Kearney** | **57,500** | 40,000 | - | - |
| **J A Sibbald** | - | - | - | - |
| **R J Grobler*** | - | - | - | - |

*from appointment on 22 April 2008

There have been no changes in the above shareholdings since 31 December 2008.

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 17 April 2009:

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.



# director's report continued

**Disclosure of information to auditors**

The directors in office at 31 December 2008 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 principals 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, two other executive directors, and two non-executive directors. Their details appear on page 24. 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 29.

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 executive chairman is normally invited to attend meetings. The report on directors' remuneration is set out on pages 26 and 27.
- 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 audit committee report is set out on page 28.

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.

## Board and board committee meetings

| | | Meetings held | Meetings attended |
|---|---|---|---|
| **M A Heller** | **Board** | 5 | 5 |
| | **Nomination committee** | 0 | 0 |
| **A R Heller** | **Board** | 5 | 5 |
| | **Audit committee** | 2 | 2 |
| **R J Grobler** | **Board** *(appointed 22 April 2008)* | 3 | 1 |
| **C A Joll** | **Board** | 5 | 5 |
| | **Audit committee** | 2 | 2 |
| | **Nomination committee** | 0 | 0 |
| | **Remuneration committee** | 1 | 1 |
| **T M Kearney** | **Board** | 5 | 5 |
| | **Audit committee** | 2 | 1 |
| **J A Sibbald** | **Board** | 5 | 5 |
| | **Audit committee** | 2 | 2 |
| | **Nomination committee** | 0 | 0 |
| | **Remuneration committee** | 1 | 1 |

The audit committee had two meetings in 2008 with the external auditors present, prior to release of the 2007 annual results.

Members of the committee discussed the 30 June 2008 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.

### 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 BLJ Financial 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 twenty 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.

### Internal control

The directors are responsible for the group's system of internal control and review of its effectiveness at least annually. 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.

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 2008 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.



# director's report continued

### 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. 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 2.9 days trade purchases (2007 – 15.7 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".

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.

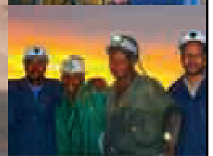
The company is not party to any significant agreements that take effect, alter or terminate upon a change of control of the company following a takeover bid. The company is not aware of any agreements between holders of its ordinary shares that may result in restrictions on the transfer of its ordinary 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.

### Annual General Meeting

The annual general meeting will be held at the Company's offices at 30-35 Pall Mall, London SW1Y 5LP on 11 June 2009 at 11.00 a.m. Items 1 to 9 will be proposed as ordinary resolutions. More than 50 per cent of shareholders' votes must be in favour for these resolutions to be passed. Item 10 will be proposed as a special resolution. At least 75 per cent of shareholders' votes must be in favour for this resolution to be passed. The directors consider that all of the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. The board recommends that shareholders vote in favour of all of the resolutions.

A special resolution will be proposed at the Annual General Meeting in respect of this disapplication of pre-emption rights.



### 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 10), 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 10.

### Donations

No political or charitable donations were made during the year (2007:Nil).

### Going concern

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

### Other matters

PKF (UK) LLP has expressed its willingness to continue in office as auditors.

A proposal will be made at the annual general meeting for its re-appointment, and for its remuneration to be determined by the directors.

By order of the board
M C Stevens,
*Secretary*

30-35 Pall Mall
London SW1Y 5LP
17 April 2009



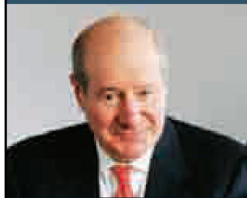
director's report Bisichi Mining PLC

"Black Wattle plays an important role as an employer and an investor in Steve Tshwete Municipality."

**Robert Grobler**
Director of Mining



# management team



**Michael Heller**
*Chairman*
Bisichi Mining PLC

**Andrew Heller**
*Managing Director* Bisichi Mining PLC
*Managing Director* Black Wattle Colliery

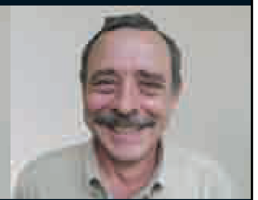
**Robert Corry**
*Chairman*
Black Wattle Colliery

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

**Robert Grobler**
*Director of Mining* Bisichi Mining PLC
*Director* Black Wattle Colliery

**Christopher Joll**
*Senior Independent Director*
*Chairman* Audit & Remuneration Committees

**David Nkosi**
*Director*
Black Wattle Colliery



**Luis Pinel**
*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)*

**Robert Grobler**
Pr Cert Eng *(Director of mining)*

°† **Christopher A Joll**
MA *(Non-executive)*
Christopher Joll was appointed a Director on 1 February 2001.

He holds a number of non-executive directorships of un-quoted companies. He is chairman of BLJ Financial Limited, a financial public relations consultancy.

° **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.

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

**Secretary & Registered office**
Michael C Stevens FCA
30-35 Pall Mall
London SW1Y 5LP

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

**Director of Property**
Mike J Dignan FRICS

**Auditors**
PKF (UK) LLP

**Principal bankers**
*United Kingdom*
Barclays Bank PLC
National Westminster Bank PLC

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

**Corporate solicitors**
*United Kingdom*
Olswang LLP, London

*South Africa*
Leppan Beech, *Johannesburg*
Routledge Modise, *Johannesburg*

Tugendhaft Wapnick Banchetti and Partners, *Johannesburg*

**Stockbrokers**
Numis Securities

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

Tel: 0871 664 0300
(Calls cost 10p per minute plus network extras) or +44 208 639 3399 for overseas callers)

www.capitaregistrars.com
Email: ssd@capitaregistrars.com

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

**Website**
www.bisichi.co.uk

**E-mail**
admin@bisichi.co.uk

# five year financial summary

| | 2008 £'000 | 2007 £'000 | 2006 £'000 | 2005 £'000 | 2004 £'000 |
|---|---|---|---|---|---|
| **Consolidated profit and loss account** | | | | | |
| Revenue | **25,979** | 16,693 | 13,239 | 13,485 | 11,548 |
| Operating (loss)/profit | **2,616** | (191) | 2,362 | 4,664 | 4,385 |
| (Loss)/profit before tax | **2,117** | (459) | 2,172 | 4,206 | 4,011 |
| Realised profit/(loss) before tax | **6,031** | 2,302 | 273 | 1,114 | 2,051 |
| Unrealised (loss)/profit before tax | **(3,914)** | (2,761) | 1,899 | 3,092 | 1,960 |
| **Consolidated balance sheet** | | | | | |
| Investment properties | **11,773** | 14,725 | 17,270 | 15,625 | 14,990 |
| Fixed asset investments | **3,406** | 2,991 | 3,028 | 2,943 | 1,860 |
| | **15,179** | 17,716 | 20,298 | 18,568 | 16,850 |
| Current asset investments | **627** | 770 | 700 | 629 | 403 |
| | **15,806** | 18,486 | 20,998 | 19,197 | 17,253 |
| Other assets less liabilities | **(160)** | (3,127) | (5,668) | (4,578) | (4,254) |
| **Consolidated shareholders funds per balance sheet** | **15,646** | 15,359 | 15,330 | 14,619 | 12,999 |
| Adjustment of current asset investments to market value | **-** | - | - | - | 123 |
| **Consolidated shareholders funds*** | **15,646** | 15,359 | 15,330 | 14,619 | 13,122 |
| **Net assets per ordinary share*** | **149.7p** | 147.0p | 146.7p | 139.9p | 125.6p |
| **Dividend per share** | **3.50p** | 3.0p | 2.50p | 2.25p | 2.00p |

* Based on net assets including the investment portfolio at market value.

