



Bisichi Mining PLC



Annual report & accounts 2011

Highlights

Turnaround at Black Wattle results in trading profit before exchange losses of £1.5million in the second half of the year

Increase in average monthly production in the second half of the year to an average of 135,000 metric tonnes

UK property portfolio continues to perform well

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fully operational opencast mining



safe and healthy working environment



equality



environmental management



community support



strong demand for product



direct access to export market



Chairman's statement

Strong performance by Black Wattle in the second half of the year

I am pleased to report to shareholders that a strong performance by Black Wattle, our South African coal mining subsidiary, in the second half of the year has resulted in the group recouping most of the losses incurred in the first half. Although the group reported a small trading loss before exchange losses and tax of £235,000 for the year, it generated a trading profit of £1.5million in the second half of the year.

A number of important events have taken place in the second half which have accelerated the turnaround at Black Wattle. Key among these were the opening of a third opencast pit early in the second half and selling some of our coal into markets that require a lower quality product.

As a result of the opening of the third opencast pit, the mine's monthly production in the second half of the year increased to an average of 135,000 metric tonnes. This compares favourably with the average monthly production of 110,000 metric tonnes achieved in the first half of the year. A further increase in the mine's monthly production is scheduled to impact in 2012.

The selling of some of our coal into markets that require lower quality product has contributed significantly to Black Wattle's profitability. Although the prices are lower in these markets, the higher yield that can be achieved through the washing plant to attain these lower qualities more than offsets the price reduction.

On the marketing side, although export prices have remained relatively stable over the year, prices have increased significantly in our domestic markets to catch up with the higher export prices - since June last year to date we have seen an average increase in the domestic price of over 30% free on mine. Demand for our product in both markets remains strong, helped by the substantial improvement in the performance of Transnet, the State rail provider.

As previously announced, we are pleased to report that Black Wattle has been granted use of an annual allocation of 87,500 tonnes of export tonnage at Richards Bay Coal Terminal. This gives Black Wattle direct access to the coal export market and I would like to thank Vunani Ltd, our co-shareholder in Black Wattle, for all its hard work in helping Black Wattle obtain this allocation.

On health and safety, I am very pleased to report that Black Wattle had another very good year. For further information on this please refer to the Mining Review in this report.

As announced on 26 January 2012, the Company has entered into an agreement to dispose of its 49% shareholding in Ezimbokodweni Mining (Pty) Ltd. Consideration for the sale is ZAR 54.2million in cash, which is a substantial premium to the cost of our investment. Ezimbokodweni was established in 2005 with Endulwini Coal Limited to acquire the Pegasus Reserve, a shallow coal deposit located in the Witbank coalfield of Mpumalanga. Since then, Ezimbokodweni has been negotiating with the owner of the reserve, BHP Billiton Energy Coal South Africa Limited and the South African Department of Mineral Resources ("DMR") to finalise the acquisition and prepare for opencast mining.

In early 2011, following the intervention of the DMR, the Company agreed to dispose of its stake in Ezimbokodweni. The agreement made on 26 January 2012 was conditional on the satisfaction by 15 May 2012 of conditions precedent, the last of which is the consent of the DMR, which is awaited. A further announcement will take place as soon as possible and, assuming completion takes place, the proceeds will be used for the further development of the group.

The company's UK retail property portfolio continues to generate significant revenue. During the year it acquired a 12.5% interest in a shopping centre in Eastbourne for just under £1million cash; the net initial yield is 8% and there is development potential. London and Associated Properties PLC manage this and the Company's other properties and voids across the portfolio were at the very low level of 2.7%.

The Board paid an interim cash dividend of 1p during the year. The Directors now recommend the declaration of a final dividend of 3p (2010: 3p) payable in cash on 6 August 2012 to shareholders registered at the close of business on 6 July 2012.

On behalf of the Board I would like to thank all of our staff for their hard work during the course of the year.

In 2012 to date the group has continued to benefit from the higher production and prices being achieved at Black Wattle and we therefore look forward to the coming year with confidence.



Michael Heller
Chairman

18 April 2012

Monthly
production in
the second
half of the year
increased to
an average of
135,000 metric
tonnes



A further increase
in production is
expected to impact
in the middle of 2012

Mining review

Black Wattle is committed to creating a safe and healthy working environment

As noted in the Chairman's statement, a number of important events have taken place in the second half of the year that have accelerated the turnaround at Black Wattle, our direct mining subsidiary. The opening of a third opencast pit and the selling of our coal into new markets impacted significantly on the mines profitability. In addition, higher prices for our coal were achieved throughout the second half of 2011 and have continued into 2012.

Looking forward, we expect to continue to see the value of these events contributing strongly to Black Wattle's profitability.

Production

Although total Run of Mine production remained consistent with the prior year at 1.45 million metric tonnes (2010: 1.46 million metric tonnes), overall monthly production through the washing plant increased from 110,000 metric tonnes in the first half of 2011 to 135,000 metric tonnes in the second half. As stated above, this increase in production was a direct result of the opening of a third opencast pit at Black Wattle.

As we look forward into 2012, the ability to source production from three different opencast pits will allow Black Wattle to maintain overall monthly production at this higher level. A further increase in production is expected to impact at Black Wattle in the middle of 2012 as we look to expand further our opencast reserves.

Markets

Our ability to increase production at Black Wattle has largely been helped by the improvement in the performance of Transnet, the State rail provider. In 2011, Transnet railed 65.7million tonnes to Richards Bay Coal Terminal compared to 62.8million tonnes in 2010. As a result, our stockpiles have remained low whilst demand for our coal has remained strong.

International coal prices stayed relatively stable in 2011. The average weekly price of Free on Board (FOB) Coal from Richards Bay Coal Terminal (API4) was in a range of US\$105.00 to US\$120.00 per metric tonne for the most of 2011. Although the coal price ended the year near the bottom of the range at \$105 per metric tonne, a depreciation in the South African Rand in the second half of the year offset this decline. Prices in the domestic steam coal market continued to increase significantly in the second half of the year and into 2012 – catching up with the higher export prices being achieved.

In the second half of the year we started selling some of our coal into a lower quality market. As noted in the Chairman's Statement, although the prices are lower in these markets, the higher yield that can be achieved through the washing plant to attain these lower qualities more than offsets the price reduction. We have found the demand for this product to be strong in both the domestic and export market. This gives us the flexibility to sell into both markets for the highest return.

As also noted in the Chairman's Statement, we are pleased to report that Black Wattle has been granted use of an annual allocation of 87,500 tonnes of export tonnage at Richards Bay Coal Terminal. The allocation falls under the Quattro Programme which allows junior black economic-empowerment coal producers direct access to the coal export market. We look forward to developing this opportunity along with Vunani Limited our black economic-empowered shareholders at Black Wattle.

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 required 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. We are pleased to report all employees to date have received training in hazard identification and risk assessment in their work areas.

A medical surveillance system is also in place which provides management with information used in determining measures to eliminate, control and minimise employee health risks and hazards and all Occupational Health hazards are monitored on an ongoing basis.

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 have been distributed to all mine employees and long term contractors on the mine.
- A Job Safety Analysis form has been introduced to ensure effective identification of hazards in the workplace.
- 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 given to all levels of employees, line management, Heads of Departments, contractor representatives and contractor employees.
- Ongoing training on conveyor belt operation is being conducted with all employees involved with this discipline.
- 15 employees were trained in ABET (Accreditation Board for Engineering and Technology) level one and another 35 will be trained in 2012 on level one and two.

HSE performance in 2011:

- Black Wattle have had a 93 percent reduction in the Lost Time Injury Frequency Rate since July 2008.
- No new cases of Occupational Diseases were recorded.
- Zero cases for the Compensation for Occupational Diseases were submitted.
- Zero machines operating at Black Wattle exceeded the regulatory noise level.

Environment Management Programme

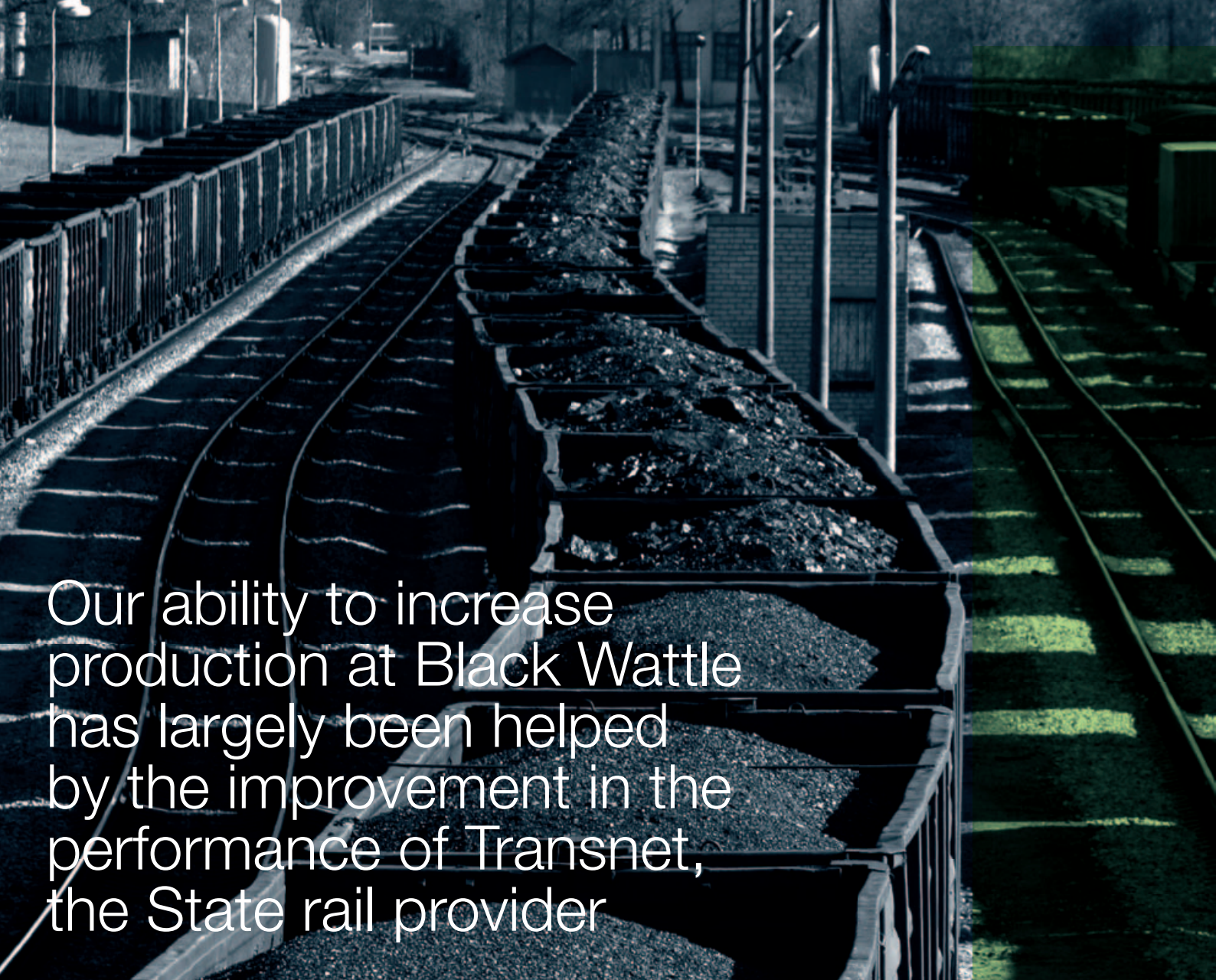
Under the terms of the mine's Environmental Management Programme approved by the Department of Mineral Resource ("DMR"), Black Wattle undertakes a host of environmental protection activities to ensure that the approved Environmental Management Plan is fully implemented. In addition to these routine activities, 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 Colliery has substantially improved its water management by erecting a new pollution control dam as well as upgrading existing dams in consultation with the Department of Water Affairs and Forestry.

We are very pleased to report that Black Wattle received their approved water license from the Department of Water Affairs and Forestry. An external audit was also conducted and completed on the approved water license.

Black Wattle is
committed to true
transformation and
empowerment





Our ability to increase production at Black Wattle has largely been helped by the improvement in the performance of Transnet, the State rail provider



Black Wattle Colliery Social and Labour Plan (SLP) progress

Black Wattle Colliery is committed to true transformation and empowerment within the company as well as poverty eradication within the surrounding and labour providing communities.

Black Wattle is committed to providing opportunities for the sustainable socio-economic development of the company's stakeholders:

- **Employees and their families**, through Skills Development, Education Development, Human Resource Development, Empowerment and Progression Programmes.
- **Surrounding and labour sending communities**, through Local Economic Development, Rural and Community Development, Housing and Living Condition, Enterprise Development and Procurement programmes.
- **Empowerment partners**, through Broad-Based Black Economic Empowerment (BBBEE) and Joint Ventures with Historically Disadvantaged South African (HDSA) new mining entrants and enterprises.
- The Company, through ongoing consultation with stakeholders to develop strong company-employee relationships, strong company-community relationships and strong company-HDSA enterprise relationships.

The key focus areas in terms of the detailed SLP programmes were updated as follows:

- New implementation action plans, projects, targets and budgets were established through regular workshops with all stakeholders.
- A comprehensive desktop socio-economic assessment was undertaken on baseline data of the Steve Tshwete Local Municipality (STLM) and Nkangala District Municipality (NDM).
- The current Black Wattle Colliery Local Economic Development (LED) programmes were upgraded, and new LED projects were selected in consultation with the key stakeholders from the STLM.
- An appropriate forum was established on the mine and a process initiated for the consultation, empowerment and participation of the employee representatives in the Black Wattle Colliery SLP process.

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 52 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.

Employment Equity

Black Wattle is committed to achieving the goals of the Employment Equity Act and is pleased to report the following:

- Black Wattle Colliery has exceeded the 10 percent women in management and core mining target.
- Black Wattle Colliery has achieved 15.1 percent women in core mining.
- 86.2 percent of the women at Black Wattle Colliery are HDSA females.

