



**SA MINERAL RESOURCES
CORPORATION LIMITED**

(Incorporated in the Republic of South Africa)
(Registration number: 1993/000460/06)

ANNUAL REPORT 2008

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The report and statements set out below comprise the annual financial statements as presented to shareholders:

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DIRECTORS AND OFFICERS

Name and Qualification	Capacity	Committee
Robin Vela , Chartered Accountant (England and Wales) Bachelor of Science degree (honours) in Economics and Accounting from the University of Bristol, UK	Executive director Appointed 25/02/08	
Brian Christie , Masters Degree in Law from Cambridge University	Non-executive director Appointed 07/11/97	Audit Remuneration
Richard Linnell , Geologist	Independent Chairman Appointed 19/09/02	Audit
Colin Bird , Higher National Diploma in Mining Engineering, UK Chartered Engineer	Independent non-executive director Appointed 09/04/08	Remuneration
Stephen Rowse , CA(SA)	Executive director Resigned 31/07/08	
Fusion Corporate Secretarial Services (Proprietary) Limited	Company secretary Appointed 28/02/08	

SA Mineral Resources Corporation Limited

(Registration No. 1993/000460/06)
Incorporated in the Republic of South Africa
37 Invicta Road, 119 Rosen Office Park
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SHAREHOLDERS' INFORMATION

Analysis of the share register at 30 June 2008

Shareholding

	Number of shareholders	% of shareholders	Number of shares	% of shares
Distribution of shareholders				
Individuals	914	91,8	287 498 527	91,8
Banks and nominees	34	3,4	10 694 694	3,4
Other corporate bodies	48	4,8	15 098 391	4,8
	996	100,0	313 291 612	100,0
Non-public shareholders				
Directors and associates of the				
Company holdings	3	0,3	210 431 545	67,3
Strategic Holdings (more than 10%)	1	0,1	40 710 240	13,0
	4	0,4	251 141 785	80,2
Public shareholders	992	99,6	62 149 827	19,8
Total	996	100,0	313 291 612	100,0
Major shareholders				
Encha Capital (Proprietary) Limited			177 659 889	56,7
Metropolitan Asset Managers			40 710 240	13,0
B Christie			32 421 656	10,3
Riccla 1758 (Proprietary) Limited			30 000 000	9,6
			280 791 785	89,6
Directors' shareholding				
B Christie				
– Direct beneficial			32 421 656	10,3
C Bird				
– Direct beneficial			300 000	0,1
			32 721 656	10,4

SALIENT FEATURES

	Group and company 2008 R	Group and company 2007 R	% change
Attributable loss	(9 517 216)	(845 121)	1 026,1
Loss per share (cents)	(5,68)	(2,26)	151,3
Headline loss			
Operating loss	(10 606 156)	(10 923 459)	(2,9)
Headline loss	(4 858 878)	(845 121)	474,9
Headline loss per share (cents)	(2,90)	(2,26)	28,3
Net asset value per share (cents)	14,18	2,97	377,4

CHAIRMAN'S REPORT

Samroc is listed on the Venture Capital sector of the JSE Limited ("JSE"). The company has seen significant changes during the past twelve months to its capital structure, its major shareholders and its board of directors.

CAPITAL RESTRUCTURE

During December 2007 the company consolidated and converted its issued share capital of 374 274 923 ordinary shares of 1 cent each on a 1-for-10 basis into 37 427 492 ordinary shares of no par value.

During the period under review, the company had two issues of shares for cash raising a total of R54,15 million. The purpose of the issues was to settle the company's long-term liabilities and to raise capital for the evaluation of new acquisitions by the company and to facilitate the recruitment of a new management team.

MAJOR SHAREHOLDER

Following the implementation of the capital restructure, the company issued a total of 235 000 000 new ordinary shares at an issue price of 10 cents per share to various parties, one of which was Encha Capital (Proprietary) Limited ("Encha Capital"), a special purpose vehicle formed by Encha Group Limited ("Encha") and Investec Private Bank in order to facilitate a combined shareholding which will hold a controlling shareholding in Samroc. Encha is an investment holding company with exploration, industrial and property interests which is wholly owned and controlled by black persons. Encha Capital currently holds 56,7% of the total issued shares in Samroc. Samroc now has a total of 313 291 612 shares in issue, but proposes to issue more for the acquisitions described below.

DIRECTORATE

Details of the board of directors can be found on pages 1 and 31 of this annual report.