# financial calendar

| | |
|---|---|
| **11 June 2009** | Annual General Meeting |
| **10 August 2009** | Payment of final dividend for 2008 (if approved) |
| **Late August 2009** | Announcement of interim results to 30 June 2009 |
| **Late April 2010** | Announcement of results for the year ending 31 December 2009 |





# remuneration report

**The remuneration committee is pleased to present its report for the year ended 31 December 2008.**
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 six 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 of the committee is not to grant employment contracts or contracts of service in excess of six months and there are no provisions for termination payments. A summary of terms of service and employment is as follows:

| | Start date of contract | Unexpired term | Notice period |
|---|---|---|---|
| **Executive directors** | | | |
| M A Heller | November 1972 | Continuous | 6 months |
| A R Heller | January 1994 | Continuous | 3 months |
| T M Kearney | November 2003 | Continuous | 3 months |
| R J Grobler | April 2008 | Continuous | 3 months |
| **Non-executive directors** | | | |
| C A Joll | February 2001 | Continuous | 3 months |
| J A Sibbald | October 1988 | Continuous | 3 months |

The following information has been audited:

**Directors' remuneration**

| | Salaries and fees £'000 | Bonus £'000 | Benefits £'000 | **Total before pensions £'000** | Pensions contributions £'000 | **Total 2008 £'000** | Total 2007 £'000 |
|---|---|---|---|---|---|---|---|
| **Executive directors** | | | | | | | |
| M A Heller | 75 | 100 | - | **175** | - | **175** | 75 |
| A R Heller | 300 | 600 | 36 | **936** | 25 | **961** | 716 |
| T M Kearney | 185 | 125 | 18 | **328** | 18 | **346** | 476 |
| R Grobler | 117 | 73 | 10 | **200** | 3 | **203** | - |
| | 677 | 898 | 64 | **1,639** | 46 | **1,685** | 1,267 |
| **Non-executive directors** | | | | | | | |
| C A Joll | 20 | - | - | **20** | - | **20** | 20 |
| J A Sibbald | 2 | - | 3 | **5** | - | **5** | 4 |
| | 22 | - | 3 | **25** | - | **25** | 24 |
| **Total** | **699** | **898** | **67** | **1,664** | **46** | **1,710** | 1,391 |

### Pension schemes and incentives

Three (2007 - two) directors have benefits under money purchase pension schemes. Contributions in 2008 were £46,000 (2007: £56,000), 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 four executive directors during 2008 (2007:2).

### 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.

| | | Number of share options | | | | |
|---|---|---|---|---|---|---|
| | Option price* | 1 January 2008 | Granted in 2008 | 31 December 2008 | Exercisable from | Exercisable to |
| **First Scheme** | | | | | | |
| A R Heller | 34p | 233,000 | - | 233,000 | 30/9/2005 | 29/9/2012 |
| Employee | 34p | 80,000 | - | 80,000 | 30/9/2005 | 29/9/2012 |
| **Second Scheme** | | | | | | |
| A R Heller | 149p | 80,000 | - | 80,000 | 23/9/2007 | 22/9/2014 |
| T M Kearney | 149p | 120,000 | - | 120,000 | 23/9/2007 | 22/9/2014 |
| **The 2006 Scheme** | | | | | | |
| A R Heller | 237.5p | 275,000 | - | 275,000 | 4/10/2009 | 3/10/2016 |
| T M Kearney | 237.5p | 275,000 | - | 275,000 | 4/10/2009 | 3/10/2016 |
| Employee | 237.5p | 50,000 | - | 50,000 | 4/10/2009 | 3/10/2016 |

*Middle market price at date of grant.

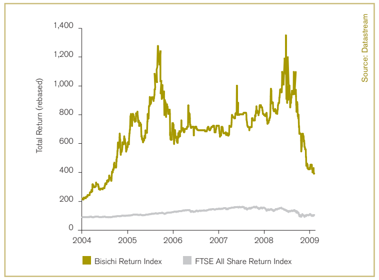
The exercise of options under the Unapproved Share Option Schemes is subject to the satisfaction of objective performance conditions specified by the remuneration committee, which will conform to institutional shareholder guidelines and best practice provisions in force from time to time. The remuneration 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 2008 was 140p (2006-265p). During the year the share price ranged between 455p and 135p.

*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.




**Total Shareholder Return** (2004-2008)

**C A Joll**
*Chairman - remuneration committee*

30-35 Pall Mall
London SW1Y 5LP
17 April 2009





# 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 discuss the nature and scope of their audit work;

Undertake a formal assessment of the auditors' independence each year which includes:

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

### Meetings

The committee meets prior to the annual audit with the external auditors to discuss the audit plan 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.

**C A Joll**
*Chairman - audit committee*

30-35 Pall Mall
London SW1Y 5LP
17 April 2009

# 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 and the company 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.

The directors confirm, to the best of their knowledge:

(a) that the financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and of the group taken as a whole; and

(b) the management report included within the Directors' Report includes a fair review of the development and performance of the business and the position of the company and the group taken as a whole, together with a description of the principal risks and uncertainties that they face.

# valuers' certificates

**To the directors of Bisichi Mining PLC**
In accordance with your instructions we have carried out a valuation of the freehold property interests held as at 31 December 2008 by the company as detailed in our Valuation Report dated 10 February 2009.

Having regard to the foregoing, we are of the opinion that the open market value as at 31 December 2008 of the interests owned by the Company was £8,673,000, being made up as follows:

| | **£'000** |
|---|---|
| Freehold | 8,673 |
| | **8,673** |

Leeds
10 February 2009

**Atisreal Limited**
Chartered Surveyors

**To the directors of Bisichi Mining PLC**
In accordance with your instructions we have carried out a valuation of the leasehold property interests held as at 31 December 2008 by the company as detailed in our Valuation Report dated 10 February 2009.

Having regard to the foregoing, we are of the opinion that the open market value as at 31 December 2008 of the interests owned by the Company was £3,100,000, being made up as follows:

| | **£'000** |
|---|---|
| Leasehold | 3,100 |
| | **3,100** |

Leeds
10 February 2009

**Carter Towler**
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 2008 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 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 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 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 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, Mining Review and Business 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 remuneration report, the Chairman's Statement, the Mining Review, the Business 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 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 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 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 2008 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 2008;
- the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

**PKF (UK) LLP**
*Registered auditors*
London, UK
20 April 2009

# consolidated income statement



for the year ended 31 December 2008

| | Notes | 2008 Realised £'000 | 2008 Unrealised £'000 | 2008 Total £'000 | 2007 £'000 |
|---|---|---|---|---|---|
| **Group Revenue** | 1 | **25,979** | **-** | **25,979** | 16,693 |
| Operating costs | | **(19,754)** | **-** | **(19,754)** | (14,710) |
| **Operating profit on trading activities** | 1 | **6,225** | **-** | **6,225** | 1,983 |
| Decrease in value of investment properties | 3 | **-** | **(3,075)** | **(3,075)** | (2,588) |
| Losses on held for trading investments | | **-** | **(534)** | **(534)** | 31 |
| Exceptional items | 4 | **-** | **-** | **-** | 383 |
| **Operating profit/(loss)** | 1 | **6,225** | **(3,609)** | **2,616** | (191) |
| Share of loss in joint ventures | 14 | **-** | **(305)** | **(305)** | (204) |
| **Profit/(loss) before interest and taxation** | | **6,225** | **(3,914)** | **2,311** | (395) |
| Interest receivable | | **345** | **-** | **345** | 394 |
| Interest payable | 7 | **(539)** | **-** | **(539)** | (458) |
| **Profit/(loss) before tax** | 5 | **6,031** | **(3,914)** | **2,117** | (459) |
| Taxation | 8 | **(2,394)** | **583** | **(1,811)** | 551 |
| **Profit/(loss) for the year** | | **3,637** | **(3,331)** | **306** | 92 |
| Attributable to: | | | | | |
| Equity holders of the company | | **3,633** | **(3,331)** | **302** | 92 |
| Minority interest | 27 | **4** | **-** | **4** | - |
| Profit/(loss) for the year | | **3,637** | **(3,331)** | **306** | 92 |
| Earnings per share – basic | 10 | **34.76p** | **(31.87)p** | **2.89p** | 0.88p |
| Earnings per share – diluted | 10 | **33.99p** | **(31.16)p** | **2.83p** | 0.85p |

