Sentula MINING

Incorporated in the Republic of South Africa (Registration number 1992/001973/06)
Share code: SNU ISIN: ZAE000107223 ("Sentula" or "the Company" or "the Group")

AUDITED SUMMARY FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Audited as at 31 March 2014	Restated Audited as at 31 March 2013
ASSETS		
Total non-current assets	**984 706**	1 933 992
Property, plant and equipment	932 313	1 381 243
Mineral rights	—	410 761
Intangible assets	2 019	10 205
Investment in equity-accounted joint venture	—	—
Goodwill	37 427	72 565
Restricted investments	—	8 693
Deferred income tax assets	12 947	50 525
Total current assets	**499 497**	853 086
Inventories	113 979	189 792
Trade and other receivables	323 725	535 176
Cash and cash equivalents	60 358	109 991
Current tax receivable	1 435	18 127
Assets of disposal group classified as held-for-sale	**300 983**	1 807
TOTAL ASSETS	**1 785 186**	2 788 885
EQUITY AND LIABILITIES		
Total equity attributable to owners of the parent	**1 024 617**	1 537 236
Share capital and premium	1 994 406	1 994 406
Reserves	110 850	108 127
Accumulated loss	(1 080 639)	(565 297)
Non-controlling interest	1 467	32 742
TOTAL EQUITY	**1 026 084**	1 569 978
LIABILITIES		
Total non-current liabilities	**135 156**	291 645
Loans and borrowings	25 082	—
Finance lease obligations	6 118	3 371
Rehabilitation provision	—	66 899
Deferred income tax liabilities	103 956	221 375
Total current liabilities	**555 266**	927 262
Trade and other payables	169 452	282 763
Loans and borrowings	309 852	543 744
Finance lease obligations	5 110	2 129
Deferred revenue	2 351	—
Bank overdraft	28 134	58 062
Current tax payable	40 367	40 564
Liabilities of disposal group classified as held-for-sale	**68 680**	—
TOTAL LIABILITIES	**759 102**	1 218 907
TOTAL EQUITY AND LIABILITIES	**1 785 186**	2 788 885
Net asset value per share – excluding treasury shares (cents)	176	265
Tangible net asset value per share – excluding treasury shares (cents)	170	250

SUMMARY CONSOLIDATED INCOME STATEMENT

R'000	Audited year ended 31 March 2014	Restated Audited year ended 31 March 2013
Revenue	1 591 482	2 084 118
Results from operations	(51 919)	(198 436)
Recovery of unaccounted funds	30 000	—
Results from operating activities pre-impairments and inventory write-off	(21 919)	(198 436)
Provision for slow moving/obsolete inventory	(43 293)	(133 783)
Impairment of plant and equipment	(75 697)	(186 902)
Impairment of assets held-for-sale	(398)	(15 149)
Impairment of goodwill	(35 138)	(300 127)
Impairment of intangible assets	—	(9 162)
Results from operating activities	(176 445)	(843 559)
Net finance expense	(52 220)	(57 972)
Fair value adjustment on interest rate cap	(213)	(2 486)
Loss before taxation	(228 878)	(904 017)
Taxation	(54 277)	31 187
Loss for the year from continuing operations	(283 155)	(872 830)
Discontinued operations		
Loss for the year from discontinued operations	(292 923)	(14 846)
Total loss for the year	(576 078)	(887 676)
Loss attributable to:		
– Owners of the parent	(533 565)	(862 687)
– continuing operations	(277 392)	(865 562)
– discontinued operations	(256 173)	2 875
– Non-controlling interest	(42 513)	(24 989)
– continuing operations	(5 763)	(7 268)
– discontinued operations	(36 750)	(17 721)
Basic and diluted loss per share (cents)	(91,83)	(148,48)
– continuing operations (cents)	(47,74)	(148,97)
– discontinued operations (cents)	(44,09)	0,49
Headline and diluted loss per share	(43,70)	(24,86)
– continuing operations (cents)	(28,31)	(25,35)
– discontinued operations (cents)	(15,39)	0,49
Shares in issue at the end of the year excluding treasury shares ('000)	581 005	581 005