Prospects

Since permissions were granted in February 2010 to mine opencast the reserves at Black Wattle, management have implemented several projects to ensure Black Wattle has adequate infrastructure and capacity in place to increase production from our opencast reserves. As a result, the group is in a strong position to take advantage of the higher market prices and the increased production at Black Wattle.

Going forward, I am confident that 2012 should be successful year for our South African operations.



Andrew Heller
Managing Director

18 April 2012

railway sidings

opencast area 1



The group is in a strong position to take advantage of the higher market prices and the increased production at Black Wattle





old opencast
under rehab

washing plant

discard dump

offices

opencast area 3

opencast area 2



Business review

Bisichi's UK retail property portfolio continues to contribute substantial cash to the company

Review of the group's development and performance

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

Risk

Coal price risk: The group's mining operational 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 various 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: Attached to mining 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. As with many mining operations, the reserve that is mined has the risk of not having the qualities expected from geological analysis. There is scope to increase production by buying in coal to compensate for disruptions in production.

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

New reserves and mining permissions: The acquisition of additional reserves, permissions to mine 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 Mineral Resources.

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.

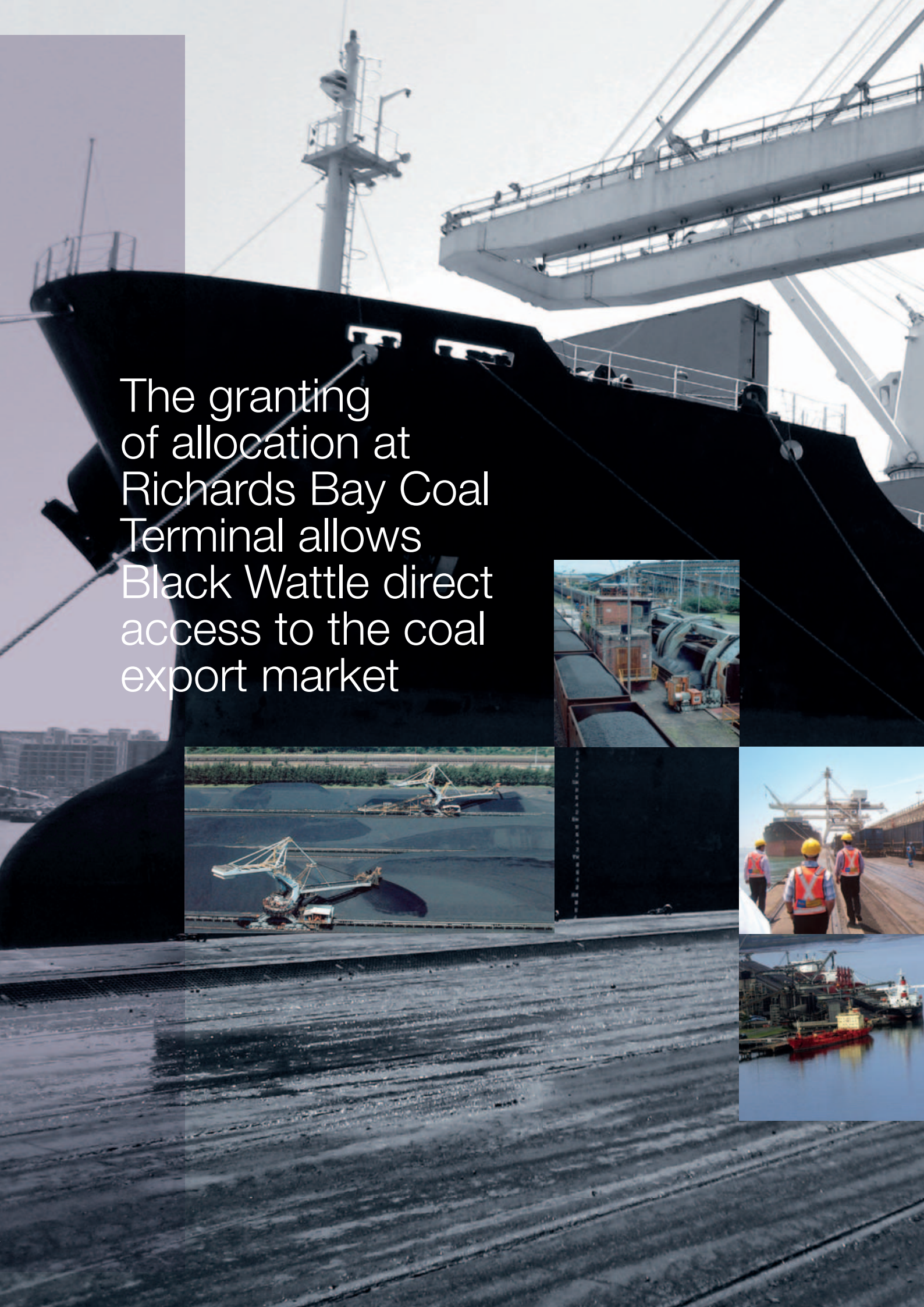
The group continues to make good progress towards meeting the Charter requirements. However any regulatory changes to these, or failure to meet existing targets, could adversely affect the mine's ability to retain its mining rights in South Africa.

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, 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.



The granting
of allocation at
Richards Bay Coal
Terminal allows
Black Wattle direct
access to the coal
export market



Demand for our
coal has remained
strong



Health & Safety risk: The group's South African mining operations are required to adhere to local Health and Safety regulations. Details of the group's Health and Safety Programme is disclosed in the Mining Review on page 6.

Labour risk: The group's 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 Consolidated Income Statement and Balance Sheet, are dependent on an annual valuation of commercial properties. A fall in UK commercial property can have a marked effect on the 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.

Financial Position

In the UK, a term loan facility of £5million and an overdraft facility of £2million were signed in March 2010 with Royal Bank of Scotland. The term loan facility will expire in December 2012 and is secured against the group's UK retail property portfolio. The property portfolio was externally valued at 31 December 2011 and the value of UK investment properties attributable to the group at year end was £12.1million (2010: £12.1million).

The group intends to negotiate new facilities before the expiry of the current facility and have obtained confirmation from the Royal Bank of Scotland that they are not aware of any reason why the bank should not continue to support the company following the expiry of the current facilities.

In South Africa, a structured trade finance facility of R60million (South African Rand) was signed in March 2010 with Absa Bank Limited, a South African subsidiary of Barclays Bank PLC. This facility comprises of a R40million revolving loan to cover the working capital requirements of the group's South African operations, and a R20million loan facility to cover Guarantee requirements related to the group's South African mining operations. The R60million facility is renewed annually and is secured against inventory, debtors and cash that are held in the group's South African operations.

The group's cash and cash equivalents (excluding bank overdrafts) at year end were £4.0million (2010: £5.4 million). The net assets of the group at year end were £17.0million (2010: £18.3million).

Further details on the group's financial position are stated in the Consolidated Balance Sheet on page 30.

Cashflow

The group's cashflow position remains strong. Cash and cash equivalents (including bank overdrafts) of the group at year end were £1.1million (2010: £4.0million).

Further details on the group's cashflow position are stated in the Consolidated Cashflow Statement on page 32. Cash and cash equivalents as per the Cashflow Statement comprise Cash and cash equivalents as presented in the balance sheet and bank overdrafts (secured).

Performance indicators

The Key Performance Indicators for our South African mining activities are

- Profit before Tax (PBT);
- Earnings before Interest, Tax, Depreciation, and Amortisation (EBITDA); and
- Cashflows from operating, investing and financing activities.

The Key Performance Indicator for our UK property investment operations is the Net Property Valuation as shown in note 10.

Management team, directors and advisors



Management team

- 1 **Michael Heller**
Chairman
Bisichi Mining PLC
- 2 **Andrew Heller**
Managing Director
Bisichi Mining PLC,
Managing Director
Black Wattle Colliery
- 3 **Robert Corry**
Chairman
Black Wattle Colliery
- 4 **Robert Grobler**
Director of Mining
Bisichi Mining PLC,
Director
Black Wattle Colliery
- 5 **Christopher Joll**
Senior Independent
Director,
Chairman Audit
and Remuneration
Committees
- 6 **Garrett Casey**
Finance Director
Bisichi Mining PLC,
Director
Black Wattle Colliery
- 7 **Ethan Dube**
Director
Black Wattle Colliery
- 8 **Luis Pinel**
General Manager
Black Wattle Colliery

Directors

- * **Michael A Heller**
MA, FCA (Chairman)
- Andrew R Heller**
MA, ACA
(Managing Director)
- Garrett Casey**
CA (SA)
(Finance Director)
- Robert Grobler**
Pr Cert Eng
(Director of mining)
- o† **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
MJ2 Financial Limited, a public
relations consultancy company
specialising in real estate.
- o **John A Sibbald**
BL (Non-executive)
John Sibbald has been a Director
since 1988. After qualifying as a
Chartered Accountant he spent
over 20 years in stockbroking,
specialising in mining and
international investment.

Secretary & Registered office

Heather A Curtis ACIS
24 Bruton Place
London W1J 6NE

Black Wattle Colliery Directors

Robert Corry (Chairman)
Andrew Heller
(Managing Director)
Robert Grobler
Ethan Dube
Garrett Casey

Director of Property

Mike J Dignan FRICS

Company registration

No. 112155
(Incorporated in England
and Wales)

Website

www.bisichi.co.uk

E-mail

admin@bisichi.co.uk

* Member of the
nomination committee

† Senior independent director

o Member of audit, remuneration and
nomination committees

Advisors

Auditors

PKF (UK) LLP

Principal bankers

United Kingdom
Barclays Bank PLC
Investec Bank PLC
National Westminster Bank PLC

South Africa

Absa Bank (SA)
First National Bank (SA)
Standard Bank (SA)

Corporate solicitors

United Kingdom
Memery Crystal LLP, London
Olswang LLP, London
Pinsent Masons LLP, London

South Africa

Routledge Modise in association
with Eversheds, Johannesburg
Tugendhaft Wapnick Banchetti
and Partners, Johannesburg

Stockbrokers

Shore Capital & Corporate Ltd

Registrars and transfer office

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent, BR3 4TU
Tel: 0871 664 0300
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network extras) or
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Five year summary

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Consolidated income statement					
Revenue	29,909	32,824	29,016	25,979	16,693
Operating (loss)/profit	(1,328)	(1,705)	4,892	2,616	(191)
(Loss)/profit before tax	(1,450)	(1,813)	5,003	2,117	(459)
Trading Income	(1,210)	(2,209)	4,698	6,031	2,302
Revaluation Income	(240)	396	305	(3,914)	(2,761)
Profit before interest, taxation and depreciation	1,150	770	7,534	4,383	801
Consolidated balance sheet					
Investment properties	12,068	12,110	11,865	11,773	14,725
Fixed asset investments	2,727	3,757	3,755	3,406	2,991
	14,795	15,867	15,620	15,179	17,716
Current asset investments	2,515	605	510	627	770
	17,310	16,472	16,130	15,806	18,486
Other assets less liabilities	(537)	1,482	3,170	(160)	(3,127)
Total equity attributable to equity shareholders	16,773	17,954	19,300	15,646	15,359
Net assets per ordinary share	158.9p	171.8p	184.7p	149.7p	147.0p
Dividend per share	4.00p	4.00p	4.00p	3.50p	3.0p

Financial calendar

13 March 2012	First interim management statement
31 May 2012	Annual General Meeting
6 August 2012	Payment of final dividend for 2011 (if approved)
Late August 2012	Announcement of half-year results to 30 June 2012
16 November 2012	Second interim management statement
Late April 2013	Announcement of results for year ending 31 December 2012

Directors' report

The directors submit their report together with the audited financial statements for the year ended 31 December 2011.

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 2011 are shown on pages 29 to 55 and in the Mining Review and Business Review on pages 5 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.

The management report referred to in the Director's responsibilities statement encompasses this Directors' Report, the Chairmans' Statement on page 2 and the Mining Review and Business Review on pages 5 to 15.

Corporate responsibility

Environment

The environmental issues of the group's South African coal mining operations are covered in the Mining Review and Business Review on pages 5 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 policy

An interim dividend for 2011 of 1p was paid on 3 February 2012 (Interim 2010: 1p). The directors recommend the payment of a final dividend for 2011 of 3p per ordinary share (2010: 3p) making a total dividend for 2011 of 4p (2010: 4p).

Subject to shareholder approval, the total dividend per Ordinary Share for 2011 will be 4p per Ordinary Share.

The final dividend will be payable on Monday 6 August 2012 to shareholders registered at the close of business on 6 July 2012.

Investment properties

The investment property portfolio is stated at its open market value of £12,068,000, at 31 December 2011 (2010: £12,110,000) as valued by professional external valuers. The open market value of the company's shareholding of investment properties included within its investments in joint ventures is £3,505,000 (2010: £1,568,000).

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.

Directors

The directors of the company for the whole year were M A Heller, A R Heller, GJ Casey, C A Joll, R J Grobler (a South African citizen), and J A Sibbald.

The directors retiring by rotation are Mr R G Grobler, Mr A R Heller, Mr C A Joll and Mr J A Sibbald who offer themselves for re-election. The board recommends their re-election. Brief details of the directors standing for re-election are:

Robert Grobler was appointed as General Mine Manager by Black Wattle Colliery (Proprietary) Ltd 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 1 February 2001 and has a contract of service determinable at three months notice. He holds a number of non-executive directorships of un-quoted companies. He is chairman of MJ2 Limited, a public relations consultancy specialising in real estate.

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		Non-Beneficial	
	31.12.2011	1.1.2011	31.12.2011	1.1.2011
M A Heller	148,783	146,666	181,344	181,344
A R Heller	785,012	772,000	–	–
C A Joll	–	–	–	–
J A Sibbald	–	–	–	–
R J Grobler	–	–	–	–
G J Casey	–	–	–	–

There have not been any changes in the above shareholdings since 31 December 2011 and the date of this report.