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 2008

| | Notes | 2008 £'000 | 2007 £'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non current assets** | | | |
| Value of investment properties attributable to group | 11 | **11,773** | 14,725 |
| Fair value of head lease | | **234** | 267 |
| Property | | **12,007** | 14,992 |
| Mining reserves, plant and equipment | 12 | **7,554** | 5,859 |
| Investments in joint ventures | 13 | **3,072** | 2,520 |
| Other Investments | 13 | **334** | 471 |
| **Total non-current assets** | | **22,967** | 23,842 |
| **Current assets** | | | |
| Inventories | 16 | **1,397** | 126 |
| Trade and other receivables | 17 | **5,524** | 2,130 |
| Corporation tax recoverable | | **15** | 174 |
| Held for trading investments | 18 | **627** | 770 |
| Interest derivative | | **-** | 16 |
| Cash and cash equivalents | | **3,414** | 3,199 |
| **Total current assets** | | **10,977** | 6,415 |
| **Total assets** | | **33,944** | 30,257 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Borrowings | 20 | **(6,877)** | (2,402) |
| Trade and other payables | 19 | **(5,815)** | (5,606) |
| Current tax liabilities | | **(1,645)** | (454) |
| **Total current liabilities** | | **(14,337)** | (8,462) |
| **Non current liabilities** | | | |
| Borrowings | 20 | **(541)** | (3,139) |
| Provision for rehabilitation | 21 | **(571)** | 0 |
| Finance lease liabilities | 31 | **(234)** | (267) |
| Deferred tax liabilities | 23 | **(2,625)** | (3,030) |
| **Total non current liabilities** | | **(3,971)** | (6,436) |
| **Total liabilities** | | **(18,308)** | (14,898) |
| **Net assets** | | **15,636** | 15,359 |
| **Equity** | | | |
| Share capital | 24 | **1,045** | 1,045 |
| Translation reserve | | **(1,215)** | (1,276) |
| Other reserves | 25 | **663** | 426 |
| Retained earnings | | **15,153** | 15,164 |
| **Total equity attributable to equity shareholders** | | **15,646** | 15,359 |
| Minority interest | 27 | **(10)** | - |
| **Total equity** | | **15,636** | 15,359 |

These financial statements were approved and authorised for issue by the board of directors on 17 April 2009 and signed on its behalf by:

**M A Heller**
Director

**A R Heller**
Director

# consolidated statement of changes in shareholders' equity



for the year ended 31 December 2008

| | 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 2007 | 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 1 January 2008** | **1,045** | **(1,276)** | **426** | **15,164** | **15,359** | **-** | **15,359** |
| Revaluation of investment properties | - | - | - | (3,075) | (3,075) | - | (3,075) |
| Movement on fair value of derivatives | - | - | - | 16 | 16 | - | 16 |
| Other income statement movements | - | - | - | 3,361 | 3,361 | 4 | 3,365 |
| Profit for the year | - | - | - | 302 | 302 | 4 | 306 |
| Exchange adjustment | - | 61 | - | - | 61 | - | 61 |
| Total recognised income and expense for the year | - | 61 | - | 302 | 363 | 4 | 367 |
| Dividend | - | - | - | (313) | (313) | - | (313) |
| Equity share options | - | - | 237 | - | 237 | - | 237 |
| Purchase of additional shares in subsidiary | - | - | - | - | - | (14) | (14) |
| **Balance at 31 December 2008** | **1,045** | **(1,215)** | **663** | **15,153** | **15,646** | **(10)** | **15,636** |



# consolidated cash flow statement



for the year ended 31 December 2008

| | Year ended 31 December 2008 £'000 | Year ended 31 December 2007 £'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Operating profit /(loss) | **2,616** | (191) |
| Adjustments for: | | |
| Depreciation | **2,072** | 1,196 |
| Share based payment expense | **237** | 237 |
| Unrealised loss/(gain) on investment held for trading | **534** | (31) |
| Unrealised loss on investment properties | **3,075** | 2,588 |
| **Cash flow before working capital** | **8,534** | 3,799 |
| Change in inventories | **(1,271)** | (69) |
| Change in trade and other receivables | **(4,134)** | (87) |
| Change in trade and other payables | **636** | (454) |
| Change in provisions | **571** | - |
| Acquisitions of held for trading investments | **(334)** | (89) |
| Proceeds from held for trading investments | **12** | 50 |
| **Cash generated from operations** | **4,014** | 3,150 |
| Interest received | **345** | 394 |
| Interest paid | **(539)** | (458) |
| Income tax paid | **(866)** | (43) |
| **Cash flow from operating activities** | **2,954** | 3,043 |
| **Cash flows from investing activities** | | |
| Acquisition of reserves, plant and equipment | **(3,941)** | (1,775) |
| Proceeds from sale of investment properties, reserves, plant and equipment | **58** | 158 |
| Acquisitions of investments | **(420)** | (78) |
| **Cash flow from investing activities** | **(4,303)** | (1,695) |
| **Cash flows from financing activities** | | |
| Borrowings drawn | **847** | 163 |
| Borrowings repaid | **(546)** | (990) |
| Equity dividends paid | **(313)** | (261) |
| **Cash flow from financing activities** | **(12)** | (1,088) |
| **Net increase in cash and cash equivalents** | **(1,361)** | 260 |
| Cash and cash equivalents at 1 January | **1,244** | 978 |
| Exchange adjustment | **1** | 6 |
| **Cash and cash equivalents at 31 December** | **(116)** | 1,244 |
| Cash and cash equivalents at 31 December comprise: | | |
| Cash and cash equivalents as presented in the balance sheet | **3,414** | 3,199 |
| Bank overdrafts (secured) | **(3,530)** | (1,955) |
| | **(116)** | 1,244 |

# group accounting policies

for the year ended 31 December 2008

### Basis of accounting

The results for the year ended 31 December 2008 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 £ 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 group 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.

Of these standards:

- IFRS 8 "Operating Standards" and
- IAS 1 "Presentation of financial statements"

would impact only on the presentation of these financial statements.

- IAS 27 "Consolidated and separate financial statements" and
- IFRS 3 "Business combinations"

would only have an impact on future business combinations.

### 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 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.

### 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 until the expiry of the lease.

### Mining 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. The life of mine remaining is currently estimated at 5 years.

The provision for rehabilitation is carried at fair value and includes a provision for restoration of the opencast operations which commenced in 2008.

#### 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.

#### 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.





# group accounting policies continued

for the year ended 31 December 2008

#### 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 share option scheme. The fair value of the share option scheme is 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. 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.

Transactions in foreign currencies are translated at the exchange rate ruling on transaction date.

### 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 re-measurement is recognised immediately in the income statement.

#### Held for trading investments

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

#### Trade receivables

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

#### Trade payables

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

#### Other Financial assets and liabilities

The groups other financial assets and liabilities not disclosed above are fair valued as shown below.

Financial assets:
- Cash and cash equivalents are measured at cash value.
- Other receivables at amount owed
- Other loans receivable at amount owed

Finance liabilities:
- Other payables at amount owing

### 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.

### Other Investments
Other investments are recognised at cost less any provision for impairment.

### Impairment
Whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable an asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less cost to sell and value in use) if that is less than the asset's carrying amount.

### 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 cashflow statement are stated net of bank overdrafts.

### Segmental Reporting
A business segment is a component of the group distinguishable by economic activity (business segment), or by its geographical location (geographical segment), which is subject to risks and returns that are different from those of other business segments. The Group's only business segments are mining activities and investment properties. The Group also reports by geographical segment. In presenting information on the basis of geographical segments, segment assets and the cost of acquiring them are based on the geographical location of the assets. Segment capital expenditure is the total cost incurred during the period to acquire segment assets and are based on where the assets are located.