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Audited year ended 31 March 2014	Audited year ended 31 March 2013
Loss for the year	(576 078)	(887 676)
Other comprehensive income		
Foreign currency translation differences for foreign operations	32 384	67 190
Other comprehensive income for the year, net of income tax	32 384	67 190
Total comprehensive loss for the year	(543 694)	(820 486)
Attributable to:		
– Owners of the parent	(501 181)	(795 497)
– continuing operations	(245 008)	(798 372)
– discontinued operations	(256 173)	2 875
– Non-controlling interest	(42 513)	(24 989)
– continuing operations	(5 763)	(7 268)
– discontinued operations	(36 750)	(17 721)

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Audited year ended 31 March 2014	Restated Audited year ended 31 March 2013
Cash flows from operating activities	207 321	106 418
Cash generated from operations	288 782	206 525
Income taxes paid	(29 934)	(41 968)
Interest paid	(51 527)	(58 139)
Cash flows from investing activities	(31 924)	(103 112)
Interest received	2 373	3 249
Acquisition of non-controlling interest	(200)	—
Purchase of property, plant and equipment	(94 462)	(214 716)
Proceeds from disposal of property, plant and equipment	39 279	18 374
Capitalised exploration expenditure	(564)	(309)
Additions to assets held-for-sale	(11)	(57 165)
Proceeds from disposal of assets held-for-sale	2 856	160 464
Proceeds from disposal of prospecting right	22 000	—
Increase in restricted investments	(3 195)	—
Change in equity accounted investment	—	(13 009)
Cash flows from financing activities	(203 772)	(145 750)
Loans raised	8 438	74 213
Loans repaid	(212 210)	(234 242)
Option premium on empowerment transaction received	—	16 500
Dividends paid to non-controlling interest	—	(2 221)
Net decrease in cash and cash equivalents	(28 375)	(142 444)
Cash and cash equivalents at the beginning of the year	51 929	180 236
Exchange gain on cash and cash equivalents	10 190	14 137
Cash and cash equivalents at the end of the year	33 744	51 929
Cash and cash equivalents classified as discontinued operations	1 520	—
Cash and cash equivalents per statement of financial position	32 224	51 929
Cash and cash equivalents at the end of the year	33 744	51 929

RECONCILIATION OF HEADLINE LOSS

R'000	Audited year ended 31 March 2014 Continuing operations	Discontinued operations	Group	Restated Audited year ended 31 March 2013 Group
Net loss for the year attributable to owners of the parent	(277 392)	(256 173)	(533 565)	(862 687)
Adjusted for:				
Profit on disposal of plant and equipment	(239)	—	(239)	(2 230)
Profit on disposal of prospecting right	(17 552)	—	(17 552)	—
Loss on disposal of plant and equipment	10 179	—	10 179	1 392
Loss on disposal of held-for-sale assets	450	—	450	221 028
Scrapping of assets	6 987	—	6 987	—
Impairment of mineral right*	—	365 431	365 431	—
Impairment of intangible assets	—	—	—	9 162
Impairment of plant and equipment*	75 697	10 000	85 697	186 902
Impairment of assets held-for-sale	398	—	398	15 149
Impairment of goodwill	35 138	—	35 138	300 127
Total tax effect of above adjustments	1 856	(102 321)	(100 465)	(13 265)
Total non-controlling interest effects of adjustments*	—	(106 364)	(106 364)	—
Headline loss attributed to ordinary shareholders	(164 478)	(89 427)	(253 905)	(144 422)

*Items of discontinued operations adjusted for non-controlling effects.

INFORMATION ABOUT REPORTABLE SEGMENTS

The Group is organised in four major operating segments, namely opencast mining services, exploration drilling, crane hire and coal mining. Benicon, CCT, JEF and Megacube are included in the opencast mining services segment. Benicon Coal, Nkomati and Benicon Mining are included in the discontinued coal mining operations as they are classified as held-for-sale. Equipment trading spares and engineering is included in Other. Segment performance is measured based on the segment profit before interest and income tax. Inter-segment revenue is priced on an arms-length basis.