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 25.

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 2012:

London & Associated Properties PLC – 4,432,618 shares representing 41.99 per cent of the issued capital. (M A Heller is a director and shareholder of London & Associated Properties PLC).

M A Heller – 330,117 shares representing 3.13 per cent of the issued capital.

A R Heller – 785,012 share representing 7.43 per cent of the issued capital.

Neil Kirton – 382,000 shares representing 3.65 per cent of the issued capital.

Disclosure of information to auditors

The directors in office at 31 December 2011 have confirmed that they are aware that there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all reasonable 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 (SQC) published by the Quoted Companies Alliance. The Alliance provides guidance to SQC and their guidance covers the implementation of The UK Corporate Governance Code for SQC. The paragraphs below set out how the company has applied this guidance during the year. The company has complied with the Quoted Companies Alliance guidance throughout the year, except insofar that non-executive directors are not appointed for fixed terms (section A.7.2).

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 circumstances of the group's business. The key objective is to enhance and protect 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 16. The Board is responsible to shareholders for the proper management of the group. A statement of directors' responsibilities in respect of the accounts is set out on page 27. The non-executive directors have a particular responsibility to ensure that the strategies proposed by the executive directors are fully considered. To enable the Board to discharge its duties, all directors have full and timely access to all relevant information and there is a procedure for all directors, in furtherance of their duties, to take independent professional advice, if necessary, at the expense of the group. The Board has a formal schedule of matters reserved to it and meets bi-monthly.

The Board is responsible for overall group strategy, approval of major capital expenditure projects and consideration of significant financing matters.

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

- **The nomination committee** is chaired by Christopher 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. Each director is 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 contractual 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 Christopher Joll. The company's executive chairman is normally invited to attend meetings. The report on directors' remuneration is set out on pages 24 and 25.
- **The audit committee** comprises the two non-executive directors and is chaired by Christopher Joll. Its prime tasks are to review the scope of external audit, to receive regular reports from the Company's auditors, PKF (UK) LLP, and to review the half-yearly and annual accounts before they are presented to the Board, focusing in particular on accounting policies and areas of management judgment and estimation. The committee is responsible for monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. The committee acts as a forum for discussion of internal control issues and contributes to the Board's review of the effectiveness of the group's internal control and risk management systems and processes. The committee also considers annually 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 twice a year, provides a forum for reporting by the group's external auditors. Meetings are also attended, by invitation, by the company chairman, managing director and finance director.

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

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

The audit committee report is set out on page 26.

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

Performance evaluation – board, board committees and directors

The performance of the board as a whole and of its committees and the non-executive directors is assessed by the chairman and the managing director and is discussed with the senior independent director. Their recommendations are discussed at the nomination committee prior to proposals for re-election being recommended to the Board. The performance of executive directors is discussed and assessed by the remuneration committee. The senior independent director meets regularly with the chairman and both the executive and non-executive directors individually outside of formal meetings. The directors will take outside advice in reviewing performance but have not found this necessary to date.

Independent Directors

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

Christopher Joll has been a non-executive director for over ten years. As a consequence he does not fully meet the criteria for independence set out in the UK Corporate Governance Code (The Code).

John Sibbald has been a non-executive director of Bisichi for over twenty years – the maximum set out in The Code criteria for independence is nine years. For this reason he does not fully meet the criteria set out in The Code for independence.

The Board encourages Christopher Joll and John Sibbald to act independently. The criteria for independence on which they fail to meet The Code's criteria for independence, namely length of service and a connection with the company's public relations advisers, should not, and has not, resulted in their inability or failure to act independently. In the opinion of the Board, Christopher Joll and John Sibbald continue to fulfil their role as independent non-executive directors.

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

Board and board committee meetings

The number of meetings during 2011 and attendance at regular Board meetings and Board committees was as follows:

		Meetings Held	Meetings Attended
M A Heller	Board	6	6
	Nomination committee	1	1
A R Heller	Board	6	6
	Audit committee	2	2
G J Casey	Board	6	5
R J Grobler	Board	6	1
C A Joll	Board	6	6
	Audit committee	2	2
	Nomination committee	1	1
	Remuneration committee	1	1
J A Sibbald	Board	6	6
	Audit committee	2	2
	Nomination committee	1	1
	Remuneration committee	1	1

The audit committee had two meetings in 2011 with the external auditors present, prior to release of the 2011 annual results. Members of the committee discussed the 30 June 2011 half year results prior to their approval by the full Board. The nomination committee held one meeting during the year.

Internal control

The directors are responsible for the group's system of internal control and review of its effectiveness 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 clearly defined lines of responsibility 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 monthly visits by the UK based finance director to the South African operations which include checking the integrity of information supplied to the UK. The directors are guided by the internal control guidance for directors 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 its committees.

There are no significant issues disclosed in the Annual Report for the year ended 31 December 2011 (and up to the date of approval of the report) concerning material internal control issues. The directors confirm that the Board has reviewed the effectiveness of the system of internal control as described during the period.

Communication with shareholders

Communication with shareholders is a matter of priority. Extensive information about the group and its activities is given in the Annual Report, which is made available 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 contract terms with suppliers when orders are placed. Payments to suppliers are made in accordance with those terms, provided that suppliers have complied with all relevant terms and conditions. Trade creditors outstanding at the year-end represented 52 days trade purchases (2010 – 39 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 substantial direct or indirect holders of securities in the company and the size and nature of their holdings is shown under the "Substantial interests" section of this report above.

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 more frequently. 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.

The Bribery Act 2010

The Bribery Act 2010 came into force on 1 July 2011, and the Board took the opportunity to begin implementing a new Anti-Bribery Policy. The company is committed to acting ethically, fairly and with integrity in all its endeavours and compliance of the code is closely monitored.

Annual General Meeting

The annual general meeting will be held at the the Royal Automobile Club, 89 Pall Mall, London SW1Y 5HS on Thursday, 31 May 2012 at 11.00 a.m. Resolutions 1 to 10 will be proposed as ordinary resolutions. More than 50 per cent of shareholders' votes cast must be in favour for these resolutions to be passed. Resolutions 11 to 13 will be proposed as special resolutions. At least 75 per cent of shareholders' votes cast must be in favour for these resolutions 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 resolutions.

Directors' authority to allot shares (Resolution 10)

Paragraph 10.1.1 of Resolution 10 would give the directors the authority to allot shares in the company and grant rights to subscribe for, or convert any security into, shares in the company up to an aggregate nominal value of £351,542. This represents approximately 33.3 per cent of the ordinary share capital of the company in issue (excluding treasury shares) at 17 April 2012 (being the last practicable date prior to the publication of this Directors' Report). Paragraph 10.1.2 of Resolution 10 would give the directors the authority to allot shares in the company and grant rights to subscribe for, or convert any security into, shares in the company up to a further aggregate nominal value of £351,542, in connection with a pre-emptive rights issue. This amount represents approximately 33.3 per cent. of the ordinary share capital of the company in issue (excluding treasury shares) at 17 April 2012 (being the last practicable date prior to the publication of this Directors' Report).

Therefore, the maximum nominal value of shares or rights to subscribe for, or convert any security into, shares which may be allotted or granted under resolution 10 is £703,084.

Resolution 10 complies with guidance issued by the Association of British Insurers (ABI).

The authority granted by resolution 10 will expire on 31 August 2013 or, if earlier, the conclusion of the next Annual General Meeting of the company. The directors have no present intention to make use of this authority. However, if they do exercise the authority, the directors intend to follow emerging best practice as regards its use as recommended by the ABI.

Disapplication of pre-emption rights (Resolution 11)

A special resolution will be proposed at the Annual General Meeting in respect of the 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 seek power to allot equity securities (as defined by section 560 of the Companies Act 2006) or sell treasury shares for cash as if the pre-emption rights contained in Section 561 of the Companies Act 2006 did not apply:

- (a) in relation to pre-emptive offers and offers to holders of other equity securities if required by the rights of those securities or as the directors otherwise consider necessary, up to a maximum nominal amount of £351,542 which represents approximately 33.3 per cent. of the ordinary share capital of the company in issue (excluding treasury shares) and, in relation to rights issues only, up to a maximum additional amount of £351,542 which represents approximately 33.3 per cent. of the ordinary share capital of the company in issue (excluding treasury shares), in each case as at 17 April 2012 (being the last practicable date prior to the publication of this Directors' Report); and
- (b) in any other case, up to a maximum nominal amount of £105,568 which represents approximately 10 per cent. of the ordinary share capital of the company in issue (excluding treasury shares) as at 17 April 2012 (being the last practicable date prior to the publication of this Directors' Report).

In compliance with the guidelines issued by the Pre-emption Group, the directors, will ensure that, other than in relation to a rights issue, no more than 7.5% of the issued ordinary shares (excluding treasury shares) will be allotted for cash on a non pre-emptive basis over a rolling three year period unless shareholders have been notified and consulted in advance.

The power in resolution 11 will expire when the authority given by resolution 10 is revoked or expires.

Notice of General Meetings (Resolution 12)

Resolution 12 will be proposed to allow the company to call general meetings (other than an Annual General Meeting) on 14 clear days' notice. A resolution in the same terms was passed at the Annual General Meeting in 2011. The notice period required by the Companies Act 2006 for general meetings of the company is 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. Annual General Meetings must always be held on at least 21 clear days' notice. It is intended that the flexibility offered by this resolution will only be used for time-sensitive, non-routine business and where merited in the interests of shareholders as a whole. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. In order to be able to call a general meeting on less than 21 clear days' notice, the company must make a means of electronic voting available to all shareholders for that meeting.

Purchase of own Ordinary Shares (Resolution 13)

The effect of resolution 13 would be to renew the directors' current authority to make limited market purchases of the company's ordinary shares of 10 pence each. The power is limited to a maximum aggregate number of 1,055,684 ordinary shares (representing approximately 10 per cent of the company's issued share capital as at 17 April 2012 (being the last practicable date prior to publication of this Directors' Report)). The minimum price (exclusive of expenses) which the company would be authorised to pay for each ordinary share would be 10 pence (the nominal value of each ordinary share). The maximum price (again exclusive of expenses) which the company would be authorised to pay for an ordinary share is an amount equal to the higher of (i) 105% of the average market price for an ordinary share for the five business days preceding any such purchase and (ii) the higher of the price of the last independent trade for an ordinary share and the highest current independent bid for an ordinary share as derived from the trading venue where the purchase is to be carried out. The authority conferred by resolution 13 will expire at the conclusion of the company's next Annual General Meeting or 15 months from the passing of the resolution, whichever is the earlier. Any purchases of ordinary shares would be made by means of market purchase through the London Stock Exchange. If granted, the authority would only be exercised if, in the opinion of the directors, to do so would result in an increase in earnings per share or net asset value per share and would be in the best interests of shareholders generally. In exercising the authority to purchase ordinary shares, the directors may treat the shares that have been bought back as either cancelled or held as treasury shares (shares held by the company itself). No dividends may be paid on shares which are held as treasury shares and no voting rights are attached to them.

As at 17 April 2012 (being the last practicable date prior to the publication of this Directors' Report) the total number of options to subscribe for new ordinary shares in the company was 798,000 shares representing 7.56% of the company's issued share capital (excluding treasury shares) as at that date. Such number of options to subscribe for new ordinary shares would represent approximately 8.40% of the reduced issued share capital of the company (excluding treasury shares) assuming full use of the authority to make market purchases sought under resolution 13.

Donations

No political or charitable donations were made during the year (2010:Nil).

Going concern

The group's business activities, together with the factors likely to affect its future development are set out in the Chairman's Statement on the preceding page 2 and the Mining Review on pages 5 to 9 and its financial position is set out on page 15 of the Business Review. In addition Note 22 to the financial statements includes the group's treasury policy, interest rate risk, liquidity risk and hedging profile.

The group has considerable financial resources available and long term leases with the majority of its tenants of its property portfolio. The directors have a reasonable expectation of improved market conditions in 2012 with Black Wattle Colliery, its direct mining asset returning to profitability in the second half of 2011. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the loss for the year. The group intends to negotiate new facilities in the UK before the expiry of the current facility and have obtained confirmation from the Royal Bank of Scotland that they are not aware of any reason why the bank should not continue to support the company following the expiry of the current facilities.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Other matters

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

Heather Curtis
Secretary

24 Bruton Place
London W1J 6NE

18 April 2012

Remuneration report

The remuneration committee is pleased to present its report for the year ended 31 December 2011

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 committee receives updates on pay and employment conditions applying to other group employees. These are taken

into consideration when setting executive directors' remuneration consistent with the group's general aim of seeking to reward all employees fairly according to the nature of their role, their performance and market forces.

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
G J Casey	June 2010	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:

	Salaries and fees £'000	Bonus £'000	Benefits £'000	Total before Pensions £'000	Pension Contributions £'000	Total 2011 £'000	Total 2010 £'000
Executive Directors							
M A Heller	75	–	–	75	–	75	75
A R Heller	350	208	38	596	30	626	568
G J Casey	105	50	8	163	14	177	119
R Grobler	165	50	8	223	9	232	290
	695	308	54	1,057	53	1,110	1,052
Non- Executive Directors							
C A Joll	24	–	–	24	–	24	20
J A Sibbald	2	–	2	4	–	4	5
	26	–	2	28	–	28	25
Total	721	308	56	1,085	53	1,138	1,077

Pension schemes and incentives

Three (2010: three) directors have benefits under money purchase pension schemes. Contributions in 2011 were £53,000 (2010: £52,000), 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 three executive directors during 2011 (2010:3).

Share option schemes

The company has four “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, the “2006 Scheme” was approved by shareholders on 29 June 2006, and the “2010 scheme” was approved by Shareholders on 7 June 2011. All available options under each of the Schemes have been granted.