## 1. Segmental reporting

| Business analysis (primary segment) | 2008 Mining £'000 | Property £'000 | Other £'000 | Total £'000 |
|---|---|---|---|---|
| **Segment revenue** | **24,911** | **1,032** | **36** | **25,979** |
| Operating profit before adjustments | 5,573 | 599 | 53 | **6,225** |
| Revaluation of investments | - | (3,075) | (534) | **(3,609)** |
| **Operating profit/(loss) and segment result** | **5,573** | **(2,476)** | **(481)** | **2,616** |
| **Segment assets** | **15,199** | **11,408** | **752** | **27,359** |
| **Unallocated assets** | | | | |
| - fixed assets | | | | **99** |
| - cash and cash equivalents | | | | **3,414** |
| **Total assets** | | | | **30,872** |
| Segment liabilities | (4,461) | (3,230) | (2) | **(7,693)** |
| Borrowings | (889) | (3,000) | - | **(3,889)** |
| | (5,350) | (6,230) | (2) | **(11,582)** |
| Unallocated liabilities | | | | **(6,726)** |
| **Total liabilities** | | | | **(18,308)** |
| **Net assets** | | | | **12,564** |
| Investment in joint ventures - non segmental | | | | **3,072** |
| **Net assets as per balance sheet** | | | | **15,636** |
| Depreciation | 2,027 | - | 45 | **2,072** |
| Capital expenditure | 3,788 | - | 153 | **3,941** |

| Geographic analysis (secondary segment) | United Kingdom £'000 | South Africa £'000 | Other £'000 | Unallocated £'000 | Total £'000 |
|---|---|---|---|---|---|
| Segment revenue | 1,068 | 24,911 | - | - | **25,979** |
| Operating (loss)/profit and segment result | (2,957) | 5,573 | - | - | **2,616** |
| Segment net assets | 6,661 | 9,162 | (46) | (3,213) | **12,564** |
| Capital expenditure | 153 | 3,788 | - | - | **3,941** |

## 1. Segmental reporting continued

| Business analysis (primary segment) | 2007 Mining £'000 | Property £'000 | Other £'000 | Total £'000 |
|---|---|---|---|---|
| **Segment revenue** | 15,594 | 1,019 | 80 | 16,693 |
| Operating profit before adjustments | 1,702 | 269 | 12 | 1,983 |
| Revaluation of investments | - | (2,588) | 31 | (2,557) |
| Exceptional item | - | 383 | - | 383 |
| **Operating profit and segment result** | 1,702 | (1,936) | 43 | (191) |
| **Segment assets** | 7,662 | 15,772 | 954 | 24,388 |
| Unallocated assets | | | | |
| - fixed assets | | | | 150 |
| - cash and cash equivalents | | | | 3,199 |
| **Total assets** | | | | 27,737 |
| Segment liabilities | (3,737) | (3,201) | (16) | (6,954) |
| Borrowings | (185) | (3,402) | - | (3,587) |
| | (3,922) | (6,603) | (16) | (10,541) |
| Unallocated liabilities | | | | (4,357) |
| **Total liabilities** | | | | (14,898) |
| **Net assets** | | | | 12,839 |
| Investment in joint ventures - non segmental | | | | 2,520 |
| **Net assets as per balance sheet** | | | | 15,359 |
| Depreciation | 1,171 | - | 25 | 1,196 |
| Capital expenditure | 1,643 | - | 132 | 1,775 |

| Geographic analysis (secondary segment) | United Kingdom £'000 | South Africa £'000 | Other £'000 | Unallocated £'000 | Total £'000 |
|---|---|---|---|---|---|
| Segment revenue | 1,099 | 15,594 | - | - | 16,693 |
| Operating (loss)/profit and segment result | (1,921) | 1,702 | - | - | (219) |
| Segment net assets | 9,050 | 4,773 | 24 | (1,008) | 12,839 |
| Capital expenditure | 132 | 1,643 | - | - | 1,775 |





## 2. Operating costs

| | 2008 £'000 | 2007 £'000 |
|---|---|---|
| Mining | **12,457** | 9,997 |
| Property | **70** | 62 |
| Share dealing | **7** | 33 |
| Cost of sales | **12,534** | 10,092 |
| Administration | **7,220** | 4,618 |
| **Operating costs** | **19,754** | 14,710 |
| The direct property costs are: | | |
| Ground rent | **15** | 18 |
| Direct property expense | **50** | 49 |
| Bad debts | **5** | (5) |
| | **70** | 62 |

## 3. Loss/(gain) 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:

| | 2008 £'000 | 2007 £'000 |
|---|---|---|
| Gains on revaluation of investment properties - realised | **-** | 383 |
| Loss on revaluation of investment properties - unrealised | **(3,075)** | (2,588) |
| Valuation movement in respect of head lease payments | **33** | (121) |
| **Investment surplus** | **(3,042)** | (2,326) |

## 4. Exceptional items

| | 2008 £'000 | 2007 £'000 |
|---|---|---|
| Gain on sale of investment properties | **-** | 383 |

## 5. Profit before taxation

Profit before taxation is arrived at after charging:

| | 2008 £'000 | 2007 £'000 |
|---|---|---|
| Staff costs (see note 29) | **7,616** | 6,228 |
| Depreciation | **2,072** | 1,196 |
| Exchange loss/(gain) | **144** | (49) |
| Fees payable to the company's auditor for the audit of the company's annual accounts | **43** | 21 |
| Fees payable to the company's auditor and its associates for other services: | | |
| The audit of the company's subsidiaries, pursuant to legislation | **19** | 13 |
| Tax services | **-** | 1 |
| Other services | **1** | 4 |

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. Director's emoluments

Directors emoluments are shown in the Directors remuneration report on page 26 under the heading Directors remuneration which is within the audited part of this report.

## 7. Interest payable

| | 2008 £'000 | 2007 £'000 |
|---|---|---|
| On bank overdrafts and bank loans | **176** | 160 |
| Other interest payable | **347** | 262 |
| Hedging | **16** | 36 |
| **Interest payable** | **539** | 458 |

## 8. Taxation

| | 2008 £'000 | 2007 £'000 |
|---|---|---|
| (a) Based on the results for the year: | | |
| Corporation tax at 28.5% (2007: 30%) | **2,075** | 326 |
| Adjustment in respect of prior years – UK | **142** | 4 |
| Current tax | **2,217** | 330 |
| Deferred tax | **(406)** | (881) |
| **Total tax in income statement** | **1,811** | (551) |

(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 28.5% (2007: 30%)

| | 2008 | 2007 |
|---|---|---|
| The differences are explained below: | | |
| Profit on ordinary activities before taxation | **2,117** | (459) |
| Tax on profit on ordinary activities at 28.5% (2007: 30%) | **603** | (138) |
| Effects of: | | |
| Expenses not deductible for tax purposes | **298** | 89 |
| Capital allowances for the year in excess of depreciation | **-** | (209) |
| Capital gains in excess of profit on disposal | **283** | (307) |
| Other differences | **63** | 43 |
| Deferred tax assets not recognised | **328** | 13 |
| Adjustment to smaller companies rates | **(31)** | (42) |
| Adjustment in respect of prior years | **267** | - |
| **Total tax** | **1,811** | (551) |

| | 2008 | 2007 |
|---|---|---|
| (c) Analysis of United Kingdom and Overseas tax | | |
| United Kingdom tax included in above: | | |
| Corporation tax | **-** | (133) |
| Adjustment in respect of prior years | **142** | - |
| Current tax | **142** | (133) |
| Deferred tax | **(1,150)** | (1,023) |
| | **(1,008)** | (1,156) |
| Overseas tax included in above: | | |
| Corporation tax | **2,075** | 459 |
| Adjustment in respect of prior years | **-** | 4 |
| Current tax | **2,075** | 463 |
| Deferred tax | **744** | 142 |
| | **2,819** | 605 |

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.

## 9. Dividends paid

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | **Per share** | **£'000** | Per share | £'000 |
| **Prior period final dividend** | **3.50p** | **366** | 3.00p | 313 |

A final dividend in respect of 2008 of 3.50p (2007: 3.00p) per share amounting to a total of £366,000 (2007: £313,000) 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 retained earnings in the year ending 31 December 2009.