Business segments

(R'000) 2014	Opencast mining services	Exploration drilling	Crane hire	Coal mining	Other	Total
Continuing operations						
Total segment revenue	1 354 793	304 957	87 676	—	45 756	1 793 182
Inter-segment revenue	177 684	3 068	166	—	20 782	201 700
External revenue from continuing operations	1 177 109	301 889	87 510	—	24 974	1 591 482
External revenue from discontinued operations	—	—	—	1 396	—	1 396
External revenue	1 177 109	301 889	87 510	1 396	24 974	1 592 878
Continuing operations						
Total segment results pre-impairment	21 307	(71 723)	43 099	(1 226)	(43 376)	(51 919)
Impairment of property, plant and equipment	(6 396)	(69 301)	—	—	—	(75 697)
Impairment of goodwill	—	—	—	—	(35 138)	(35 138)
Impairment of assets held-for-sale	(398)	—	—	—	—	(398)
Provision for slow-moving/obsolete inventory	(2 766)	—	—	—	(40 527)	(43 293)
Recovery of unaccounted funds	30 000	—	—	—	—	30 000
Total segment results from continuing operations	41 747	(141 024)	43 099	(1 226)	(119 041)	(176 445)
Discontinued operations						
Total segment results pre-impairment	—	—	—	(20 409)	—	(20 409)
Impairment of mineral right	—	—	—	(365 431)	—	(365 431)
Impairment of plant and equipment	—	—	—	(10 000)	—	(10 000)
Total segment results from discontinued operations	—	—	—	(395 840)	—	(395 840)
Total segment results	41 747	(141 024)	43 099	(397 066)	(119 041)	(572 285)
Total segment assets	825 355	143 881	137 383	6 340	356 862	1 469 821
Assets classified as held-for-sale	1 633	19 184	—	280 166	—	300 983
Unallocated assets						14 382
						1 785 186
2013 Restated						
Total segment revenue	1 398 922	749 854	65 258	—	57 613	2 271 647
Inter-segment revenue	145 103	—	931	—	41 495	187 529
External revenue from continuing operations	1 253 819	749 854	64 327	—	16 118	2 084 118
External revenue from discontinued operations	—	—	—	908	—	908
External revenue	1 253 819	749 854	64 327	908	16 118	2 085 026
Continuing operations						
Total segment results pre-impairment	44 195	(258)	32 663	10 784	(64 792)	22 592
Impairment of plant and equipment	(137 551)	(49 351)	—	—	—	(186 902)
Impairment of goodwill	—	(203 959)	—	—	(96 168)	(300 127)
Impairment of assets held-for-sale	(15 149)	—	—	—	—	(15 149)
Impairment of intangible asset	—	—	—	(9 162)	—	(9 162)
Provision for slow-moving/obsolete inventory	—	(114 443)	—	—	(19 340)	(133 783)
Loss on disposal of assets held-for-sale	(221 028)	—	—	—	—	(221 028)
Total segment results from continuing operations	(329 533)	(368 011)	32 663	1 622	(180 300)	(843 559)
Discontinued operations						
Total segment results from discontinued operations	—	—	—	(15 373)	—	(15 373)
Total segment results	(329 533)	(368 011)	32 663	(13 751)	(180 300)	(858 932)
Total segment assets	1 132 851	391 207	111 301	568 685	514 382	2 718 426
Assets classified as held-for-sale	1 807	—	—	—	—	1 807
Unallocated assets						68 652
						2 788 885

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Share capital	Share premium	Employee share incentive reserve	Treasury shares	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total ordinary shareholders' funds
Balance as at 1 April 2012 (as previously reported)	5 866	2 014 438	36 574	(25 898)	(25 408)	365 388	2 370 960	59 815	2 430 775
Effect of change in accounting policy – IFRS 11	—	—	—	—	—	(72 765)	(72 765)	137	(72 628)
Balance as at 1 April 2012 (restated)	5 866	2 014 438	36 574	(25 898)	(25 408)	292 623	2 298 195	59 952	2 358 147
Loss for the year	—	—	—	—	—	(862 687)	(862 687)	(24 989)	(887 676)
Other comprehensive income	—	—	—	—	67 190	—	67 190	—	67 190
Transactions with owners, recorded directly in equity									
Dividends paid to non-controlling interest	—	—	—	—	—	—	—	(2 221)	(2 221)
Share-based payments	—	—	406	—	—	—	406	—	406
Share options forfeited	—	—	(4 767)	—	—	4 767	—	—	—
Share-based payment empowerment transaction	—	—	17 632	—	—	—	17 632	—	17 632
Option premium on empowerment transaction	—	—	16 500	—	—	—	16 500	—	16 500
Restated balance as at 31 March 2013	5 866	2 014 438	66 345	(25 898)	41 782	(565 297)	1 537 236	32 742	1 569 978
Loss for the year	—	—	—	—	—	(533 565)	(533 565)	(42 513)	(576 078)
Other comprehensive income	—	—	—	—	32 384	—	32 384	—	32 384
Transactions with owners, recorded directly in equity									
Acquisition of non-controlling interest	—	—	—	—	—	(11 438)	(11 438)	11 238	(200)
Share options forfeited	—	—	(7 034)	—	—	7 034	—	—	—
Share options lapsed	—	—	(22 627)	—	—	22 627	—	—	—
Balance as at 31 March 2014	5 866	2 014 438	36 684	(25 898)	74 166	(1 080 639)	1 024 617	1 467	1 026 084