		Number of share options				
	Option price*	1 January 2011	Options Granted in 2011	31 December 2011	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
The 2006 Scheme						
A R Heller	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
The 2010 Scheme						
G J Casey	202.5p	80,000	–	80,000	31/08/2013	30/08/2020

*Middle market price at date of grant

No consideration is payable for the grant of options under the Unapproved Share Option Scheme or for the option granted under the 2010 Scheme. 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 in the retail price index by a scale of percentages. The performance conditions for the option granted under the 2010 Scheme, requires growth in group net assets over a three year period to exceed growth in the retail price index by a scale of percentages.

The middle market price of Bisichi Mining PLC ordinary shares at 31 December 2011 was 145p (2010–200p). During the year the share price ranged between 137.5p and 230p.

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.

Christopher Joll

Chairman – remuneration committee

24 Bruton Place
London W1J 6NE

18 April 2012



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;

Assess key risks and to act as a forum for discussion of risk issues and contribute to the board's review of the effectiveness of the group's risk management control and processes;

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;

Participate in the selection of a new external audit partner and agree the appointment when required;

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 operation 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 not-audit services as set out in note 5 to the financial statements.

External Auditor

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.

Christopher Joll

Chairman – audit committee

24 Bruton Place
London W1J 6NE

18 April 2012

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 2011 by the company as detailed in our Valuation Report dated 2 February 2012.

Having regard to the foregoing, we are of the opinion that the open market value as at 31 December 2011 of the interests owned by the Company was £12,068,000 being made up as follows:

	£'000
Freehold	9,118
Leasehold	2,950
	12,068

Leeds
2 February 2012

BNP Paribas Real Estate Advisory and Property Management UK Limited
Regulated by Royal Institute of Chartered Surveyors

Directors' responsibilities statement

The directors are responsible for preparing the directors' report, the directors' remuneration 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgments and accounting estimates that are reasonable and prudent;
- state whether the group financial statements have been prepared in accordance with IFRSs as adopted by the European Union;
- state, with regard to the parent company financial statements, whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, to disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and 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:

- that the group financial statements, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the group; and
- that 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 undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The names and functions of all the directors are stated on page 16.

Independent auditor's report

to the members of Bisichi Mining PLC

We have audited the financial statements of Bisichi Mining PLC for the year ended 31 December 2011 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of changes in shareholders' equity and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report & accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2011 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 23, in relation to going concern; and
- the part of the corporate governance statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to the shareholders by the board on directors' remuneration.

Stuart Barnsdall (Senior statutory auditor)

for and on behalf of PKF (UK) LLP,
Statutory auditor

London UK
18 April 2012

Consolidated income statement

for the year ended 31 December 2011

	Notes	2011 Trading £'000	2011 Revaluations £'000	2011 Total £'000	2010 £'000
Group revenue	1	29,909	–	29,909	32,824
Operating costs	2	(27,565)	–	(27,565)	(32,976)
Operating profit/(loss) before depreciation, fair value adjustments and exchange movements		2,344	–	2,344	(152)
Depreciation	2	(2,488)	–	(2,488)	(2,414)
Operating loss before fair value adjustments and exchange movements	1	(144)	–	(144)	(2,566)
Exchange (losses)/gains		(975)	–	(975)	526
(Decrease)/Increase in value of investment properties	3	–	(42)	(42)	245
(Loss)/Gains on held for trading investments		–	(167)	(167)	90
Operating loss	1	(1,119)	(209)	(1,328)	(1,705)
Share of profit/(loss) in joint ventures	13	21	(31)	(10)	61
Loss before interest and taxation		(1,098)	(240)	(1,338)	(1,644)
Interest receivable		268	–	268	174
Interest payable	6	(380)	–	(380)	(343)
Loss before tax	4	(1,210)	(240)	(1,450)	(1,813)
Taxation	7	762	142	904	527
Profit/(Loss) for the year		(448)	(98)	(546)	(1,286)
Attributable to:					
Equity holders of the company		(346)	(98)	(444)	(1,212)
Non-controlling interest	27	(102)	–	(102)	(74)
Profit/(Loss) for the year		(448)	(98)	(546)	(1,286)
Loss per share – basic	9	(3.30)p	(0.93)p	(4.23)p	(11.60)p
Loss per share – diluted	9	(3.30)p	(0.93)p	(4.23)p	(11.60)p

Trading income reflects all the trading activity on mining and property operations. Revaluation income reflects the revaluation of investment properties and other assets within the group and any proportion of these amounts within Joint Ventures. The total column represents the consolidated income statement presented in accordance with IAS 1.

Consolidated statement of comprehensive income

for the year ended 31 December 2011

	2011 £'000	2010 £'000
Loss for the year	(546)	(1,286)
Other comprehensive income:		
Exchange differences on translation of foreign operations	(575)	747
Taxation	–	–
Other comprehensive income for the year net of tax	(575)	747
Total comprehensive income for the year net of tax	(1,121)	(539)
Attributable to:		
Equity shareholders	(958)	(459)
Non-controlling interest	(163)	(80)
	(1,121)	(539)

Consolidated balance sheet

at 31 December 2011

	Notes	2011 £'000	2010 £'000
Assets			
Non-current assets			
Value of investment properties	10	12,068	12,110
Fair value of head lease	31	222	233
		12,290	12,343
Mining reserves, plant and equipment	11	7,926	9,615
Investments in joint ventures	12	2,579	3,607
Other investments	12	148	150
Total non-current assets		22,943	25,715
Current assets			
Inventories	16	1,206	705
Trade and other receivables	17	6,067	4,719
Corporation tax recoverable		133	115
Held for trading investments	18	730	605
Cash and cash equivalents		4,041	5,399
		12,177	11,543
Non-current asset held for sale	14	1,785	–
Total current assets		13,962	11,543
Total assets		36,905	37,258
Liabilities			
Current liabilities			
Borrowings	20	(8,157)	(1,759)
Trade and other payables	19	(8,590)	(7,865)
Current tax liabilities		–	(362)
Total current liabilities		(16,747)	(9,986)
Non-current liabilities			
Borrowings	20	(86)	(5,326)
Provision for rehabilitation	21	(965)	(1,025)
Finance lease liabilities	31	(222)	(233)
Deferred tax liabilities	23	(1,881)	(2,340)
Total non-current liabilities		(3,154)	(8,924)
Total liabilities		(19,901)	(18,910)
Net assets		17,004	18,348
Equity			
Share capital	24	1,056	1,045
Share premium account		169	–
Translation reserve		(446)	68
Other reserves	25	500	485
Retained earnings		15,494	16,356
Total equity attributable to equity shareholders		16,773	17,954
Non-controlling interest	27	231	394
Total equity		17,004	18,348

These financial statements were approved and authorised for issue by the board of directors on 18 April 2012 and signed on its behalf by:



A R Heller
Director



G J Casey
Director

Company Registration No. 112155

Consolidated statement of changes in shareholders' equity

for the year ended 31 December 2011

	Share capital £'000	Share Premium £'000	Translation reserves £'000	Other reserves £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2010	1,045	–	(685)	480	18,460	19,300		19,300
Revaluation of investment properties	–	–	–	–	245	245	–	245
Other income statement movements	–	–	–	–	(1,457)	(1,457)	(74)	(1,531)
Loss for the year	–	–	–	–	(1,212)	(1,212)	(74)	(1,286)
Exchange adjustment	–	–	753	–	–	753	(6)	747
Total comprehensive income for the year	–	–	753	–	(1,212)	(459)	(80)	(539)
Dividend	–	–	–	–	(418)	(418)	–	(418)
Equity share options	–	–	–	5	–	5	–	5
Disposal of shares in subsidiary	–	–	–	–	(474)	(474)	474	–
Balance at 1 January 2011	1,045	–	68	485	16,356	17,954	394	18,348
Revaluation of investment properties	–	–	–	–	(42)	(42)	–	(42)
Other income statement movements	–	–	–	–	(402)	(402)	(102)	(504)
Loss for the year	–	–	–	–	(444)	(444)	(102)	(546)
Exchange adjustment	–	–	(514)	–	–	(514)	(61)	(575)
Total comprehensive income for the year	–	–	(514)	–	(444)	(958)	(163)	(1,121)
Dividend	11	169	–	–	(418)	(238)	–	(238)
Equity share options	–	–	–	15	–	15	–	15
Balance at 31 December 2011	1,056	169	(446)	500	15,494	16,773	231	17,004

Consolidated cash flow statement

for the year ended 31 December 2011

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Cash flows from operating activities		
Operating loss	(1,328)	(1,705)
Adjustments for:		
Depreciation	2,488	2,414
Share based payment expense	15	5
Loss/(Gain) on investment held for trading	167	(90)
Unrealised loss/(gain) on investment properties	42	(245)
Share of profit of joint venture	21	–
Cash flow before working capital	1,405	379
Change in inventories	(501)	434
Change in trade and other receivables	(2,385)	(2,150)
Change in trade and other payables	2,340	834
Change in provisions	124	253
Acquisitions of held for trading investments	(291)	(6)
Cash generated from operations	692	(256)
Interest received	268	174
Interest paid	(380)	(343)
Income tax received/(paid)	245	(112)
Cash flow from operating activities	825	(537)
Cash flows from investing activities		
Acquisition of reserves, plant and equipment	(2,528)	(2,639)
Proceeds from sale of investment properties, reserves, plant and equipment	7	–
(Acquisitions)/Disposal of investments	(888)	405
Cash flow from investing activities	(3,409)	(2,234)
Cash flows from financing activities		
Borrowings drawn	–	2,300
Borrowings repaid	(347)	(231)
Equity dividends paid	(238)	(418)
Cash flow from financing activities	(585)	1,651
Net (decrease)/increase in cash and cash equivalents	(3,169)	(1,120)
Cash and cash equivalents at 1 January	3,977	5,077
Exchange adjustment	306	20
Cash and cash equivalents at 31 December	1,114	3,977
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents as presented in the balance sheet	4,041	5,399
Bank overdrafts (secured)	(2,927)	(1,422)
	1,114	3,977

Group accounting policies

for the year ended 31 December 2011

Basis of accounting

The results for the year ended 31 December 2011 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 2006 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. These are prepared under the historic cost basis as modified by the revaluation of investment properties and held for trading investments.

During 2011 the following accounting standards and guidance were adopted by the group:

IAS 24 Related parties: The revised standard clarifies the definition of a related party and includes an explicit requirement to disclose commitments to related parties. The revised standard specifically defines associates of the ultimate parent company as related parties of the group and they have been treated as such in these financial statements.

IAS 1 Presentation of financial statements: Clarifies that entities may present the analysis of each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements

During 2011 all other standards and interpretations that were mandatory for the accounting period and were required to be adopted by the group either had no material impact on the group's financial statements or were not relevant to the operations of the group.

The group has not adopted any standards or interpretations in advance of the required implementation dates. It is not expected that adoption of any 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.

Comparative information

The directors consider exchange gains/losses to be a material item. As a result exchange gains/losses are classified as a separate line item in the Income Statement. In the prior year, exchange gains/losses in the Income Statement were included within the line item "Operating costs". As a result the comparative amount for exchange gains/losses in the Income Statement, being an exchange gain of £526,000, is reclassified.

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. Non-controlling interests in subsidiaries are presented separately from the equity attributable to equity owners of the parent company. When changes in ownership in a subsidiary do not result in a loss of control, the non-controlling shareholders' interest are initially measured at the non-controlling interests' proportionate share of the subsidiaries net assets. Subsequent to this, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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 of coal 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. This includes the effect of lease incentives.

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 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 as at year end is currently estimated at 5 years. The life of mine is kept under review and has remained unchanged from the prior year. A provision for rehabilitation of the mine is carried at fair value and is provided for over the life of mine. The provision includes the restoration of the underground, opencast and surface operations and is estimated to be utilised at the end of the life of mine of the group. The timing and final cost of the rehabilitation is uncertain and will depend on the duration of the mine life and the quantities of coal extracted from the reserves.

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 associated mine reserves on a straight-line basis.

Surface mine development

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

Other assets and depreciation

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 or Black-Scholes-Merton model. Details of the share options in issue are disclosed in the Directors' Remuneration Report on page 25 under the heading Share option schemes which is within the audited part of this 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 recognised in other comprehensive income. 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

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

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 net of the unamortised cost of financing. Interest payable on those facilities is expensed as 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 as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

Trade payables

Trade payables are not interest bearing and are stated at their nominal value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

Other Financial assets and liabilities

The groups other financial assets and liabilities not disclosed above are accounted for 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.

Non-current assets held for sale

Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

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 that do not have a quoted market price in an active market and whose fair value cannot be reliably measured 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 other comprehensive income, in which case it is also dealt with in other comprehensive income.

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

For management reporting purposes, the group is organised into business segments distinguishable by economic activity. The group's only business segments are mining activities and investment properties. These business segments are subject to risks and returns that are different from those of other business segments and are the primary basis on which the group reports its segment information. This is consistent with the way the group is managed and with the format of the group's internal financial reporting. Significant revenue from transactions with an individual customer, which makes up 10 percent or more of the total revenue of the group, is separately disclosed within each segment.