PERFORMANCE OF THE GREENHILLS MANGANESE SULPHATE PLANT

Greenhills managed to survive in a difficult year, where input costs rose well in excess of inflation, making it difficult to pass the full impact of the costs on to customers. Management estimates that approximately R3 million will be required to replace the plant's spray drier, which is reaching the end of its useful life. The board has decided to move the business into a subsidiary, Bushveld Pioneer, in order to ready it for sale, as more fully described below.

As previously reported, unauthorised loans in an amount of R1,8 million were made by management at the Greenhills plant. The total value of the loans has been written off in the income statement. The company has since instituted legal action against the parties involved and the necessary disciplinary actions have been undertaken and completed. The matter is also in the process of being handed over to the Commercial Crimes Unit.

FINANCIAL

Revenue increased from R15,39 million last financial year to R18,63 million. A loss of 5,68 (2007: 2,26) cents, a headline loss of 2,90 (2007: 2,26) cents and a net asset value of 14,18 (2007: 2,97) cents per share were reported. Included in the loss for the year are loans written off in an amount of R1,8 million, corporate head office costs in relation to current and future anticipated corporate actions in an amount of R2,2 million and an impairment loss on revaluation of property, plant and equipment in an amount of R5,2 million. The increase in net asset value from 2,97 cents per share (post the 1-for-10 consolidation) to 14,18 cents per share resulted mainly from the capital restructuring.

CHAIRMAN'S REPORT (continued)

TRANSFER OF LISTING

The company has applied for a transfer of the company's listing from the "Venture Capital Market" sector to the "Oil & Gas" sector of the Main Board of the JSE. The expected date of the transfer is 12 December 2008. More detail can be found in the directors' report on page 13 of this annual report.

ACQUISITION OF OIL EXPLORATION INTERESTS

On 26 March 2008, Samroc announced that agreement was reached on 17 March 2008 ("the Agreement") in terms of which Samroc will, subject to specified conditions in the Agreement, acquire all the shares in South Africa Congo Oil Company (Proprietary) Limited ("SacOil") in exchange for shares in Samroc. SacOil holds interests in Blocks I and III in the Albertine Graben area of the Democratic Republic of the Congo ("DRC"). SacOil was established by a consortium of companies, led by Divine Inspiration Group (Proprietary) Limited ("DIG") and Encha to pursue investment opportunities in the oil and gas sector in DRC and the wider African region. The consortium has committed to the DRC Government that it will develop the oil and gas sector in DRC and that it will promote community development and local participation. The transaction will enable SacOil and its partners via Samroc to effectively fund an exploration and development programme in the Albertine Graben area. Further details of the transaction can be found in the directors' report on page 13 of this annual report. A circular regarding the transaction was posted to shareholders on 24 October 2008, and a shareholder meeting was held on 21 November 2008 to approve the transaction. *Inter alia*, it was proposed that the name of Samroc will change to SacOil Holdings Limited in order to reflect its new identity.

On 2 September 2008, Samroc announced that the directors were considering proposals in terms of which:

Samroc's Greenhills Manganese Sulphate business ("Greenhills") will be acquired by a subsidiary of Samroc, Bushveld Pioneer (Proprietary) Limited ("Bushveld Pioneer"), a new company, Pioneer Coal Limited ("Pioneer Coal") will be formed by Samroc and all the shares in Pioneer Coal held by Samroc will be distributed to Samroc shareholders by way of an unbundling in terms of section 46 of the Income Tax Act, 1962, on the basis of one Pioneer Coal share for each Samroc share held ("the unbundling"). Immediately after the unbundling, Pioneer Coal will, subject to various conditions, acquire three mineral exploration companies which hold a number of mineral exploration rights on farms situated mainly in Limpopo and Mpumalanga ("the coal exploration companies"); and an application will be made for the listing of Pioneer Coal on the JSE Limited ("the JSE").

During the months following the announcement of the DRC Oil Concessions transaction, Samroc received numerous proposals to invest in other minerals-related ventures, *inter alia*, the abovementioned coal exploration companies. The directors of Samroc decided that the coal exploration companies held strong potential for the shareholders of Samroc and accordingly decided to acquire the coal exploration companies for the benefit of Samroc shareholders via Pioneer Coal, and at the same time, to dispose of Greenhills and Bushveld Pioneer to a third party buyer.

It is expected that this will unlock any potential discount that may eventuate by retaining both companies under a single share structure. It will also enable the companies to develop separate management and funding structures that will be appropriate for the businesses they operate.