## 10. Earnings and diluted earnings per share

Both the basic and diluted earnings per share calculations are based on a profit after tax of £302,000 (2007: profit £92,000). The basic earnings per share have been calculated on 10,451,506 (2007: 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 (2007: 10,451,506) plus the dilutive potential ordinary shares arising from share options of 236,986 (2007: 433,438) totalling 10,688,492 (2007: 10,884,944).

## 11. Investment properties

| | Freehold £'000 | Long leasehold £'000 | Total £'000 |
|---|---|---|---|
| Valuation at 1 January 2008 | 11,075 | 3,650 | **14,725** |
| Additions | 123 | - | **123** |
| Revaluation | (2,525) | (550) | **(3,075)** |
| **Valuation at 31 December 2008** | **8,673** | **3,100** | **11,773** |
| Valuation at 1 January 2007 | 13,470 | 3,800 | **17,270** |
| Additions | 43 | - | **43** |
| Revaluation | (2,438) | (150) | **(2,588)** |
| **Valuation at 31 December 2007** | **11,075** | **3,650** | **14,725** |
| Historical cost | | | |
| **At 31 December 2008** | **4,776** | **728** | **5,504** |
| At 31 December 2007 | 4,653 | 728 | 5,381 |

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 2008 on an open market basis by:

| | £'000 |
|---|---|
| Atisreal Ltd, Chartered Surveyors | 8,673 |
| Carter Towler, Chartered Surveyors | 3,100 |
| | **11,773** |

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

## 12. Mining reserves, plant and equipment

| | Mining Reserves £'000 | Mining equipment £'000 | Motor vehicles £'000 | Office equipment £'000 | **Total £'000** |
|---|---|---|---|---|---|
| Cost at 1 January 2008 | 1,703 | 7,577 | 579 | 80 | **9,939** |
| Exchange adjustment | 2 | 9 | - | - | **11** |
| Additions | - | 3,774 | 21 | 23 | **3,818** |
| Disposals | - | - | (254) | - | **(254)** |
| **Cost at 31 December 2008** | **1,705** | **11,360** | **346** | **103** | **13,514** |
| Accumulated depreciation at 1 January 2008 | 869 | 2,812 | 359 | 40 | **4,080** |
| Exchange adjustment | 1 | 3 | - | - | **4** |
| Charge for the year | 281 | 1708 | 69 | 14 | **2,072** |
| Disposals in year | - | - | (196) | - | **(196)** |
| **Accumulated depreciation at 31 December 2008** | **1,151** | **4,523** | **232** | **54** | **5,960** |
| **Net book value at 31 December 2008** | **554** | **6,837** | **114** | **49** | **7,554** |
| Cost at 1 January 2007 | 1,976 | 6,906 | 562 | 59 | **9,503** |
| Exchange adjustment | 27 | 84 | 6 | - | **117** |
| Additions | 45 | 1,556 | 99 | 32 | **1,732** |
| Disposals | (345) | (969) | (88) | (11) | **(1,413)** |
| **Cost at 31 December 2007** | **1,703** | **7,577** | **579** | **80** | **9,939** |
| Accumulated depreciation at 1 January 2007 | 1,127 | 2,569 | 350 | 42 | **4,088** |
| Exchange adjustment | 15 | 32 | 4 | - | **51** |
| Charge for the year | 192 | 946 | 49 | 9 | **1,196** |
| Disposals in year | (465) | (735) | (44) | (11) | **(1,255)** |
| **Accumulated depreciation at 31 December 2007** | **869** | **2,812** | **359** | **40** | **4,080** |
| **Net book value at 31 December 2007** | **834** | **4,765** | **220** | **40** | **5,859** |

## 13. Investments held as non-current assets

| | **2008 Joint ventures assets £'000** | **2008 Other £'000** | 2007 Joint ventures assets £'000 | 2007 Other £'000 |
|---|---|---|---|---|
| At 1 January | **1,921** | **684** | 2,126 | 604 |
| Additions | **-** | **-** | - | 78 |
| Transfer | **747** | **(67)** | | |
| Exchange adjustment | **-** | **-** | - | 2 |
| Share of loss in joint ventures | **(305)** | **-** | (205) | - |
| **Net assets at 31 December** | **2,363** | **617** | 1,921 | 684 |
| At 1 January | **599** | **-** | 511 | - |
| Loan to joint venture | **110** | **-** | 88 | - |
| **At 31 December** | **709** | **-** | 599 | - |
| **At 31 December** | **3,072** | **617** | 2,520 | 684 |
| Provision for diminution in value | | | | |
| At 1 January | **-** | **(213)** | - | (213) |
| Write down of investment | **-** | **(70)** | **-** | - |
| **At 31 December** | **-** | **(283)** | - | (213) |
| **Net book value at 31 December** | **3,072** | **334** | 2,520 | 471 |

| Included in other investments are: | **2008 £'000** | 2007 £'000 |
|---|---|---|
| Net book value of unquoted investments | **133** | 258 |
| Rehabilitation fund | **186** | 196 |
| Market value of the overseas listed investments | **15** | 17 |
| | **334** | 471 |
| Net book value of investments listed on overseas Stock Exchanges | **35** | 143 |





## 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 (2007: 500,000) ordinary shares of £1 each. The company owns 49% of the issued share capital of Ezimbokodweni Mining (pty) Limited, an unlisted prospective coal production company. The company is incorporated in South Africa. It has issued share capital of 100 (2007: 100) ordinary shares of ZAR1each.

| | Ezimbokodweni 49% £'000 | Dragon 50% £'000 | **2008 £'000** | 2007 £'000 |
|---|---|---|---|---|
| Turnover | - | 101 | **101** | 92 |
| Profit and loss | | | | |
| Loss before tax | - | (304) | **(304)** | (210) |
| Taxation | - | (1) | **(1)** | 6 |
| **Loss after taxation** | - | (305) | **(305)** | (204) |
| Balance sheet | | | | |
| Non-current assets | 708 | 1,387 | **2,095** | 2,261 |
| Current assets | - | 1,624 | **1,624** | 1,649 |
| Current liabilities | (708) | (1,230) | **(1,938)** | (723) |
| Non-current liabilities | - | (101) | **(101)** | (1,265) |
| **Share of net assets at 31 December** | - | 1,680 | **1,680** | 1,922 |

## 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 |
| Ninghi Marketing Limited | Dormant | 90.1% | England and Wales |

## 16. Inventories

| | **2008 £'000** | 2007 £'000 |
|---|---|---|
| **Coal** | | |
| Washed | **1,284** | 63 |
| Unwashed | **-** | 18 |
| Run of mine | **83** | 38 |
| Other | **30** | 7 |
| | **1,397** | 126 |

## 17. Trade and other receivables

| | **2008 £'000** | 2007 £'000 |
|---|---|---|
| **Amounts falling due within one year:** | | |
| Trade receivables | **5,392** | 1,484 |
| Other receivables | **76** | 591 |
| Prepayments and accrued income | **56** | 55 |
| | **5,524** | 2,130 |

## 18. Held for trading investments

| | 2008 £'000 | 2007 £'000 |
|---|---|---|
| **Market value of Listed Investments:** | | |
| Listed in Great Britain | **582** | 694 |
| Listed outside Great Britain | **45** | 76 |
| | **627** | 770 |
| Original cost of Listed Investments | **814** | 487 |
| Unrealised (deficit) surplus of market value (under) over cost | **(187)** | 283 |

## 19. Trade and other payables

| | 2008 £'000 | 2007 £'000 |
|---|---|---|
| Trade payables | **852** | 656 |
| Joint venture | **1,551** | 1,478 |
| Provisions | **-** | 472 |
| Other payables | **538** | 762 |
| Accruals and deferred income | **2,874** | 2,238 |
| | **5,815** | 5,606 |

The provisions in 2007 relates to the South African litigation which was settled in 2008.