Notes to the financial statements

for the year ended 31 December 2011

1. Segmental reporting

	2011				
Business analysis	Mining £'000	Property £'000	Other £'000	Total £'000	
Significant revenue customer A	8,577	–	–	8,577	
Significant revenue customer B	7,527	–	–	7,527	
Significant revenue customer C	2,280	–	–	2,280	
Other revenue	10,508	989	28	11,525	
Segment revenue	28,892	989	28	29,909	
Operating (loss)/profit before fair value adjustments & exchange movements	(787)	630	13	(144)	
Revaluation of investments & exchange movements	(975)	(42)	(167)	(1184)	
Operating (loss)/profit and segment result	(1,762)	588	(154)	(1,328)	
Segment assets	15,212	12,551	730	28,493	
Unallocated assets					
– Non-current assets				7	
– Cash & cash equivalents				4,041	
Total assets excluding investment in joint ventures				32,541	
Segment liabilities	(7,928)	(2,498)	(27)	(10,453)	
Borrowings	(316)	(5,000)	–	(5,316)	
	(8,244)	(7,498)	(27)	(15,769)	
Unallocated liabilities				(4,132)	
Total liabilities				(19,901)	
Net assets				12,640	
Investment in joint ventures non segmental				4,364	
Net assets as per balance sheet				17,004	
Geographic analysis	United Kingdom £'000	South Africa £'000	Other £'000	Unallocated £'000	Total £'000
Revenue	1,017	28,892	–	–	29,909
Operating profit/(loss) and segment result	434	(1,762)	–	–	(1,328)
Non-current assets excluding investments	12,290	7,920	–	6	20,216
Total net assets	5,725	6,944	57	4,278	17,004
Capital expenditure	1	2,527	–	–	2,528

1. Segmental reporting continued

	2010				
Business analysis	Mining £'000	Property £'000	Other £'000	Total £'000	
Significant revenue customer A	11,265	–	–	11,265	
Significant revenue customer B	8,456	–	–	8,456	
Significant revenue customer C	3,398	–	–	3,398	
Other Revenue	8,707	975	23	9,705	
Segment revenue	31,826	975	23	32,824	
Operating (loss)/profit before fair value adjustments & exchange movements	(3,190)	616	8	(2,566)	
Revaluation of investments & exchange movements	526	245	90	861	
Operating (loss)/profit and segment result	(2,664)	861	98	(1,705)	
Segment assets	15,061	12,557	606	28,224	
Unallocated assets					
– Non-current assets				28	
– Cash & cash equivalents				5,399	
Total assets excluding investment in joint ventures				33,651	
Segment liabilities	(7,769)	(2,473)	(15)	(10,257)	
Borrowings	(663)	(5,000)	–	(5,663)	
	(8,432)	(7,473)	(15)	(15,920)	
Unallocated liabilities				(2,990)	
Total liabilities				(18,910)	
Net assets				14,741	
Investment in joint ventures non segmental				3,607	
Net assets as per balance sheet				18,348	
Geographic analysis	United Kingdom £'000	South Africa £'000	Other £'000	Unallocated £'000	Total £'000
Revenue	998	31,826	–	–	32,824
Operating profit/(loss) and segment result	959	(2,664)	–	–	(1,705)
Non-current assets excluding investments	12,343	9,586	–	29	21,958
Total net assets	5,637	6,604	63	6,044	18,348
Capital expenditure	2	2,637	–	–	2,639

2. Operating costs

	2011 £'000	2010 £'000
Mining	22,579	26,979
Property	104	120
Cost of sales	22,683	27,099
Administration	7,370	8,291
Operating costs	30,053	35,390
The direct property costs are:		
Ground rent	6	9
Direct property expense	70	81
Bad debts	28	30
	104	120

Operating costs above include depreciation of £2,488,000 (2010: £2,414,000)

3. Gain on revaluation and sale of investment properties

The reconciliation of the investment (deficit)/surplus to the (loss)/gain on revaluation of investment properties in the income statement is set out below:

	2011 £'000	2010 £'000
Investment (deficit)/surplus	(31)	258
Gain on valuation movement in respect of head lease payments	(11)	(13)
(Loss)/Gain on revaluation of investment properties	(42)	245

4. Loss before taxation

Loss before taxation is arrived at after charging/(crediting):

	2011 £'000	2010 £'000
Staff costs (see note 29)	5,872	6,036
Depreciation	2,488	2,414
Exchange loss/(gain)	975	(526)
Fees payable to the company's auditor for the audit of the company's annual accounts	26	40
Fees payable to the company's auditor and its associates for other services:		
The audit of the company's subsidiaries, pursuant to legislation	34	32
Other services	5	5

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.

5. Directors' emoluments

Directors' emoluments are shown in the Directors' remuneration report on pages 24 and 25 under the heading Directors' remuneration which is within the audited part of this report.

6. Interest payable

	2011 £'000	2010 £'000
On bank overdrafts and bank loans	369	291
Other interest payable	11	52
Interest payable	380	343

7. Taxation

	2011 £'000	2010 £'000
(a) Based on the results for the year:		
Corporation tax	–	352
Adjustment in respect of prior years – UK	–	6
Adjustment in respect of prior years – SA	(332)	–
Current tax	(332)	358
Deferred tax – current year	(572)	(885)
Total tax in income statement	(904)	(527)

(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 26.5% (2010: 28%)

The differences are explained below:

(Loss)/profit on ordinary activities before taxation	(1,450)	(1,813)
Tax on (loss)/profit on ordinary activities at 26.5% (2010: 28%)	(384)	(508)
Effects of:		
Expenses not deductible for tax purposes	30	84
Capital (losses)/gains on disposal	(11)	13
Non-taxable income	(37)	–
Other differences	(170)	(127)
Adjustment in respect of prior years	(332)	11
Total tax	(904)	(527)

(c) Analysis of United Kingdom and Overseas tax

United Kingdom tax included in above:

Corporation tax	–	300
Adjustment in respect of prior years	–	6
Current tax	–	306
Deferred tax	(201)	113
	(201)	419

Overseas tax included in above:

Corporation tax	–	52
Adjustment in respect of prior years	(332)	–
Current tax	(332)	52
Deferred tax	(371)	(998)
	(703)	(946)

8. Dividends paid

	2011 Per share	2011 £'000	2010 Per share	2010 £'000
Dividends paid during the year relating to the prior period	4.00p	418	4.00p	418
Dividends to be paid:				
Interim dividend for 2011 paid on the 3 February 2012	1.00p	105	1.00p	105
Proposed final dividend for 2011	3.00p	317	3.00p	313
	4.00p	422	4.00p	418

The dividends to be paid are not accounted for until they have 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 2012.

9. Loss and diluted loss per share

Both the basic and diluted loss per share calculations are based on a loss of £546,000 (2010: £1,286,000). The basic loss per share have been calculated on a weighted average of 10,495,395 (2010: 10,451,506) ordinary shares being in issue during the period. The diluted loss per share have been calculated on the weighted average number of shares in issue of 10,495,395 (2010: 10,451,506) plus the dilutive potential ordinary shares arising from share options of nil (2010: nil) totalling 10,495,395 (2010: 10,451,506).

Dilutive potential ordinary shares of 239,607 (2010: 279,790) were excluded from the calculation of diluted ordinary shares as there was no dilutive effect due to the loss for the year.

10. Investment properties

	Freehold £'000	Long Leasehold £'000	Total £'000
Valuation at 1 January 2011	9,110	3,000	12,110
Revaluation	8	(50)	(42)
Valuation at 31 December 2011	9,118	2,950	12,068
Valuation at 1 January 2010	8,865	3,000	11,865
Revaluation	245	–	245
Valuation at 31 December 2010	9,110	3,000	12,110
Historical cost			
At 31 December 2011	4,801	728	5,529
At 31 December 2010	4,801	728	5,529

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 on an open market basis by:

	2011 £'000
BNP Paribas Real Estate	12,068,000
	12,068,000

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

11. Mining reserves, plant and equipment

	Mining Reserves £'000	Mining equipment £'000	Motor Vehicles £'000	Office equipment £'000	Total £'000
Cost at 1 January 2011	2,212	14,940	429	128	17,709
Exchange adjustment	(397)	(2,683)	(53)	(14)	(3,147)
Additions	–	2,526	–	2	2,528
Disposals	–	(316)	(206)	(1)	(523)
Cost at 31 December 2011	1,815	14,467	170	115	16,567
Accumulated depreciation at 1 January 2011	1,768	5,897	345	84	8,094
Exchange adjustment	(318)	(1,059)	(41)	(7)	(1,425)
Charge for the year	73	2,383	22	10	2,488
Disposals in year	–	(316)	(199)	(1)	(516)
Accumulated depreciation at 31 December 2011	1,523	6,905	127	86	8,641
Net book value at 31 December 2011	292	7,562	43	29	7,926
Cost at 1 January 2010	1,911	12,581	387	119	14,998
Exchange adjustment	318	2,094	42	12	2,466
Additions	–	2,637	–	2	2,639
Disposals	(17)	(2,372)	–	(5)	(2,394)
Cost at 31 December 2010	2,212	14,940	429	128	17,709
Accumulated depreciation at 1 January 2010	1,407	5,195	271	68	6,941
Exchange adjustment	267	829	31	6	1,133
Charge for the year	111	2,245	43	15	2,414
Disposals in year	(17)	(2,372)	–	(5)	(2,394)
Accumulated depreciation at 31 December 2010	1,768	5,897	345	84	8,094
Net book value at 31 December 2010	444	9,043	84	44	9,615

12. Investments held as non-current assets

	2011 Joint Ventures Assets £'000	2011 Other £'000	2010 Joint Ventures Assets £'000	2010 Other £'000
At 1 January	2,404	433	2,343	779
Disposals	–	–	–	(405)
Transfers	(703)	–	–	–
Additions	888	–	–	–
Exchange adjustment	–	(2)	–	59
Share of (loss)/gain in joint ventures	(10)	–	61	–
Net assets at 31 December	2,579	431	2,404	433
Loan to joint venture:				
At 1 January	1,203	–	916	–
Exchange adjustments	(216)	–	152	–
Additions	116	–	135	–
Transfers	(1,103)	–	–	–
At 31 December	–	–	1,203	–
At 31 December	2,579	431	3,607	433
Provision for diminution in value:				
At 1 January	–	(283)	–	(283)
Write down of investment	–	–	–	–
At 31 December	–	(283)	–	(283)
Net book value at 31 December	2,579	148	3,607	150

12. Investments held as non-current assets continued

	2011 £'000	2010 £'000
Included in other investments are:		
Net book value of unquoted investments	135	133
Net book value of investments listed on overseas Stock exchanges	13	17
	148	150
Market value of the overseas listed investments	13	17

13. Joint ventures

The company owns 50% of the issued share capital of Dragon Retail Properties Limited, an unlisted property investment company. The remaining 50% is held by London & Associated Properties PLC. Dragon Retail Properties Limited is incorporated in England and Wales. It has issued share capital of 500,000 (2010: 500,000) ordinary shares of £1 each.

During the year the company acquired 12.5% of the units of Langney Shopping Centre Unit Trust, an unlisted property unit trust incorporated in Jersey. 12.5% of the units in the trust are held by London & Associated Properties PLC and 75% are held by Columbus UK GP limited, a partner acting on behalf of Columbus UK Real Estate Fund.

The company owns 49% of the issued share capital of Ezimbokodweni Mining (pty) Limited. This asset is reclassified as a non-current asset held for sale. Details of non-current assets held for sale are shown under note 14.

	Langney 12.5% £'000	Dragon 50% £'000	2011 £'000	2010 £'000
Turnover	87	96	183	103
Profit and loss				
(Loss)/Profit before tax	21	(30)	(9)	61
Taxation	–	(1)	(1)	–
(Loss)/Profit after taxation	21	(31)	(10)	61
Balance sheet				
Non-current assets	2,000	1,519	3,519	2,786
Current assets	112	1,313	1,425	1,339
Current liabilities	(100)	(1,031)	(1,131)	(2,264)
Non-current liabilities	(1,124)	(110)	(1,234)	(140)
Share of net assets at 31 December	888	1,691	2,579	1,721

14. Non-current assets held for sale

	2011 £'000
At 1 January	–
Transfer of stake in joint venture company now held for sale	1,785
Net assets at 31 December	1,785

On 26 January 2012 the Company announced that it had entered into an agreement for the sale of its 49% participation in a South African registered joint venture company, Ezimbokodweni Mining (Proprietary) Limited ("Ezimbokodweni"), for ZAR 54.2 million.

Ezimbokodweni was established in 2005 with Endulwini Coal Limited to acquire from BHP Billiton Energy Coal South Africa Limited ("BECSA") a shallow coal deposit located in the Witbank coalfield of Mpumalanga, some 40 km from the Company's existing coal mining operations at the Black Wattle colliery. Since then, Ezimbokodweni has been negotiating with BECSA and the South African Department of Mineral Resources ("DMR") to finalise the acquisition and prepare for opencast mining.

In 2011, following the intervention of the DMR, the Company agreed to dispose of its stake in Ezimbokodweni. The agreement made on 26 January 2012 was conditional on the satisfaction by 15 May 2012 of conditions precedent, the last of which is the consent of the DMR, which is awaited.

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	62.5%	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

Details on the non-controlling interest in subsidiaries are shown under note 27.

16. Inventories

	2011 £'000	2010 £'000
Coal		
Washed	284	540
Run of mine	440	122
Work in progress	432	–
Other	50	43
	1,206	705

17. Trade and other receivables

	2011 £'000	2010 £'000
Amounts falling due within one year:		
Trade receivables	5,818	3,791
Other receivables	130	112
Prepayments and accrued income	119	816
	6,067	4,719

18. Held for trading investments

	2011 £'000	2010 £'000
Market value of Listed Investments:		
Listed in Great Britain	657	522
Listed outside Great Britain	73	83
	730	605
Original cost of Listed Investments	749	458
Unrealised (deficit)/surplus of market value over cost	(19)	147

19. Trade and other payables

	2011 £'000	2010 £'000
Trade payables	4,313	3,604
Amounts owed to joint ventures	1,205	1,205
Other payables	528	687
Accruals and deferred income	2,544	2,369
	8,590	7,865

20. Financial liabilities – borrowings

	Current		Non-current	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Bank overdraft (secured)	2,927	1,422	–	–
Bank loan (secured)	5,230	337	86	5,326
	8,157	1,759	86	5,326
Bank overdraft and loan instalments by reference to the balance sheet date:				
Within one year			8,157	1,759
From one to two years			86	5,326
From two to five years			–	–
			8,243	7,085
Bank overdraft and loan analysis by origin:				
United Kingdom			5,000	5,000
Southern Africa			3,243	2,086
			8,243	7,086

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 £12,068,000. The South African bank loans are secured by way of a first charge over specific pieces of mining equipment and the debtors of the relevant company which holds the loan which are include in the financial statements at a value of £8,482,000.