COMMENTARY

"Our initiatives to dispose of non-core assets are well advanced and will provide the Group with the ability to extinguish its residual historic debt and to focus on growing its suite of diversified mining services businesses. Sentula continues to explore opportunities with its strategic empowerment partner, Thebe Mining Resources, to unlock value across the Group."

Robin Berry, CEO – Sentula Mining Limited

During the year the company consolidated its mining services business and significantly reduced its net debt by R203 million. A further downturn in the exploration drilling sector has resulted in a further rationalisation of this segment. As reported during the year the company decided to dispose of its coal assets, which while resulting in the impairment of mineral rights, when concluded will result in the realisation of significant cash.

FINANCIAL OVERVIEW

- Revenue decreased by 24% to R1 591 million (2013*: R2 084 million)
- Loss from operating activities improved by 79% to R(176) million (2013*: R (844) million)
- Basic loss per share from continuing operations decreased to (47,7) cents (2013*: (148,9) cents)
- Headline loss per share increased to (43,7) cents (2013*: (24,9) cents)
- Net asset value per share :176 cents (2013*: 265 cents)
- Tangible net asset value per share: 170 cents (2013*: 250 cents)
- Debt to equity gearing ratio improved to 31% (2013*: 32%)

Restated for first time adoption of IFRS 11

Notwithstanding the improved results for the year ended 31 March 2014, the Group's earnings were impacted by the following:

- A provision for slow-moving inventory (BE1260 dragline) in Benicon Sales of R40 million, on a pre-tax basis;
- An impairment of plant and equipment amounting to R69 million in Geosearch, on a pre-tax basis;
- An impairment of R375 million on mineral rights held-for-sale, on a pre-tax basis due to the Benicon Coal and Benicon Mining disposal;
- A goodwill impairment of R35 million relating to CCT; and
- Retrenchment and restructuring costs of R12 million.

OPERATIONAL REVIEW

Sustainability

Safety track record:

Basic hazard identification and risk assessment has resulted in the continued reduction of serious work related injuries and exposure to the staff employed across the Group's varied operations. For the year under review, Sentula recorded four lost time injuries, resulting in a Classified Injury Frequency Rate of 0,78 per million man hours worked which remains in line with industry standards. Sentula continues to work closely with all its stakeholders, as it strives towards the goal of zero harm.

Transformation:

As at November 2013, Sentula's South African contracting entities were independently verified "level 4" contributors, in terms of the DTI codes which measures Broad-Based Black Economic Empowerment ("B-BBEE"). The Group continues to strive for improvements in all components of the B-BBEE scorecard.

Environment:

All Group companies have, during the year under review, continued to meet their objectives and thus maintain their International Standards Organisation accreditation, with respect to their safety, environmental and training systems.

Mining services

Aligned with its strategy, the provision of a suite of diversified mining services is now the core of Sentula's business. The five remaining subsidiaries have continued to operate satisfactorily in one of the three contracted mining related service provision areas, broadly defined as Opencast mining, Mobile crane hire and Exploration drilling.

Opencast mining services

The bulk earth moving businesses of Benicon Opencast Mining ("Benicon") and CCT, supported by JEF Drill and Blast, have witnessed stable demand for their services. However, tough trading conditions continued and margins remained under pressure across the opencast mining contracting sector.

The consolidation of operations in Benicon and the extraction of operating synergies with CCT has created a base to re-establish the margins in these entities.