## 20. Financial liabilities - borrowings

| | Current | | Non-current | |
|---|---|---|---|---|
| | 2008 £'000 | 2007 £'000 | 2008 £'000 | 2007 £'000 |
| Bank overdraft (secured) | **3,530** | 1,955 | **-** | - |
| Bank loan (secured) | **3,347** | 447 | **541** | 3,139 |
| | **6,877** | 2,402 | **541** | 3,139 |

| | 2008 £'000 | 2007 £'000 |
|---|---|---|
| Bank overdraft and loan installments by reference to the balance sheet date: | | |
| Within one year | **6,877** | 2,402 |
| From one to two years | **334** | 403 |
| From two to five years | **207** | 2,736 |
| | **7,418** | 5,541 |
| Bank overdraft and loan analysis by origin: | | |
| United Kingdom | **6,042** | 5,159 |
| Southern Africa | **1,376** | 382 |
| | **7,418** | 5,541 |

The United Kingdom bank loans and overdraft are secured by way of a first charge over the investment properties in the UK which are included in the financial statements at a value of £11,773,000. 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 2008 this increased to 25.6% (2007: 15.2%) which was calculated as follows:

| | 2008 £'000 | 2007 £'000 |
|---|---|---|
| Total debt | **7,418** | 5,541 |
| Less cash and cash equivalents | **(3,414)** | (3,199) |
| **Net debt** | **4,004** | 2,342 |
| **Total equity** | **15,636** | 15,359 |
| **Gearing** | **25.6%** | 15.2% |





## 21. Provision for rehabilitation

| | 2008 £'000 | 2007 £'000 |
|---|---|---|
| As at 1 January | **-** | - |
| Transfer | **99** | - |
| Additions | **472** | - |
| As at 31 December | **571** | - |

## 22. 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, market risk, credit risk, currency risk & commodity 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**
Interest rate risk is the risk that the value of a financial instrument or cashflows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Group uses. Treasury activities take place under procedures and policies approved and monitored by the Board to minimise the financial risk faced by the Group.Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets and loans to joint ventures. Interest bearing borrowings comprise bank loans, bank overdrafts and variable rate finance lease obligations. The rates of interest vary based on LIBOR in the UK and PRIME in South Africa.

As at 31 December 2008, with other variables unchanged, a 1% increase or decrease in interest rates, on investments and borrowings whose interest rates are not fixed, would respectively decrease or increase the profit for the year by £51,000. The effect on equity of this change would be an equivalent decrease or increase for the year of £51,000.

**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. Trade and other payables are all due within one year.

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

| | 2008 £'000 | 2007 £'000 |
|---|---|---|
| Sterling | **203** | 214 |
| South African Rand | **3,211** | 2,985 |
| | **3,414** | 3,199 |

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

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

**Credit risk**
The group is exposed to credit risk on its cash and cash equivalents as per the balance sheet. At the balance sheet date there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. Trade debtor's credit ratings are reviewed regularly. The group only deposits surplus cash with well-established financial institutions of high quality credit standing. As at year end there were no material receivables held past due date.

**Financial assets maturity**
On 31 December 2008, cash at bank and in hand amounted to £3,414,000 (2007: £3,199,000) 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.

**Total financial assets and liabilities**
The Group's financial assets and liabilities are as follows, representing both the fair value and the carrying value:

| | 2008 £'000 | 2007 £'000 |
|---|---|---|
| Cash and cash equivalents | **3,414** | 3,199 |
| Financial assets: investments held for trading | **627** | 770 |
| Other assets | **5,468** | 2,075 |
| Bank Borrowings | **(7,418)** | (5,541) |
| Finance leases | **(234)** | (267) |
| Other Liabilities | **(5,815)** | (5,606) |
| | **(3,958)** | (5,370) |

**Borrowing facilities**
At 31 December 2008 the Group was within its bank borrowing facilities and had not breached any covenants. Overdrafts are renewable annually. Term loan repayments are as set out in note 20. The group has undrawn facilities of £3,205,000 (2007: £4,045,000) which expire within one year. Details of other financial liabilities are shown in notes 19 and 20.

**Hedge profile**
No interest rate swap was entered into during the year. The interest rate swap previously held at a fixed rate of 4.05% expired in January 2008 and had a fair value at 31st December 2007 of £16,000.

## 22. Financial instruments continued

**Commodity price risk**
Commodity price risk is the risk that the Group's future earnings will be adversely impacted by changes in the market 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 obtain forward contracts to mitigate foreign exchange risk on these amounts.

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 2007 and 2008 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.

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

| | **Profit and loss 2008 £'000** | Profit and loss 2007 £'000 | **Equity 2008 £'000** | Equity 2007 £'000 |
|---|---|---|---|---|
| If there were a 10% weakening of the South African Rand against | | | | |
| **Sterling with all other variables held constant - (decrease)** | **(391)** | (117) | **(776)** | (327) |
| If there were a 10% strengthening of the South African Rand against | | | | |
| **Sterling with all other variables held constant - increase** | **433** | 130 | **949** | 401 |

## 23. Deferred taxation

| | **2008 £'000** | 2007 £'000 |
|---|---|---|
| Balance at 1 January | **3,030** | 3,899 |
| Recognised in income | **(406)** | (881) |
| Exchange adjustment | **1** | 12 |
| | **2,625** | 3,030 |
| The deferred tax balance comprises the following: | | |
| Revaluation of properties | **1,313** | 1,896 |
| Capital allowances | **1,827** | 1,120 |
| Short-term timing differences | **(515)** | 14 |
| | **2,625** | 3,030 |

## 24. Share capital

| | **2008 £'000** | 2007 £'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 groups 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.

## 25. Other reserves

| | **2008 £'000** | 2007 £'000 |
|---|---|---|
| Equity share options | **577** | 340 |
| Net premium on share capital in joint venture | **86** | 86 |
| | **663** | 426 |





## 26. Share based payments

Details of the share option scheme are shown in the Directors remuneration report on page 26 under the heading Share option schemes which is within the audited part of this report. 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 2007 | Number of share options issued during year | Number of share for which options outstanding at 31 December 2008 |
|---|---|---|---|---|---|
| 2002 | 34.0p | Sep 2005 - Sep 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 option's expected life. The expected life used in the model is based on the risk-averse balance likely to be required by the option holders.

| | **2008 Number** | **2008 Weighted average Exercise price** | 2007 Number | 2007 Weighted average Exercise price |
|---|---|---|---|---|
| Outstanding at 1 January | **1,113,000** | **164.4p** | 1,113,000 | 164.4p |
| Granted during year | **-** | **-** | - | - |
| Outstanding at 31 December | **1,113,000** | **164.4p** | 1,113,000 | 164.4p |
| Exercisable at 31 December | **513,000** | **78.8p** | 513,000 | 78.8p |

## 27. Minority interest

| | **2008 £'000** | 2007 £'000 |
|---|---|---|
| As at 1 January | **-** | - |
| Acquisition of subsidiary | **(14)** | - |
| Share of profit for the year | **4** | - |
| As at 31 December | **(10)** | - |

The acquisition of subsidiary relates to an increase in shareholding in Ninghi Marketing Limited, an unlisted coal trading company. The company is incorporated in England & Wales. It has issued share capital of 101 (2007:101) ordinary shares of £1 each. The shareholding in the company is 90.1% (2007:45%)

## 28. Related Party Transactions

| | As at 31 December 2008 | | During the year | |
|---|---|---|---|---|
| | Amounts owed to related party £'000 | Amounts owed by related party £'000 | Costs recharged (to)/ by related party £'000 | Cash paid (to) /by related party £'000 |
| London & Associated Properties PLC (note (a)) | 147 | - | 287 | (568) |
| Dragon Retail Properties Limited (note (b)) | 1,510 | - | - | (73) |
| Ezimbokodweni Mining (pty) Limited (note (c)) | - | (708) | (109) | - |
| **As at 31 December 2008** | **1,657** | **(708)** | **178** | **(641)** |
| As at 31 December 2007 | 1,865 | (599) | 67 | (747) |

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

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

**(b) Dragon Retail Properties Limited**

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

**(c) Ezimbokodweni Mining (pty) Limited**
Ezimbokodweni Mining is a prospective 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 on page 26 under the headings Directors remuneration, Pension schemes and incentives and Share option schemes which is within the audited part of this report.