Consistent with others in the mining and property 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 2011 this increased to 25.1% (2010: 9.4%) which was calculated as follows:

	2011 £'000	2010 £'000
Total debt	8,243	7,085
Less cash and cash equivalents	(4,041)	(5,399)
Net debt	4,202	1,686
Total equity	16,773	17,954
Gearing	25.1%	9.4%

21. Provision for rehabilitation

	2011 £'000	2010 £'000
As at 1 January	1,025	772
Exchange adjustment	(184)	125
Additions	124	128
As at 31 December	965	1,025

22. Financial instruments

Treasury policy

The group enters into derivative transactions such as interest rate swaps and forward exchange contracts as necessary 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 and commodity price risk. There have been no changes during the year of the main risks arising from the group's finance structure. 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 2011, 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 loss for the year by £28,000 (2010: £27,000). The effect on equity of this change would be an equivalent decrease or increase for the year of £28,000 (2010: £27,000).

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. As at year end the group held borrowing facilities in the UK in Bisichi Mining Plc and in South Africa in Black Wattle Colliery (Pty) Ltd. The company was within its bank borrowing facilities and had not breached any of its covenants. New borrowings were signed in March 2010 in both the UK and South Africa. Further details are provided in borrowing facilities information later in this note. Trade and other payables are all due within one year.

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

	2011 £'000	2010 £'000
Sterling	2,304	3,710
South African Rand	1,737	1,689
	4,041	5,399

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 and trade and other receivables 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 which at year end amounted to £9,989,000 (2010: £9,302,000).

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 the amount of material receivables held past due date was £313,000 (2010: £nil). The amount of material receivables held past due date has subsequently been settled.

Financial assets maturity

On 31 December 2011, cash at bank and in hand amounted to £4,041,000 (2010: £5,399,000) 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.

22. Financial instruments continued

Total financial assets and liabilities

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

	Loans and receivables £'000	Financial Liabilities measured at amortised cost £'000	Assets at fair value through profit and loss £'000	2011 £'000	2010 £'000
Cash and cash equivalents	4,041	–	–	4,041	5,399
Investments held for trading	–	–	730	730	605
Other Investments	–	–	148	148	150
Trade and other receivables	5,948	–	–	5,948	3,903
Bank Borrowings	–	(8,243)	–	(8,243)	(7,085)
Finance leases	–	(222)	–	(222)	(233)
Other Liabilities	–	(8,407)	–	(8,407)	(7,677)
	9,989	(16,872)	878	(6,005)	(4,938)

Investments held for trading fall under level 1 of the fair value hierarchy into which fair value measurements are recognised in accordance with the levels set out in IFRS 7. Other investments are held at cost. The directors are of the opinion that the difference in value between cost and fair value of other investments is not significant or material. The comparative figures for 2010 fall under the same category of financial instrument as 2011.

Borrowing facilities

In the UK, a term loan facility of £5million and an overdraft facility of £2million were signed by Bisichi Mining Plc in March 2010 with Royal Bank of Scotland. This facility will expire in December 2012 and is secured against the group's UK retail property portfolio. The group intends to negotiate new facilities before the expiry of the current facility and have obtained confirmation from the Royal Bank of Scotland that they are not aware of any reason why the bank should not continue to support the company following the expiry of the current facilities.

In South Africa, a structured trade finance facility of R60million (South African Rand) was signed by Black Wattle Colliery (pty) Limited in March 2010 with Absa Bank Limited, a South African subsidiary of Barclays Bank PLC. The facility is renewed annually and is secured against inventory, debtors and cash that are held by Black Wattle Colliery (pty) Limited. This facility comprises of a R40million revolving loan to cover the working capital requirements of the group's South African operations, and a R20million loan facility to cover guarantee requirements related to the group's South African mining operations.

At 31 December 2011 the group was within its bank borrowing facilities and had not breached any of its covenants. Term loan repayments are as set out in Note 20. Details of other financial liabilities are shown in notes 19 and 20.

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's 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 2011 and 2010 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 effect of foreign currency gains or losses arising are recorded through the translation reserve.

22. Financial instruments continued

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

	Profit and loss		Equity	Equity
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
If there were a 10% weakening of the South African Rand against				
Sterling with all other variables held constant – (decrease)	(260)	(136)	(511)	(573)
If there were a 10% strengthening of the South African Rand against				
Sterling with all other variables held constant – increase	321	181	625	701

23. Deferred taxation

	2011	2010
	£'000	£'000
Balance at 1 January	2,340	2,985
Recognised in income	(572)	(885)
Reallocated	291	–
Exchange adjustment	(178)	240
	1,881	2,340

The deferred tax balance comprises the following:

Revaluation of properties	1,086	1,229
Capital allowances	(1,308)	552
Short-term timing differences	2,103	559
	1,881	2,340

24. Share capital

	2011	2010
	£'000	£'000
Authorised: 13,000,000 ordinary shares of 10p each	1,300	1,300
Allotted and fully paid: 10,556,839 (2010: 10,451,506) ordinary shares	1,056	1,045

During the year 105,333 shares were issued at par as part of a scrip dividend paid relating to the prior year.

25. Other reserves

	2011	2010
	£'000	£'000
Equity share options	414	399
Net premium on share capital in joint venture	86	86
	500	485

26. Share based payments

Details of the share option scheme are shown in the Directors' remuneration report on page 24 and 25 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 2010	Number of share options issued/ (cancelled) during year	Number of share for which options outstanding at 31 December 2011
2002	34.0p	Sep 2005 – Sep 2012	313,000	–	313,000
2004	149.0p	Sep 2007 – Sep 2014	80,000	–	80,000
2006	237.5p	Oct 2009 – Oct 2016	325,000	–	325,000
2010	202.5p	Aug 2013 – Aug 2020	80,000	–	80,000

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 2004 and 2010 scheme, agreed by members on 23 June 2005 and 31 August 2010 respectively, 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 2010 options were valued at £45,000 at date of grant using the Black-Scholes-Merton model with the following assumptions:

Expected volatility	62.80%
Expected life	4.00 Years
Risk free rate	1.44 %
Expected dividends	1.95 %

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.

	2011 Number	2011 Weighted average Exercise price	2010 Number	2010 Weighted average Exercise price
Outstanding at 1 January	798,000	145.2p	718,000	138.9p
Granted / (cancelled) during year	–	–	80,000	202.5p
Outstanding at 31 December	798,000	145.2p	798,000	145.2p
Exercisable at 31 December	718,000	138.9p	718,000	138.9p

27. Non-controlling interest

	2011 £'000	2010 £'000
As at 1 January	394	–
Issue of shares in subsidiary	–	474
Share of loss for the year	(102)	(74)
Exchange adjustment	(61)	(6)
As at 31 December	231	394

The issue of shares in subsidiary in 2010 relates to the disposal of a 37.5% shareholding in Black Wattle Colliery (pty) Ltd. The total issued share capital in Black Wattle Colliery (pty) Ltd has been increased from 136 shares to 1000 shares at par of R1 (South African Rand) through the following shares issue:

- a subscription for 489 ordinary shares at par by Bisichi Mining (Exploration) Limited increasing the number of shares held from 136 ordinary shares to a total of 675 ordinary shares;
- a subscription for 110 ordinary shares at par by Vunani Mining (pty) Ltd;
- a subscription for 265 "A" shares at par by Vunani Mining (pty) Ltd

Bisichi Mining (Exploration) Limited is a wholly owned subsidiary of Bisichi Mining PLC incorporated in England and Wales.

Vunani Mining (pty) Ltd is a South African Black Economic Empowerment company and minority shareholder in Black Wattle Colliery (pty) Ltd.

27. Non-controlling interest continued

The "A" shares will rank pari passu with the ordinary shares save that they will have no dividend rights until such time as the dividends paid by Black Wattle Colliery (pty) Ltd on the ordinary shares subsequent to 30 October 2008 will equate to R832,075,000.

A non-controlling interest of 15% in Black Wattle Colliery (pty) Ltd is recognised for all profits distributable to the 110 ordinary shares held by Vunani Mining (pty) Ltd from the date of issue of the shares (18 October 2010). An additional non-controlling interest will be recognised for all profits distributable to the 265 "A" shares held by Vunani Mining (pty) Ltd after such time as the profits available for distribution, in Black Wattle Colliery (pty) Ltd, before any payment of dividends after 30 October 2008, exceeds R832,075,000.

28. Related party transactions

	At 31 December		During the year	
	Amounts owed to related party £'000	Amounts owed by related party £'000	Costs recharged (to) / by related party £'000	Cash paid (to)/ by related party £'000
Related party:				
London & Associated Properties PLC (note (a))	367	–	275	(234)
Langney Shopping Centre Unit Trust (note (b))	–	(15)	(21)	6
Dragon Retail Properties Limited (note (c))	1,205	–	(42)	42
Ezimbokodweni Mining (pty) Limited (note (d))	–	(1,103)	100	–
As at 31 December 2011	1,572	(1,118)	312	(186)
London & Associated Properties PLC (note (a))	326	–	275	(92)
Langney Shopping Centre Unit Trust (note (b))	–	–	–	–
Dragon Retail Properties Limited (note (c))	1,205	–	(72)	72
Ezimbokodweni Mining (pty) Limited (note (d))	–	(1,203)	(287)	–
As at 31 December 2010	1,531	(1,203)	(84)	(20)

London & Associated Properties PLC is a substantial shareholder. Langney Shopping Centre Unit Trust and 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 held for sale as shown under Note 14.

(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) Langney Shopping Centre Unit Trust

Langney Shopping Centre Unit Trust is an unlisted property unit trust incorporated in Jersey.

(c) Dragon Retail Properties Limited

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

(d) 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 pages 24 and 25 under the headings Directors' remuneration, Pension schemes and incentives and Share option schemes which is within the audited part of this report. The total employers national insurance paid in relation to the remuneration of key management was £117,000.

29. Employees

	2011 Number	2010 Number
The average weekly numbers of employees of the group during the year were as follows:		
Production	229	257
Administration	18	18
	247	275

29. Employees continued

	£'000	£'000
Staff costs during the year were as follows:		
Salaries	5,485	5,666
Social security costs	117	111
Pension costs	255	254
Share based payments	15	5
	5,872	6,036

30. Capital commitments

	2011 £'000	2010 £'000
Commitments for capital expenditure approved but not contracted for at the year end	558	146
Share of commitment of capital expenditure in joint venture	–	2,451

31. Head lease commitments and future property lease rentals

Present value of head leases on properties

	Minimum lease payments		Present value of Minimum lease payments	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Within one year	13	14	13	14
Second to fifth year	53	56	50	52
After five years	1,627	1,708	159	167
	1,693	1,778	222	233
Discounting adjustment	(1,471)	(1,545)	–	–
Present value	222	233	222	233

Finance lease liabilities are in respect of leased investment property. Many of the leases provide for contingent rents in addition to the rents above which are 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:

	2011 £'000	2010 £'000
Within one year	902	805
Second to fifth year	2,669	2,707
After five years	10,169	10,650
	13,740	14,162

32. Contingent liabilities

Bank guarantees have been issued by the bankers of Black Wattle Colliery (pty) Limited on behalf of the company to third parties. The guarantees are secured against the assets of the company and have been issued in respect of the following:

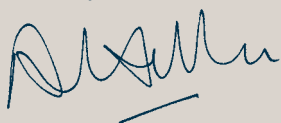
	2011 £'000	2010 £'000
Rail siding	2	3
Rehabilitation of mining land	1,599	1,732
Water & electricity	74	90

Company balance sheet

at 31 December 2011

	Notes	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	34	12,075	12,138
Investment in joint ventures	35	1,734	846
Other investments	35	1,698	1,013
		15,507	13,997
Current assets			
Debtors	36	2,584	2,794
Bank balances		3,237	4,841
		5,821	7,635
Creditors – amounts falling due within one year	37	(7,394)	(2,508)
Net current (liabilities)/assets		(1,573)	5,127
Total assets less current liabilities		13,934	19,124
Creditors – amounts falling due in more than one year – medium term bank loan	37	–	(5,000)
Net assets		13,934	14,124
Capital and reserves			
Called up share capital	24	1,056	1,045
Share premium account	24	169	–
Revaluation reserve	39	6,141	6,183
Other reserves	39	415	400
Retained earnings	39	6,153	6,496
Shareholders' funds		13,934	14,124

The company financial statements were approved and authorised for issue by the board of directors on 18 April 2012 and signed on its behalf by:



A R Heller
Director



G J Casey
Director

Company Registration No. 112155

Company accounting policies

for the year ended 31 December 2011

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 Generally Accepted Accounting Practice.

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 2006, 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

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 net of the unamortised cost of financing.

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, less impairment.

Deferred taxation

As required by FRS 19 "Deferred Tax", full provision is made for deferred tax arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation, except for those timing differences in respect of which the standard specifies that deferred tax should not be recognised. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Leased assets and obligations

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

Pensions

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

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 or Black-Scholes-Merton model. Details of the share options in issue are disclosed in the Directors' Remuneration Report on pages 24 and 25 under the heading Share option schemes which is within the audited part of this report.

33. Dividends

The aggregate amount of dividends comprises:

	2011	2010
	£'000	£'000
Final dividends in respect of prior year but not recognised as liabilities in that year:	418	418

The aggregate amount of dividends to be paid and not recognised as liabilities as at year end is £422,000 (2010: £418,000).