CHAIRMAN'S REPORT (continued)

PROSPECTS

The recent market turmoil has not affected Samroc's operations in the short term. In the longer term it is difficult to predict the outcome of the turmoil on the world economy and the consequent demand for oil, gas and coal. Samroc, however, has grassroots exploration interests in the energy resources of Africa, which are likely to prove of great benefit to shareholders if the exploration yields the anticipated results.



R Linnell

Chairperson

19 November 2008

OPERATIONAL REVIEW

Since 2000 the company has been manufacturing manganese sulphate powder ("MSP"), manganese sulphate solution and manganese oxide ("MnO") from a chemical manganese processing plant near Graskop in Mpumalanga, better known as the Greenhills plant.

PRODUCTION AND SALES

Production and sales figures in tonnes are as follows:

	2008		2007		% change production	% change in sales
	Production	Sales	Production	Sales		
MSP	3 905	3 880	3 942	3 942	(0,94)	(1,60)
MnO	602	602	238	238	152,94	152,94
TOTAL	4 507	4 482	4 180	4 180	7,82	7,22

The year end stock figure increased by 208,3% to R1,454 million. This is mainly due to increased inflation and increased cost of raw materials.

The average production capacity of the plant is 360 tonnes per month of MSP and 150 tonnes per month of MnO. The sales capacity of MSP is 360 tonnes per month and of MnO is 40 to 60 tonnes per month with a once off of 150 tonnes during September. The company is therefore able to sell MSP at full capacity subject to a favourable Rand Euro exchange. Sales of MnO are into the feed industry and compete with the company's own MSP. MnO production and sales figures are equal due to production on demand only.

Sales to the company's main customer, Namzinc, were down 580 tonnes from the previous period, resulting from cost saving initiatives implemented by their technical staff. After experiencing a problem with high lead impurities in their product, Namzinc altered the design parameters of their plant which included Manganese Flakes instead of Manganese Sulphate, hence the reduction in orders from them. Despite the decrease in orders from Namzinc the company managed to increase overall sales by 21%.

ENVIRONMENTAL EXPENDITURE

An expert environmental due diligence for exit strategy was performed on the Greenhills plant. Based on the outcome of the review, and after careful consideration of the remaining life of the mine, the condition of the plant and other relevant factors, management increased the provision for rehabilitation to R1,6 million which will be required at the end of the life of the mine to restore the site damage after commencement of production activities.

FUTURE PROSPECTS

Despite a fire that damaged the already under maintained plant during July 2007 and despite poor performance in the past, the plant managed to keep production quality and quantities at consistent levels.

Increased sales to Europe are a possibility subject to a weaker rand. Availability and costs of raw materials as well as market stability can affect future sales volumes. Continued support from Samroc's main customer, Namzinc, will also have an impact on sales.

OPERATIONAL REVIEW (continued)

Repairs to the drying section of the plant can further enhance future production quality and quantity resulting in higher sales volumes. Capital expenditure of approximately R3 million will be required for this.

The Greenhills plant is also in the process of converting its mining rights. Once the conversion has been granted, the Environmental Management Plan would need to be updated to include current information on the environment.

19 November 2008

STATEMENT ON CORPORATE GOVERNANCE

The board of directors of Samroc subscribes to the fundamental principles of good financial, social, ethical and environmental practice as set out in the King Report on Corporate Governance published in 1994 ("King Report"). The directors acknowledge that they are responsible for implementing practices of good governance and that the company no longer acts independently from the societies and the environment in which it operates. Shareholders have become insistent on high standards of corporate governance requiring increasing levels of transparency, integrity, openness and accountability by directors. The company has seen significant changes to its board of directors and major shareholders during the last twelve months. The current board of directors has been actively involved in addressing all areas of corporate governance in order to achieve compliance with the King Report. The following is a review of the progress of this process:

BOARD OF DIRECTORS

Samroc's board consists of one executive director (R Vela), one non-executive director (BH Christie) and two independent non-executive directors (Messrs RJ Linnell and C Bird). The board aims to ensure that there is an appropriate balance of power and authority on the board, such that the risk of domination in decision taking is minimised.

The board is responsible for the management and governance of the group which it monitors by regular and frequent management meetings. All directors are subject to retirement by rotation or re-election by shareholders at least once every three years. The board meets at least four times a year.

Where deemed necessary the company and its directors make use of independent professional advisors, specifically in relation to legal and accounting matters pertaining to the company's business. All these costs are borne by the company.