## 29. Employees

| | 2008 Number | 2007 Number |
|---|---|---|
| The average weekly number of employees of the group during the year were as follows: | | |
| Production | **453** | 480 |
| Administration | **18** | 16 |
| | **471** | 496 |

| | £'000 | £'000 |
|---|---|---|
| Staff costs during the year were as follows: | | |
| Salaries | **6,901** | 5,654 |
| Social security costs | **244** | 154 |
| Pension costs | **234** | 183 |
| Share based payments | **237** | 237 |
| | **7,616** | 6,228 |

## 30. Capital commitments

| | 2008 £'000 | 2007 £'000 |
|---|---|---|
| Commitments for capital expenditure approved but not contracted for at the year end | **158** | 220 |
| Commitments for capital expenditure approved and contracted for at the year end | **390** | - |
| Share of commitment of capital expenditure in joint venture | **1,856** | 1,854 |

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

Present value of head leases on properties

| | Minimum lease payments 2008 £'000 | Minimum lease payments 2007 £'000 | Present value of Minimum lease payments 2008 £'000 | Present value of Minimum lease payments 2007 £'000 |
|---|---|---|---|---|
| Within one year | **15** | 15 | **15** | 15 |
| Second to fifth year | **61** | 59 | **56** | 55 |
| After five years | **2,054** | 2,002 | **163** | 197 |
| | **2,130** | 2,076 | **234** | 267 |
| Discounting adjustment | **(1,896)** | (1,809) | **-** | - |
| **Present value** | **234** | 267 | **234** | 267 |

Finance lease liabilities are in respect of leased investment property. Many of the lease's 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 leases are as follows:

| | 2008 £'000 | 2007 £'000 |
|---|---|---|
| Within one year | **658** | 804 |
| Second to fifth year | **2,219** | 2,541 |
| After five years | **9,977** | 10,424 |
| | **12,854** | 13,769 |

## 32. Contingent liabilities

| | | |
|---|---|---|
| Bank guarantee | **213** | - |

A bank guarantee for an amount of £213,000 has been provided by Black Wattle Colliery (pty) Limited to a third party in respect of the construction of dams.





# company balance sheet

at 31 December 2008

| | Notes | 2008 £'000 | 2007 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 34 | **11,872** | 14,838 |
| Investment in joint ventures | 35 | **847** | 164 |
| Other investments | 35 | **1,026** | 1,130 |
| | | **13,745** | 16,132 |
| **Current assets** | | | |
| Debtors | 36 | **5,978** | 1,560 |
| Interest derivative | | **-** | 16 |
| Bank balances | | **2,373** | 2,626 |
| | | **8,351** | 4,202 |
| Creditors - amounts falling due within one year | 37 | **(9,276)** | (4,635) |
| **Net current liabilities** | | **(925)** | (433) |
| **Total assets less current liabilities** | | **12,820** | 15,699 |
| Creditors - amounts falling due after one year - medium term bank loan | 37 | **-** | (3,000) |
| Provisions for liabilities and charges | 38 | **-** | (39) |
| **Net assets** | | **12,820** | 12,660 |
| **Capital and reserves** | | | |
| Called up share capital | 24 | **1,045** | 1,045 |
| Revaluation reserve | 39 | **5,871** | 8,946 |
| Other reserves | 39 | **578** | 357 |
| Retained earnings | 39 | **5,326** | 2,312 |
| Shareholders' funds | | **12,820** | 12,660 |

The company financial statements were approved and authorised for issue by the board of directors on 17 April 2009 and signed on its behalf by:

**M A Heller**
Director

**A R Heller**
Director

The following are the main accounting policies of the company:

### Accounting convention

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

### Dividends received

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

### Depreciation

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

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

### Foreign currencies

Monetary assets and liabilities expressed in foreign currencies have been translated at the rates of exchange ruling at the balance sheet date. 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 & 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.





## 33. Dividends

| The aggregate amount of dividends comprises: | **2008 £'000** | 2007 £'000 |
|---|---|---|
| Final dividends in respect of prior year but not recognised as liabilities in that year: | **313** | 261 |

The aggregate amount of dividends proposed and not recognised as liabilities as at year end is £366,000 (2007: £313,000).

## 34. Tangible fixed assets

| | Investment properties | | | | |
|---|---|---|---|---|---|
| | Freehold £'000 | Long leasehold £'000 | Motor vehicles £'000 | Office Equipment £'000 | **Total £'000** |
| Cost or valuation at 1 January 2008 | 11,075 | 3,650 | 148 | 37 | **14,910** |
| Additions | 123 | - | 21 | 10 | **154** |
| Disposals | - | - | - | - | **-** |
| Revaluation | (2,525) | (550) | - | - | **(3,075)** |
| **Cost or valuation at 31 December 2008** | **8,673** | **3,100** | **169** | **47** | **11,989** |
| At valuation | 8,673 | 3,100 | - | - | **11,773** |
| At cost | - | - | 169 | 47 | **216** |
| | **8,673** | **3,100** | **169** | **47** | **11,989** |
| Accumulated depreciation at 1 January 2008 | - | - | 44 | 28 | **72** |
| Charge for the year | - | - | 40 | 5 | **45** |
| Disposals in year | - | - | - | - | **-** |
| **Accumulated depreciation at 31 December 2008** | **-** | **-** | **84** | **33** | **117** |
| **Net book value at 31 December 2008** | **8,673** | **3,100** | **85** | **14** | **11,872** |
| Net book value at 31 December 2007 | 11,075 | 3,650 | 104 | 9 | 14,838 |

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

## 35. Investments

| | Joint ventures | Subsidiaries | | Other | |
|---|---|---|---|---|---|
| | Shares £'000 | Shares £'000 | Loans £'000 | investments £'000 | **Total £'000** |
| Cost at 1 January 2008 | 164 | 1,024 | 641 | 356 | **2,021** |
| Drawn in year | 683 | - | 22 | - | **22** |
| Transfer | - | - | - | (56) | **(56)** |
| **Cost at 31 December 2008** | **847** | **1,024** | **663** | **300** | **1,987** |
| Provision for impairment | | | | | |
| As at 1 January | - | (678) | - | (213) | **(891)** |
| Impaired during the year | - | - | - | (70) | **(70)** |
| **As at 31 December 2008** | **-** | **(678)** | **-** | **(283)** | **(961)** |
| **Net book value at 31 December 2008** | **847** | **346** | **663** | **17** | **1,026** |
| Net book value at 31 December 2007 | 164 | 346 | 641 | 143 | 1,130 |

Other investments comprise £17,000 (2007: £87,000) shares and £nil (2007: £56,000) loans.

Investments in subsidiaries are detailed in note 18. 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.

## 36. Debtors

| | 2008 £'000 | 2007 £'000 |
|---|---|---|
| **Amounts falling due within one year:** | | |
| Amounts due from subsidiary undertakings | **5,869** | 796 |
| Tax recoverable | **-** | 144 |
| Other debtors | **73** | 589 |
| Prepayments and accrued income | **36** | 31 |
| | **5,978** | 1,560 |

## 37. Creditors

| | 2008 £'000 | 2007 £'000 |
|---|---|---|
| **Amounts falling due within one year:** | | |
| Bank overdraft (secured) | **3,042** | 1,757 |
| Bank loan (secured) | **3,000** | 402 |
| Joint venture | **1,551** | 1,478 |
| Other taxation and social security | **69** | 387 |
| Other creditors | **271** | 278 |
| Accruals and deferred income | **1,343** | 333 |
| | **9,276** | 4,635 |

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

Amounts falling due within one year:

| | | |
|---|---|---|
| **Bank loans** | **-** | 3,000 |

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

| | | |
|---|---|---|
| Within one year | **3,000** | 402 |
| From one to two years | **-** | 400 |
| From two to five years | **-** | 2,600 |
| | **3,000** | 3,402 |

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

## 38. Provisions for liabilities and charges

| | £'000 |
|---|---|
| Deferred Taxation | |
| Balance at 1 January 2008 | 39 |
| Transfer to profit and loss account | (39) |
| **Balance at 31 December 2008** | - |

No provision has been made for the approximate taxation liability at 28% (2007: 28%) of £1,313,000 (2007: £1,896,000) which would arise if the investment properties were sold at the stated valuation.

| | 2008 £'000 | 2007 £'000 |
|---|---|---|
| The deferred tax balance comprises the following: | | |
| Accelerated capital allowances | **-** | 39 |





## 39. Reserves

| | Revaluation reserve £'000 | Other reserve £'000 | Retained earnings £'000 |
|---|---|---|---|
| Balance at 1 January 2008 | 8,946 | 357 | 2,312 |
| Dividend paid | - | - | (313) |
| Revaluation of investment property | (3,075) | - | - |
| Movement in reserves | - | (16) | 16 |
| Share options | - | 237 | - |
| Retained profit for the year | - | - | 3,311 |
| **Balance at 31 December 2008** | **5,871** | **578** | **5,326** |

A profit and loss account for Bisichi Mining PLC has not been presented as permitted by Section 230(4) of the Companies Act 1985. The profit for the financial year, before dividends, was £3,311,000 (2007: loss £289,000).