34. Tangible fixed assets

	Investment properties		Motor vehicles £'000	Office equipment £'000	Total £'000
	Freehold £'000	Long leasehold £'000			
Cost or valuation at 1 January 2011	9,110	3,000	137	51	12,298
Additions	–	–	–	1	1
Disposals	–	–	(89)	–	(89)
Revaluation	8	(50)	–	–	(42)
Cost or valuation at 31 December 2011	9,118	2,950	48	52	12,168
At valuation	9,118	2,950	–	–	12,068
At cost	–	–	48	52	100
	9,118	2,950	48	52	12,168
Accumulated depreciation at 1 January 2011	–	–	117	43	160
Charge for the year	–	–	13	3	16
Disposals in year	–	–	(83)	–	(83)
Accumulated depreciation at 31 December 2011	–	–	47	46	93
Net book value at 31 December 2011	9,118	2,950	1	6	12,075
Net book value at 31 December 2010	9,110	3,000	20	8	12,138

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

35. Investments

	Joint ventures shares £'000	Subsidiaries		Other investments £'000	Total £'000
		Shares £'000	Loans £'000		
Cost at 1 January 2011	846	361	1,313	300	1,974
Invested during the year	888	–	–	–	–
Drawn in year	–	–	7	–	7
Cost at 31 December 2011	1,734	361	1,320	300	1,981
Provision for impairment					
As at 1 January	–	–	(678)	(283)	(961)
Transfer	–	–	678	–	678
As at 31 December 2011	–	–	–	(283)	(283)
Net book value at 31 December 2011	1,734	361	1,320	17	1,698
Net book value at 31 December 2010	846	361	635	17	1,013

Other investments comprise £17,000 (2010: £17,000) shares and £nil (2010: £nil) loans.

Investments in subsidiaries are detailed in note 15. In the opinion of the directors the aggregate value of the investment in subsidiaries is not less than the amount shown in these financial statements.

36. Debtors

	2011 £'000	2010 £'000
Amounts falling due within one year:		
Amounts due from subsidiary undertakings	2,322	2,578
Tax recoverable	21	–
Other debtors	128	110
Prepayments and accrued income	113	106
	2,584	2,794

37. Creditors

	2011 £'000	2010 £'000
Amounts falling due within one year:	5,000	–
Bank loan (secured)	1,205	1,205
Joint venture	–	292
Current taxation	96	48
Other taxation and social security	246	424
Other creditors	847	539
Accruals and deferred income	7,394	2,508
Amounts falling due in more than one year:		
Bank loan (secured)	–	5,000
Bank and other loan instalments by reference to the balance sheet date:		
Within one year	5,000	–
From one to two years	–	5,000
From two to five years	–	–
	5,000	5,000

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

38. Provisions for liabilities

No provision has been made for the approximate taxation liability at 26.5% (2010: 28%) of £1,086,000 (2010: £1,229,000) which would arise if the investment properties were sold at the stated valuation.

39. Share capital & reserves

	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Other reserve £'000	Retained earnings £'000	Shareholders funds £'000
Balance at 1 January 2011	1,045	–	6,183	400	6,496	14,124
Dividend paid	11	169	–	–	(418)	(238)
Revaluation of investment property	–	–	(42)	–	–	(42)
Share options	–	–	–	15	–	15
Retained profit for the year	–	–	–	–	75	75
Balance at 31 December 2011	1,056	169	6,141	415	6,153	13,934

A profit and loss account for Bisichi Mining PLC has not been presented as permitted by Section 408(2) of the Companies Act 2006. The profit for the financial year, before dividends, was £75,000 (2010: £1,016,000).

Details of share capital are set out in note 24 and details of the share options are shown in the Directors' Remuneration Report on page 25 under the heading Share option schemes which is within the audited part of this report and note 26.

40. Related party transactions

	At 31 December		During the year
	Amounts owed by related party £'000	Costs recharged (to)/by related party £'000	Cash paid (to)/by related party £'000
Related party:			
Black Wattle Colliery (pty) Ltd (note (a))	(300)	1,485	654
Ninghi Marketing Limited (note (b))	(102)	–	–
As at 31 December 2011	(402)	1,485	654
Black Wattle Colliery (pty) Ltd (note (a))	(2,776)	(2,501)	–
Ninghi Marketing Limited (note (b))	(102)	–	–
As at 31 December 2010	(2,878)	(2,501)	–

(a) Black Wattle Colliery (pty) Ltd

Black Wattle Colliery (pty) Ltd is a coal mining company based in South Africa.

(b) Ninghi Marketing Limited

Ninghi Marketing Limited is a dormant coal marketing company incorporated in England & Wales.

In addition to the above, the company has issued a company guarantee of R20,000,000 (2010: R17,000,000) (South African Rand) to the bankers of Black Wattle Colliery (pty) Ltd in order to cover bank guarantees issued to third parties in respect of the rehabilitation of mining land.

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

Details of other related party transactions are given in note 28 of the Group financial statements.

Notice of annual general meeting

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

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

NOTICE is hereby given that the hundredth Annual General Meeting of Bisichi Mining PLC (the “Company”) will be held at the Royal Automobile Club, 89 Pall Mall, London, SW1Y 5HS on Thursday, 31 May 2012 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 2011 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 2011. | (Resolution 2) |
| 3 To declare and approve a final dividend of 3.0p per share. | (Resolution 3) |
| 4 To re-elect as a director Mr A R Heller. | (Resolution 4) |
| 5 To re-elect as a director Mr R G Grobler. | (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 auditor, 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 auditor. | (Resolution 9) |

Special business

To consider and, if thought fit, pass resolution 10 as an ordinary resolution and resolutions 11 to 13 as special resolutions:

- 10** That:
- 10.1** The directors of the Company be generally and unconditionally authorised under section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company (“Rights”);
 - 10.1.1** up to an aggregate nominal amount of £351,542; and
 - 10.1.2** comprising equity securities (as defined in section 560(1) of the Companies Act 2006), up to a further aggregate nominal amount of £351,542 in connection with an offer by way of a rights issue to:
 - 10.1.2.1** ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - 10.1.2.3** holders of other equity securities, if this is required by the rights of those securities or, if the directors consider it necessary, as permitted by the rights of those securities,but subject to such exclusions and other arrangements as the directors may consider necessary or appropriate in relation to fractional entitlements, record dates, treasury shares or any legal, regulatory or practical problems in or under the laws of any territory (including the requirements of any regulatory body or stock exchange) or any other matter;
 - 10.2** the authority conferred by this resolution 10 shall expire (unless previously renewed, varied or revoked by the Company) on 31 August 2013 or, if earlier, the conclusion of the next annual general meeting of the Company except that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the directors may allot shares or grant Rights in pursuance of any such offer or agreement notwithstanding that this authority has expired; and
 - 10.3** this resolution revokes and replaces all unexercised authorities previously granted to the directors to allot shares and grant Rights but without prejudice to any allotment of shares or grant of Rights already made, offered or agreed to be made pursuant to such authorities.
- (Resolution 10)**

11 That:

- 11.1** subject to the passing of resolution 10 the directors shall have power under section 570 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of the Companies Act 2006) for cash, either pursuant to the authority conferred by resolution 10 or by way of a sale of treasury shares as if section 561 of the Companies Act 2006 did not apply to any such allotment;
- 11.2** this power shall be limited:
- 11.2.2** to the allotment of equity securities in connection with an offer or issue of equity securities (but in the case of the authority granted under paragraph 10.1.2 of resolution 10, by way of a rights issue only):
- 11.2.2.1** to the holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
- 11.2.2.2** to holders of other equity securities if this is required by the rights of those securities or, if the directors consider it necessary, as permitted by the rights of those securities,
- but subject to such exclusions and other arrangements as the directors may consider necessary or appropriate in relation to fractional entitlements, record dates, treasury shares or any legal, regulatory or practical problems under the laws of any territory (including the requirements of any regulatory body or stock exchange) or any other matter; and
- 11.2.3** the allotment of equity securities (otherwise than pursuant to paragraph 11.2.2 of this resolution) up to an aggregate nominal amount of £105,568 (representing approximately 10 per cent of the issued share capital of the Company);
- 11.3** the power granted by this resolution shall expire when the authority given by resolution 10 is revoked or expires 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 that offer or agreement as if the power conferred hereby had not expired.

(Resolution 11)

- 12** That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

(Resolution 12)

- 13** That, the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 to make market purchases (within the meaning section 693 of the Companies Act 2006) of ordinary shares of 10 pence each in the capital of the Company ("Ordinary Shares") provided that:

- 13.1** the maximum number of Ordinary Shares which may be purchased is 1,055,684 (representing 10 per cent of the Company's issued ordinary share capital as at 17 April 2012 (being the last practicable date prior to the publication of this document));
- 13.2** the minimum price (exclusive of expenses) which may be paid for each Ordinary Share is 10 pence being the nominal value of each Ordinary Share;
- 13.3** the maximum price (excluding expenses) which may be paid for each Ordinary Share is the higher of (i) an amount equal to 105% of the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased and (ii) the amount stipulated by Article 5(1) of the EU Buy-back and Stabilisation Regulation (being the higher of the price of the last independent trade and the highest current independent bid for an Ordinary Share on the trading venues where the market purchases by the Company pursuant to the authority conferred by this resolution will be carried out);
- 13.4** this authority shall expire at the conclusion of the next annual general meeting of the Company or 15 months after the passing of this resolution whichever is the earlier (unless previously renewed, varied or revoked by the Company in general meeting); and
- 13.5** the Company may, before such expiry, enter into one or more contracts to purchase Ordinary Shares under the authority conferred by this resolution which contract will or may be completed or executed wholly or partly after the expiry of this authority and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

(Resolution 13)

24 Bruton Place
London W1J 6NE
18 April 2012
Bisichi Mining PLC

By order of the board
Heather Curtis
Secretary

Registered in England and Wales –
Number 112155

Notes

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company.
2. The return of a completed proxy form, other such instrument or any CREST proxy instruction (as described in paragraph 14 below) does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box on your proxy form. If you sign and return your proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. In the event of a conflict between a blank proxy form and a proxy form which states the number of shares to which it applies, the specific proxy form shall be counted first, regardless of whether it was sent or received before or after the blank proxy form, and any remaining shares in respect of which you are the registered holder will be apportioned to the blank proxy form. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you should contact Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.
5. To direct your proxy how to vote on the resolutions mark the appropriate box on your proxy form with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. To be valid any proxy form or other instrument appointing a proxy must be:
 - completed and signed;
 - sent or delivered to Capita Registrars, PXS, The Registry, 34 Beckenham Road, Kent, BR3 4TU; and
 - received by Capita Registrars no later than 11.00 a.m. on 29 May 2012.
7. In the case of a member which is a company, your proxy form must be executed under its common seal or signed on its behalf by a duly authorised officer of the Company or an attorney for the Company.
8. Any power of attorney or any other authority under which your proxy form is signed (or a duly notarially certified copy of such power or authority) must be included with your proxy form.
9. As an alternative to completing your hard-copy proxy form, you can appoint a proxy electronically at www.capitashareportal.com. For an electronic proxy appointment to be valid, your appointment must be received by no later than 11.00 a.m. on 29 May 2012.
10. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
11. You may not use any electronic address provided in your proxy form to communicate with the Company for any purposes other than those expressly stated.
12. Nominated persons
 - (a) 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 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.
 - (b) The statement of the rights of shareholders in relation to the appointment of proxies in paragraph (1) above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by shareholders of the Company.
13. As at 18 April 2012 the issued share capital of the Company comprised of 10,556,839 Ordinary Shares of 10 pence each, carrying one vote each. Therefore, the total number of voting rights of the Company as at 18 April 2012 is 10,556,839.

14. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the annual general meeting to be held at 11.00am on 31 May 2012 and any adjournment(s) thereof 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 voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Capita Registrars Limited (CREST Participant ID: **RA10**), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. 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 takes) 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 sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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.

15. Only those members entered on the register of members of the Company at 6.00 p.m. on 29 May 2012 or, in the event that this meeting is adjourned, in the register of members as at 6.00 p.m. on the day two days before the date of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their names at that time. Changes to the entries on the register of members after the close of business on 29 May 2012 or, in the event that this meeting is adjourned, in the register of members after the close of business on the day two days before the date of the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

16. Website publication of audit concerns:

Pursuant to Chapter 5 of Part 16 of the Companies Act 2006 (sections 527 to 531), where requested by a member or members meeting the qualification criteria set out at note 17 below, the Company must publish on its website, a statement setting out any matter that such member or members propose to raise at the meeting relating to 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 meeting.

Where the Company is required to publish such a statement on its website:

- it may not require the members making the request to pay any expenses incurred by the Company in complying with the request;
- it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website; and
- the statement may be dealt with as part of the business of the meeting.

The request:

- may be in hard copy form or in electronic form (see note 18 below);
- either set out the statement in full or, if supporting a statement sent by another member, clearly identify the statement which is being supported;
- must be authenticated by the person or persons making it (see note 18 below); and
- be received by the Company at least one week before the meeting.

17. Members' qualification criteria:

In order to be able to exercise the members' right to require the Company to publish audit concerns (see note 16), the relevant request must be made by:

- a member or members having a right to vote at the meeting and holding at least 5% of the total voting rights of the Company; or
- at least 100 members having a right to vote at the meeting and holding, on average, at least £100 of paid up share capital.

18. Submission of hard copy and electronic requests and authentication requirements.

Where a member or members wishes to request the Company to publish audit concerns (see note 16), such request must be made in accordance with one of the following ways:

- a hard copy request which is signed by you, states your full name and address and is sent to the Company Secretary, 24 Bruton Place, London W1J 6NE;
- a request which is signed by you, states your full name and address and is sent to 020 7495 6352 marked for the attention of the Company Secretary; or
- a request which states your full name and address, (which will be authenticated against the register of members) sent to admin@bisichi.co.uk. Please state "AGM" in the subject line of the e-mail.

19. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

20. Any member attending the meeting has the right to ask questions. The Company has to answer any questions raised by members at the meeting which relate to the business being dealt with at the meeting unless:

- to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
- the answer has already been given on a website in the form of an answer to a question, or;
- it is undesirable in the interests of the Company or the good order of the meeting to answer the question.