ACCOUNTABILITY

The board is responsible for the preparation and presentation of the financial statements. These financial statements present a balanced and carefully considered assessment of the company's position and prospects. The auditors are responsible for reporting on the fairness of the financial statements presented in terms of compliance with the Companies Act and International Financial Reporting Standards.

The directors are satisfied that the internal controls and systems have been sufficiently improved and strengthened to provide reasonable assurance as to the integrity and reliability of the financial statements, to safeguard the resources of the business and to detect and minimise the potential for loss or material misstatement.

AUDIT COMMITTEE

The role of the committee is to ensure that financial results are communicated to shareholders on a regular basis in accordance with JSE listing requirements and to review the effectiveness of the internal controls adopted by the company including reviewing of the appropriateness of the accounting policies adopted and the presentation of information to shareholders. The company believes that its current business does not justify the costs of having a separate risk committee and internal audit function, and that the audit committee has sufficient experience and qualification to fulfil this role. The committee sets the principles for approval of non audit services by the external auditors. The provision of non audit services is recommended by the committee and approved by the board. All non audit services need to be mandated separately for each assignment. The current members of this committee are Messrs Brian Christie and Richard Linnell.

STATEMENT ON CORPORATE GOVERNANCE (continued)

The committee meets as and when necessary to perform its functions.

The specific terms of reference of the audit committee as approved by the board includes but are not limited to:

- Reviewing financial information and results
- Reviewing reports from the external auditors
- Assessment of the risk of fraudulent reporting
- Reviewing the code of ethics
- Compliance with internal control procedures
- Approval of audit fees
- Reporting to the board any aspects considered relevant

REMUNERATION COMMITTEE

The committee is responsible for developing a formal and transparent procedure for formulating a policy on executive remuneration and for fixing the remuneration packages of individual directors. It is also responsible for the overseeing of remuneration to all staff members throughout the organisation.

The remuneration committee is a useful mechanism for facilitating the determination of all the essential components of remuneration and establishing remuneration credibility with shareowners.

The company does not have a nomination committee. The remuneration committee assists the board in the process of new nominations and appointments to the board.

The remuneration committee currently consists of two directors, namely Messrs Brian Christie and Colin Bird.

CODE OF ETHICS AND BUSINESS CONDUCT

Samroc insists on core ethical principles and is committed to organisational integrity including fairness, transparency, honesty, non-discrimination, accountability and responsibility and respect for human dignity, rights and social justice. Due to the size of the company it does not have a formal written code.

SHARE DEALINGS BY EMPLOYEES AND DIRECTORS

The company has restricted periods in which directors, officers and all employees are prohibited from trading in the securities of the Company. The restricted period is from the last day of the financial year or half year to the date of the respective announcements relating to the period. For dealings while under a cautionary announcement or at any other time of the year the Company Secretary maintains a record. Any dealings by a director and/or management must be approved by the Chairperson in writing and reported to the JSE Securities Exchange in terms of their applicable rules.

RISK MANAGEMENT

In addition to the management of financial risk, which is a function of the audit committee, the directors are specifically responsible for the implementation of measures to reduce as far as possible the operational risks posed by the potential for breakdown of equipment, supply chains, or defaults by the company's suppliers and customers. Regular updates in this regard are communicated to the Samroc board.

STATEMENT ON CORPORATE GOVERNANCE (continued)

ENVIRONMENTAL MANAGEMENT AND OCCUPATIONAL HEALTH

Samroc's mineral resource is located in an environmentally sensitive area. The company works closely with the Minerals, Energy and Water Affairs Departments as well as with environmental groups to ensure that the effect of its operations on the environment is minimised. Strict measures are taken to ensure that the employees wear suitable protective equipment in certain areas of the plant which may be affected by dust or other contamination or by the handling of toxic materials.

EMPLOYMENT EQUITY

Samroc has prepared an employment equity plan and has undertaken a number of initiatives at operational level to improve the skills level and to reward initiative and hard work with rapid advancement and supervisory and management positions. Within the financial constraints of the group, this programme will be steadily advanced.

CERTIFICATE BY THE COMPANY SECRETARY

To the members of SA Mineral Resources Corporation Limited

We hereby certify that SA Mineral Resources Corporation Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act, 1973. All such returns are correct and up to date.