JEF Drill and Blast has continued to sustain its revenue and profit base during the year, under review, and remains positioned to deliver sustainable earnings, at current margins, as it continues to pursue opportunities to diversify its commodity and geographic exposure.

All three businesses have their capacity contracted for the duration of the 2015 financial year.

Mobile crane hire

Ritchie continued to grow its revenue base, while maintaining margin, in line with further capacity investment. The range of mobile cranes in its fleet, in conjunction with increased visibility of work associated with a greater reliance on contracted services, has enabled the business to secure growth, while retaining its flexibility. The Group continues to invest in capacity to grow this business.

Exploration Drilling

The downturn in exploration in the platinum group metals sector had a significantly negative impact on Geosearch's South African operations and necessitated the downscaling and restructuring of these operations. Negative sentiment and project delays, with respect to coal investments in Mozambique also resulted in a further reduction in earnings and a scaling back of its Aguaterra operations. More recently, Geosearch has also seen a further reduction in the visibility of gold exploration activity, across its East, Central and West African operations. This has necessitated a further restructuring of its international operations and the consolidation of operating entities and the disposal of assets, where appropriate.

STRATEGIC REVIEW

The Group's strategic intent remains to provide a platform for growth by being recognised as a focused mining services provider, with the ability to leverage off its African experience. Despite on-going volatility across the entire resources sector and the limited visibility of exploration work, in the short term, the Group's firm intention remains one to focus on the value drivers in its diversified service business offerings.

To this end, Sentula's three pronged strategy continues to be delivered into, through:

- extraction of the operating synergies and resultant efficiencies associated with its opencast mining businesses, Benicon and CCT;
- investment in opportunities and capacity to grow the solid drilling and blasting and mobile crane hire businesses; and
- maintaining the Group's exploration hubs, through prudent restructuring, in order to take advantage of potential growth in the mineral exploration sector following a recovery in this sector.

The strategy is further enhanced through the finalisation of the disposal of the Group's stakes in various proprietary coal investments, for which processes for the key assets have already been well advanced.

Sentula's exposure to the coal and energy sector, coupled with its diversified service offering, client base, mineral exposure, geographical spread and its strategic association with Thebe Mining Resources, will continue to provide a solid base for the development of the business into the future.

DIVIDENDS

The Board has decided not to declare a dividend for the year under review.

DIRECTORATE

The following resignations occurred during the year under review:

- GP Louw resigned as an executive director and Financial Director on 7 March 2014;
- CJPG van Zyl resigned as an independent non-executive director on 25 March 2014;
- KW Mzondeki resigned as an independent non-executive director on 25 March 2014; and
- PP Modisane resigned as an executive director on 31 March 2014.

The following appointments occurred subsequent to the year under review:

- JC Lemmer was appointed as an executive director and Financial Director on 27 May 2014;
- NV Quangule was appointed as an independent non-executive director on 27 May 2014; and
- SP Naudé was appointed as an independent non-executive director on 27 May 2014.

On behalf of the Board

Jonathan Best
Non-executive Chairman

Robin Berry
Chief Executive Officer

Woodmead
25 June 2014

NOTES TO THE AUDITED SUMMARY FINANCIAL STATEMENTS

1. **Basis of preparation**

   The summary consolidated financial statements are prepared in accordance with the JSE Listings Requirements for provisional reports and the requirements of the Companies Act applicable to summary financial statements. The JSE listings Requirements require provisional reports to be prepared in accordance with the framework concepts, the measurement and recognition requirements to International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and must also, as a minimum contain the information required by IAS 34 *Interim Financial Reporting*.

   The audited provisional summary consolidated results for the year ended 31 March 2014 have been prepared under the supervision of the financial director, JC Lemmer CA(SA).

   The directors take full responsibility for the preparation of the provisional report and the financial information has been correctly extracted from the underlying annual financial statements.

2. **Accounting policies**

   The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those applied in the annual financial statements for the year ended 31 March 2013, except as described below in note 4, where joint ventures previously proportionately consolidated are now equity accounted.

   Changes in accounting policy

   IFRS 11 – Joint arrangements

   IFRS 11 – Joint arrangements became effective on 1 January 2013. As the standard was not early adopted, the transition rules apply. On transition, adjustments in accordance with the transition provisions of the standard are recorded at the beginning of the immediately preceding period presented.