21. 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 register of members, the details of proxies, the current Articles of Association, and a register in which are recorded all transactions of each director and of their family interests in the share capital of the Company are available for inspection at the Company's registered office during normal business hours (Saturdays, Sundays and Bank Holidays excepted) and will also be available for inspection at the meeting from 10.45 a.m. on 31 May 2012 until the conclusion of the meeting.

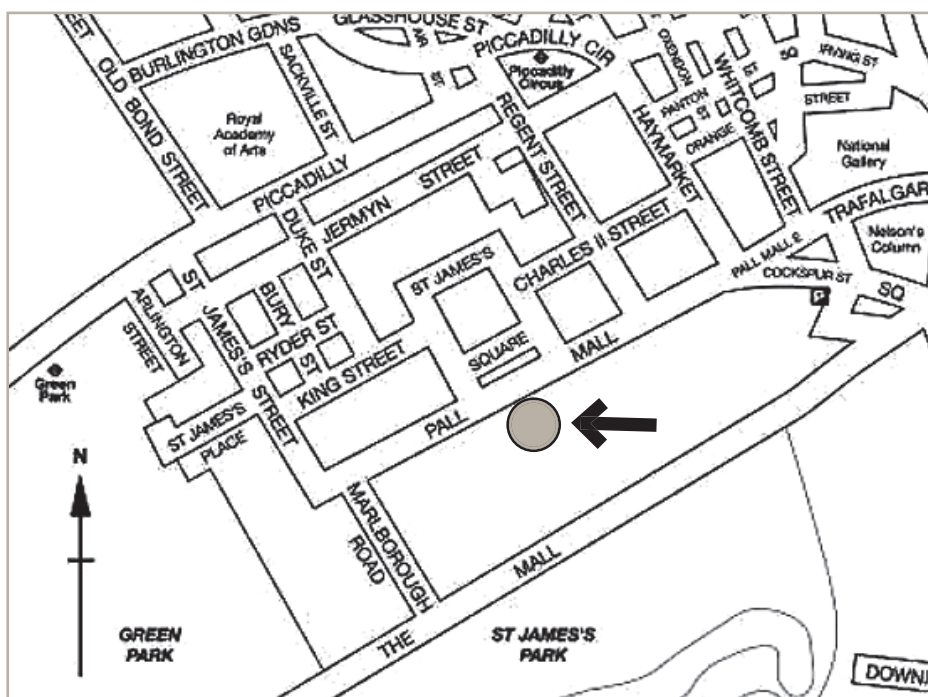
22. A copy of this notice, and other information required by s311A of the Companies Act 2006, can be found at www.bisichi.co.uk.

The Annual General Meeting will be held at
the Royal Automobile Club
89 Pall Mall
London SW1Y 5HS

The nearest London Underground stations are Piccadilly Circus and Green Park.

Please note the RAC Club dress code requires gentlemen to wear a business suit or tailored jacket and trousers, together with a collar and tie. Ladies are requested to dress with equal formality.

www.bisichi.co.uk



Explanatory notes to the Notice of Annual General Meeting

The notes on the following pages give an explanation of the proposed resolutions.

Resolutions 1 to 10 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 11 to 13 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 1

The Directors will present their report and the audited accounts for the year ended 31 December 2011 together with the auditors' report thereon.

Resolution 2

Resolution 2 is to approve the Remuneration Report on pages 24 & 25 of the Company's annual report and accounts for the year ended 31 December 2011 ("Annual Report"). Section 439 of the Companies Act 2006 requires that a remuneration report is put to a vote of shareholders at the Annual General Meeting. This vote is advisory and the directors' entitlement to receive remuneration is not conditional on it.

Resolution 3

Final dividends are approved by the shareholders of the Company but cannot be more than the amount recommended by the directors. The directors are recommending a final dividend for the year ended 31 December 2011 of 3.0p pence per ordinary share due and payable on 6 August 2012 to the Shareholders on the register at close of business on 6 July 2012. This resolution seeks shareholders' approval of the proposed dividend.

Resolutions 4-7

The Articles of Association of the Company require a proportion of the directors to retire at each annual general meeting of the Company. In addition, the Combined Code on Corporate Governance recommends that directors should submit themselves for re-election at least once every three years. This year four of the current directors, A R Heller, R G Grobler, C A Joll and J A Sibbald, will retire and each offer themselves for re-election. Biographical details relating to each director can be found on page 16 of the Annual Report.

Resolution 8

The Company is required to appoint auditors at each general meeting at which accounts are laid before shareholders, to hold office until the next such meeting. The resolution proposes that PKF (UK) LLP be re-appointed as auditor for the current year.

Resolution 9

This resolution proposes that the directors be authorised to set the remuneration of the auditor.

Resolution 10

In certain circumstances it is important for the Company to be able to allot shares up to a maximum amount without needing to seek shareholder approval every time an allotment is required. Paragraph 10.1.1 of Resolution 10 would give the directors the authority to allot shares in the Company and grant rights to subscribe for, or convert any security into, shares in the Company up to an aggregate nominal value of £351,542. This represents approximately 33.3 per cent of the ordinary share capital of the Company in issue (excluding treasury shares) at 17 April 2012 (being the last practicable date prior to the publication of this Directors' Report). Paragraph 10.1.2 of Resolution 10 would give the directors the authority to allot shares in the Company and grant rights to subscribe for, or convert any security into, shares in the Company up to a further aggregate nominal value of £351,542, in connection with a pre-emptive rights issue. This amount represents approximately 33.3 per cent. of the ordinary share capital of the Company in issue (excluding treasury shares) at 17 April 2012 (being the last practicable date prior to the publication of this Directors' Report).

Therefore, the maximum nominal value of shares or rights to subscribe for, or convert any security into, shares which may be allotted or granted under resolution 10 is £703,084.

Resolution 10 complies with guidance issued by the Association of British Insurers (ABI).

The authority granted by resolution 10 will expire on 31 August 2013 or, if earlier, the conclusion of the next Annual General Meeting of the Company. The directors have no present intention to make use of this authority. However, if they do exercise the authority, the directors intend to follow emerging best practice as regards its use as recommended by the ABI.

Resolution 11

If the directors wish to allot any of the unissued shares of the Company for cash in accordance with resolution 10, the new shares must generally be offered first to shareholders in proportion to their existing shareholdings.

In certain circumstances, it may be in the interests of the Company for the directors to be able to allot some shares for cash without having to offer them first to existing shareholders.

Under resolution 11 the directors are seeking power to allot equity securities (as defined by section 560 of the Companies Act 2006) or sell treasury shares for cash as if the pre-emption rights contained in Section 561 of the Companies Act 2006 did not apply:

- (a) in relation to pre-emptive offers and offers to holders of other equity securities if required by the rights of those securities or as the directors otherwise consider necessary, up to a maximum nominal amount of £351,542 which represents approximately 33.3 per cent. of the ordinary share capital of the Company in issue (excluding treasury shares) and, in relation to rights issues only, up to a maximum additional amount of £351,542 which represents approximately 33.3 per cent. of the ordinary share capital of the Company in issue (excluding treasury shares), in each case as at 17 April 2012 (being the last practicable date prior to the publication of this document); and
- (b) in any other case, up to a maximum nominal amount of £105,568 which represents approximately 10 per cent. of the ordinary share capital of the Company in issue (excluding treasury shares) as at 17 April 2012 (being the last practicable date prior to the publication of this document).

In addition, there are legal, regulatory and practical reasons why it may not always be possible to issue new shares under a rights issue to some shareholders, particularly those resident overseas. To cater for this, the resolution also permits the directors to make appropriate exclusions or arrangements to deal with such difficulties.

In compliance with the guidelines issued by the Pre-emption Group, the directors, will ensure that, other than in relation to a rights issue, no more than 7.5% of the issued ordinary shares (excluding treasury shares) will be allotted for cash on a non pre-emptive basis over a rolling three year period unless shareholders have been notified and consulted in advance.

The power in resolution 11 will expire when the authority given by resolution 10 is revoked or expires.

Resolution 12

Resolution 12 will be proposed to allow the Company to call general meetings (other than an Annual General Meeting) on 14 clear days' notice. A resolution in the same terms was passed at the Annual General Meeting in 2011. The notice period required by the Companies Act 2006 for general meetings of the Company is 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. Annual General Meetings must always be held on at least 21 clear days' notice. It is intended that the flexibility offered by this resolution will only be used for time-sensitive, non-routine business and where merited in the interests of shareholders as a whole. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. In order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

Resolution 13

The effect of Resolution 13 would be to renew the directors' current authority to make limited market purchases of the Company's ordinary shares of 10 pence each. The power is limited to a maximum aggregate number of 1,055,684 ordinary shares (representing approximately 10 per cent of the Company's issued share capital as at 17 April 2012 (being the last practicable date prior to publication of this Directors' Report)). The minimum price (exclusive of expenses) which the Company would be authorised to pay for each ordinary share would be 10 pence (the nominal value of each ordinary share). The maximum price (again exclusive of expenses) which the Company would be authorised to pay for an ordinary share is an amount equal to the higher of (i) 105% of the average market price for an ordinary share for the five business days preceding any such purchase and (ii) the higher of the price of the last independent trade for an ordinary share and the highest current independent bid for an ordinary share as derived from the trading venue where the purchase is to be carried out. The authority conferred by resolution 13 will expire at the conclusion of the Company's next Annual General Meeting or 15 months from the passing of the resolution, whichever is the earlier. Any purchases of ordinary shares would be made by means of market purchase through the London Stock Exchange. If granted, the authority would only be exercised if, in the opinion of the directors, to do so would result in an increase in earnings per share or net asset value per share and would be in the best interests of shareholders generally. In exercising the authority to purchase ordinary shares, the directors may treat the shares that have been bought back as either cancelled or held as treasury shares (shares held by the Company itself). No dividends may be paid on shares which are held as treasury shares and no voting rights are attached to them.

As at 17 April 2012 (being the last practicable date prior to the publication of this Directors' Report) the total number of options to subscribe for new ordinary shares in the company was 798,000 shares representing 7.56% of the company's issued share capital (excluding treasury shares) as at that date. Such number of options to subscribe for new ordinary shares would represent approximately 8.40% of the reduced issued share capital of the company (excluding treasury shares) assuming full use of the authority to make market purchases sought under resolution 13.

Recommendation

The directors consider that all of the resolution 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 resolutions.

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 * ordinary shares being 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 31 May 2012 at 11.00 am at the Royal Automobile Club, 89 Pall Mall, London, SW1Y 5HS 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 2011 together with the directors' report and the auditors' report on those accounts.			
2 To approve the remuneration report for the year ended 31 December 2011.			
3 To declare and approve a final dividend of 3.0p per share.			
4 To re-elect as a director Mr A R Heller.			
5 To re-elect as a director Mr R Grobler.			
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 auditor.			
9 To authorise the directors to determine the remuneration of the auditor.			
Special Business			
10 To authorise the directors to allot securities.			
Special Resolutions			
11 To empower the directors to disapply statutory pre-emption rights.			
12 To authorise the calling of general meetings of the Company on 14 clear days' notice.			
13 To authorise the Company to make market purchases of its ordinary shares.			

Full name (block capitals please)

Address

Postcode

Signed this day of 2012 (signature)

Notes:

- Every holder has the right to appoint some other person(s) of their choice, who need not be a shareholder as their proxy to exercise all or any of their rights, to attend, speak and vote on their behalf at the meeting. If you wish to appoint a person other than the chairman, please insert the name of your chosen proxy holder in the space provided (see above). If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name (see above) the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).
- To appoint more than one proxy, (an) additional proxy form(s) may be obtained by contacting Capita Registrars' helpline on 0871 664 0300 from within the UK or +44 208 639 3399 from outside the UK. Calls to the 0871 number cost 10 pence per minute plus your service provider's network extras, lines are open Monday to Friday 9.00 a.m. to 5.30 p.m. 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.
- As an alternative to completing your hard-copy proxy form, you can appoint a proxy electronically at www.capitashareportal.com. For an electronic proxy appointment to be valid, your appointment must be received by no later than 11.00 a.m. on 29 May 2012.
- Please indicate with an X how you wish your votes to be cast. Any alterations made to this form should be initialled.
- The "vote withheld" option 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 any calculation of the proportion of the votes "for" and "against" a resolution.
- Unless otherwise instructed the proxy will abstain or vote as he/she thinks fit. On any motion to amend any resolution, to propose a new resolution, to adjourn the meeting or any other motion put to the meeting the proxy will act at his/her discretion.
- If the appointer 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 appointer or his attorney.
- To be valid, this form of proxy, together with the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of such power or authority) must be deposited at: PXS, 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 PXS by hand at the above address during normal business hours. Postage by shareholders outside the UK: Shareholders with addresses outside the UK should post the form of proxy in a stamped envelope to: PXS, 34 Beckenham Road, Beckenham, Kent, United Kingdom BR3 4TU.
- In the case of joint registered holders the signature of any holder is sufficient but the vote of the senior holder who tenders a vote shall be accepted to the exclusion of the other joint holders. For this purpose seniority shall be determined by the order in which the names stand in the register of members.
- To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number 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 applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message. The company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- The completion of this form will not preclude a member from attending the meeting and voting in person.
- In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders entered in the register of members of the Company as at 6.00 p.m. on 29 May 2012, or if the meeting is adjourned in the register of members at 6.00 p.m. on the day two days before the day of any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after 6.00 p.m. on 29 May 2012 or, if the meeting is adjourned, in the register of members after 6.00 p.m. on the day two days before the day of the adjourned meeting shall be disregarded in determining the rights of any person to attend, speak or vote at the meeting or at any such adjournment.

Second fold

Business Reply
Licence Number
RSBH-UXKS-LRBC



PXS
34 Beckenham Road,
Beckenham,
Kent BR3 4TU

First fold

Third fold

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Is manufactured to ISO 14001 and EMAS (Eco-Management & Audit Scheme) international standards, minimising negative impacts on the environment.

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



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