Details of share capital are set out in note 24 and details of the share options are shown in the Directors Remuneration Report and note 26.

## 40. 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 28 of the Group financial statements.

## 41. Employees

The average number of employees (excluding directors), in administration, during the year was 2 (2007: 1).

| | 2008 £'000 | 2007 £'000 |
|---|---|---|
| Staff costs were as follows: | | |
| Salaries | **219** | 42 |
| Social Security costs | **28** | 5 |
| | **247** | 47 |

**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-seventh Annual General Meeting of Bisichi Mining PLC (the "Company") will be held at 30-35 Pall Mall, London SW1Y 5LP on Thursday 11 June 2009 at 11.00 a.m. for the transaction of the following business:**

**Ordinary business**
To consider and, if thought fit, pass resolutions 1 to 9 as ordinary resolutions:

**1** To receive and adopt the Company's annual accounts for the year ended 31 December 2008 together with the directors' report and the auditors' report on those accounts. **(Resolution 1)**

**2** To approve the remuneration report for the year ended 31 December 2008. **(Resolution 2)**

**3** To declare and approve a final dividend of 3.5p per share. **(Resolution 3)**

**4** To appoint as a director Mr R J Grobler. **(Resolution 4)**

**5** To re-elect as a director Mr A R Heller. **(Resolution 5)**

**6** To re-elect as a director Mr C A Joll. **(Resolution 6)**

**7** To re-elect as a director Mr J A Sibbald. **(Resolution 7)**

**8** 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. **(Resolution 8)**

**9** To authorise the directors to determine the remuneration of the auditors. **(Resolution 9)**

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

**10** That:

**10.1** 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 29 June 2006 as if section 89(1) of the 1985 Act did not apply to any such allotment;

**10.2** 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 10.2 (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);

**10.3** (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

**10.4** 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 10.1 the words "under the authority conferred upon them for the purposes of section 80 of the 1985 Act by a resolution passed on 29 June 2006" were omitted. **(Resolution 10)**

30-35 Pall Mall
London SW1Y 5LP
17 April 2009
Bisichi Mining PLC
Registered in England and Wales -
Number 112155

By order of the board
Michael Stevens
*Secretary*





## 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 9 June 2009.

**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 9 June 2009 (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 16 April 2009 (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 16 April 2009 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 9 June 2009. 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 system 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** Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

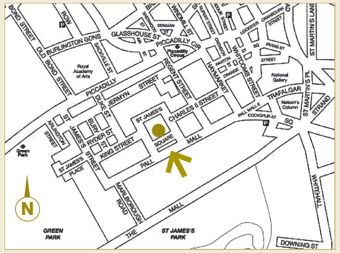
**13** In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the 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) 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.

**14** 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:

**14.1** A register in which are recorded all transactions of each director and of their family interests in the share capital of the Company; and

**14.2** 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.

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 11 June 2009 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 2008 together with the directors' report and the auditors' report on those accounts. | | | |
| **2** To approve the remuneration report for the year ended 31 December 2008. | | | |
| **3** To declare and approve a final dividend of 3.5p per share. | | | |
| **4** To appoint as a director Mr R J Grobler. | | | |
| **5** To re-elect as a director Mr A R Heller. | | | |
| **6** To re-elect as a director Mr C A Joll. | | | |
| **7** To re-elect as a director Mr J A Sibbald. | | | |
| **8** To re-appoint PKF(UK) LLP as auditors. | | | |
| **9** To authorise the directors to determine the remuneration of the auditors. | | | |
| **Special Resolutions** | | | |
| **10** To empower the directors to disapply statutory pre-emption rights. | | | |

**Notes:**

1. 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).
2. 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.
3. Please indicate with an X how you wish your votes to be cast. Any alterations to this form should be initialled.
4. 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.
5. 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.
6. 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.
7. To be valid, this form of proxy, together with the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of such power or authority) must be deposited at the company'scompany's registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, United Kingdom 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.

   Proxies may be delivered to Capita Registrars' office by hand during normal business hours.

   Postage by Shareholders outside the UK: Shareholders with addresses outside the UK should post the Form of Proxy in an envelope to: Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, United Kingdom BR3 4TU.
8. 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.
9. 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.
10. 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**

**Postcode**

**Signed this** **day of** **2009** (Signature)



*Cut along dotted line*

Second Fold

BUSINESS REPLY SERVICE
Licence No MB 122

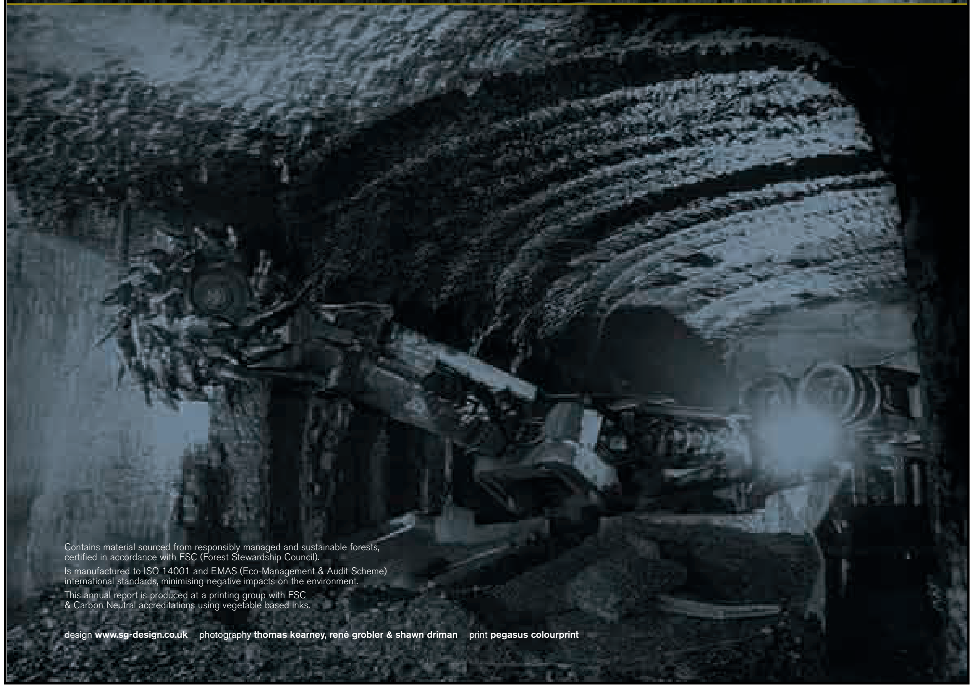
1

**Capita Registrars**
**Proxy Department**
**PO Box 25**
**The Registry**
**34 Beckenham Road**
**Beckenham**
**Kent**
**BR3 4BR**

First Fold

Third Fold

*Tuck inside facing flap*



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This annual report is produced at a printing group with FSC & Carbon Neutral accreditations using vegetable based inks.

design **www.sg-design.co.uk** photography **thomas kearney, rené grobler & shawn driman** print **pegasus colourprint**

# www.bisichi.co.uk

**Bisichi Mining**
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