   At 31 March 2013, the Group's interest in its jointly controlled entity was accounted for using the proportional consolidation method.

   The investment affected is Jonah Coal Botswana Limited.

   The Group adopted IFRS 11 - Joint arrangements on 1 April 2013. This resulted in the Group changing its accounting policy for its interest in jointly controlled entities. Under IFRS 11, investments in joint arrangements are either classified as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement.

   Under IFRS 11, the above-mentioned jointly controlled entity has been assessed and classified to be a joint venture.

   The effect of the change in accounting policy on the statement of financial position, income statement and the cash flows at 31 March 2013 are disclosed in note 4.

3. **Restatement of comparative period**

   The adoption of IFRS 11 has resulted in the restatement of comparative periods. Prior periods have also been represented for discontinued operations in the Income statement.

NOTES TO THE AUDITED SUMMARY FINANCIAL STATEMENTS *(continued)*

4. Effect of adoption of IFRS 11

The Group has a joint venture agreement with Jonah Capital BVI, which led to the establishment of a joint venture company, incorporated in Mauritius and known as Jonah Coal Botswana Limited. Sentula owns 50% of the share capital of Jonah Coal Botswana. Its principal business activity is investing in coal exploration companies.

Impact on statement of comprehensive income (Rm)	Year ended 31 March 2013
Increase/(decrease)	
Operating expenses	11 924
Share of income of equity-accounted joint venture	367
Loss before tax	12 291
Taxation	—
Loss after tax	12 291
Impact on statement of financial position (Rm)	
Increase/(decrease)	
Assets:	
Property, plant and equipment	(151)
Intangible assets	(14 811)
Investment in equity-accounted joint venture	—
Goodwill	(48 083)
Trade receivables	(16)
Cash and cash equivalents	(718)
Total assets	(63 779)
Equity:	
Retained earnings	(60 434)
Non-controlling interest	98
	(60 336)
Liabilities:	
Trade payables	(3 443)
Total equity and liabilities	(63 779)
Impact on statement of cash flows (Rm)	
Increase/(decrease)	
Cash flows from investing activities	(13 009)

5. Discontinued operations

The Board has taken a decision to dispose of all the coal assets within the Group.
As announced on SENS on 28 February 2014, Sentula concluded the following transactions:
– the Benicon Coal Disposal Transaction Documents; and
– the Benicon Mining Sale Agreements.

Benicon Coal Disposal

On 28 February 2014, it was announced on SENS that the Benicon Coal Disposal Transaction Documents were concluded, in terms of which, *inter alia*, Sentula will sell to Kutlwano Investment Holdings Proprietary Limited, which will purchase the Benicon Coal Sale Equity, comprising the Benicon Coal Sale Shares and the Benicon Coal Sale Claims, as one indivisible transaction, subject to the Benicon Coal Conditions Precedent being fulfilled by 31 July 2014. The effective date of the Benicon Coal Disposal is the Benicon Coal Disposal Closing Date.

The Benicon Coal Disposal will have the net effect of realising not less than R150 million cash for Sentula through the Initial Loan Repayment and the repayment of the Residual Loan Claim, which the Board intends to utilise to unlock shareholder value and commensurately reduce Sentula's senior debt facilities. The Initial Loan Repayment of R100 million is due once the conditions precedent have been met by the closing date being no later than 31 July 2014. The Residual loan claim of R50 million is payable as follows: An initial payment of R25 million on or before the first anniversary of the Benicon Coal Disposal Closing Date and a further payment of R25 million on or before the second anniversary of the Benicon Coal Disposal Closing Date, plus all accrued interest as calculated in accordance with the Loan Facility Agreement.

Benicon Mining Disposal

On 28 February 2014, it was announced on SENS that the Benicon Mining Sale Agreement was concluded, in terms of which Sentula will sell to Roan Coal Proprietary Limited, which will purchase, the Benicon Mining Sale Equity, comprising the Benicon Mining Sale Shares and the Benicon Mining Sale Claims, as one indivisible transaction, subject to the Benicon Mining Conditions Precedent.

The purchase consideration of R36,8 million will be paid in cash to Sentula by Roan on the Benicon Mining Disposal Closing Date.

	Audited year ended 31 March 2014	Restated Audited year ended 31 March 2013
Revenue	**1 396**	908
Cost of sales	**(14 786)**	(15 096)
Gross profit	**(13 390)**	(14 188)
Other income	**30**	30
Impairment of mineral rights	**(365 431)**	—
Impairment of plant and equipment	**(10 000)**	—
Administration expenses	**(7 049)**	(1 215)
Results from operating activities	**(395 840)**	(15 373)
Finance expense	**(9)**	—
Finance income	**494**	501
Loss before taxation	**(395 355)**	(14 872)
Taxation	**102 432**	26
Loss for the year from discontinued operations	**(292 923)**	(14 846)
Loss attributable to:	**(292 923)**	(14 846)
– Equity holders of the parent	**(256 173)**	2 875
– Non-controlling interest	**(36 750)**	(17 721)
Cash flow attributable to operating activities	**(20 033)**	(14 763)
Cash flow attributable to investing activities	**(4 354)**	219
Cash flow attributable to financing activities	**25 620**	14 423
Cash flows attributable to discontinued operations	**1 233**	(121)
Cash and cash equivalents at the beginning of the year	**287**	408
Cash and cash equivalents at the end of the year	**1 520**	287

6. Assets and liabilities classified as held-for-sale

Assets held-for-sale		
Property, plant and equipment	**205 285**	1 807
Mineral right	**45 330**	—
Intangible assets	**7 402**	—
Restricted investment	**11 888**	—
Deferred income tax asset	**14 729**	—
Inventories	**14 149**	—
Trade and other receivables	**680**	—
Cash and cash equivalents	**1 520**	—
	300 983	1 807
Liabilities held-for-sale		
Rehabilitation provision	**66 899**	—
Trade and other payables	**1 781**	—
	68 680	—

7. Contingent liabilities

Keaton

During the 2013 financial year, Megacube Mining Proprietary Limited ("MM") instituted legal action proceedings against Keaton Mining Proprietary Limited for the recovery of R41,5 million owing to MM for work performed at their Vanggatfontein operation.

Subsequent to the above claim, a demand for payment of R119,9 million was brought against MM in respect of alleged breaches of contract and sub-standard mining practices adopted by MM, which allegedly resulted in coal losses. A hearing with the arbitrator was held on 4 April 2014, in order to obtain a ruling aimed at separating the claims. Despite an acknowledgement that MM's claim is not in dispute, the arbitrator ruled that the merits of the claim could not be separated and that the outcome would be subject to the ruling of both claims. It is anticipated that the legal arbitration process may take up to 12 months before certainty is obtained on the recoverability of the debt. The parties have contracted out of any claims resulting from indirect and consequential damages.

Management believes that there are no other contingent liabilities to third parties and/or contingent assets not set out or referred to in this report which may materially affect the financial position of the Group

8. Events after the reporting period

The shareholders approved the disposal of Benicon Coal and Benicon Mining at a shareholders meeting held on 25 June 2014 as referred to in note 5 of the summary consolidated financial statements.

The Benicon Coal transaction is dependent on the approval of the shareholders of Miranda Minerals Holding Limited which is expected to take place in July 2014.

The Benicon Mining transaction is subject to a S11 of the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002), as amended, approval by the Minister of Mineral Resources, which was submitted on 6 June 2014.

9. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

10. Audit opinions

These summary consolidated financial statements for the year ended 31 March 2014 have been audited by the Company's auditor, PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. A copy of the auditor's report on the summary consolidated financial statements and of the auditor's report on the annual financial statements from which the summary financial statements were derived, are available for inspection at the Company's registered office, together with the financial statements identified in the auditor's report.

Directors: JG Best* (Chairman), RC Berry (Chief Executive Officer), JC Lemmer (Financial Director), NV Quangule*, DR Zihlangu*, SP Naudé*, RB Patmore*
*Independent non-executive

Company secretary: GC Cross

Transfer Secretaries: Computershare Investor Services Proprietary Limited. Ground Floor, 70 Marshall Street, Johannesburg, 2001. PO Box 61051 Marshalltown • Tel (011) 370-5000

Investor Relations Advisers: Instinctif Partners

Sponsor: Merchantec Capital

Auditor: PricewaterhouseCoopers Inc.

Registered address: Block 14 – Ground floor, Woodlands Office Park, Woodmead, 2080
PO Box 76, Woodmead, 2080 • Telephone (011) 656-1303