Fusion Corporate Secretarial Services Proprietary Limited
Company secretary

19 November 2008

STATEMENT OF ACCOUNTABILITY AND RESPONSIBILITY

The directors are responsible for the maintenance of accounting records and for the preparation, integrity and fair presentation of the annual financial statements and group annual financial statements of SA Mineral Resources Corporation Limited. The annual financial statements of the group for the twelve months ended 30 June 2008 have been prepared in accordance with the group's accounting policies, which comply with International Financial Reporting Standards and the presentation and disclosure requirements of International Accounting Standards statement IAS 34 and the requirements of the South African Companies Act of 1973 and are consistent with those of the previous year. They have been prepared on a going concern basis and include amounts based on judgments and estimates made by management. The directors have no reason to believe that the company will not be a going concern in the foreseeable future, based on forecasts and continued support from the company's major customer.

The directors have also prepared the other information included in the annual report and are responsible for both its accuracy and consistency with the financial statements.

The directors also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and prevent and detect fraud and other irregularities.

There has been no material change in the affairs and trading position of the company and its subsidiaries since the date of signature of the audit report and the date of the notice of annual general meeting.

The directors are not aware of any legal or arbitration proceedings active, pending or threatened against or being brought by the company, which may have a material effect on the group's financial position or which have had a material effect during the 12 months preceding the date of this notice of annual general meeting.

The financial statements have been audited by the independent accounting firm, Moore Stephens MWM Incorporated, which was given unrestricted access to all financial records and related data, including minutes of all shareholders, directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. The independent auditors' report is presented below.

The financial statements were approved by the board of directors on 19 November 2008 and are signed on its behalf by:



R Linnell
Non-executive chairman



R Vela
Executive director

REPORT OF THE INDEPENDENT AUDITORS

We have audited the annual financial statements and group annual financial statements of SA Mineral Resources Corporation Limited, which comprise the directors' report, the balance sheet and the consolidated balance sheet as at 30 June 2008, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 13 to 30.

DIRECTORS' RESPONSIBILITY TO THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the group as of 30 June 2008, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.



Moore Stephens MWM Inc

Registered Auditors

FM Bruce-Brand

Houghton

19 November 2008

DIRECTORS' REPORT

The directors have pleasure in submitting the annual financial statements of the company and the group for the financial year ended 30 June 2008.

NATURE OF BUSINESS

The current business of the company is the exploration and evaluation of mineral deposits and the development and operation of mineral-based projects. Its main source of income is from the sales of Manganese Sulphate Powder and Manganese Oxide.

FUTURE BUSINESS

Following the signing of an agreement ("the agreement") on 17 March 2008, in terms of which Samroc will, subject to specified conditions in the agreement, invest in South Africa Congo Oil Company (Proprietary) Limited ("SacOil") ("SacOil transaction"), the directors of Samroc have decided to focus the business of Samroc on that of the exploration, development and production of oil and gas resources in Africa. The agreement was subject to notification by Samroc's shareholders, which approval was given on 21 November 2008.

The Competent Person's Reports for the Oil Concessions reflect a combined net present value of the prospective resources for Blocks 1 and 3 of between USD197,5 million and USD382 million. These amounts equate to a notional value per Samroc share post the implementation of the transaction of between R2,03 and R3,92 (USD converted at an exchange rate of R8,08 = USD 1, ruling at the time of signature of the SacOil agreement).

In terms of further agreements concluded separately with DIG and SacOil dated 17 March 2008, Samroc advanced a total amount of USD3,449 million (with a Rand value of R27,867 million assuming an exchange rate of R8,08 to the dollar) paid directly (on behalf of DIG and SacOil) to the DRC Government in respect of signature bonus for the oil concessions. The loans advanced to DIG and SacOil are secured by pledges and sureties normal for transactions of this nature.

Upon conclusion of the SacOil transaction the indebtedness of DIG to Samroc under the relevant loan agreement will be set-off against the indebtedness of Samroc to DIG under the SacOil agreement. The indebtedness of SacOil to Samroc under the relevant loan agreement will be left outstanding on shareholder loan account.

TRANSFER OF LISTING

The company was granted a transfer of the company's listing from the "Venture Capital Market" sector to the "Oil & Gas" sector of the Main Board of the JSE. The expected date of the transfer is 12 December 2008.

CHANGE OF NAME

At the general meeting that was held on 21 November 2008 the requisite special resolution was passed for the change of the company's name to SacOil Holdings Limited. This change of name is expected to become effective on 12 December 2008.

FINANCIAL RESULTS

The results of the company and the state of its affairs are set out in the group annual financial statements and accompanying notes.

DIRECTORS' REPORT (continued)

DIVIDENDS

No dividend has been proposed or declared for the year ended 30 June 2008.

CAPITAL RESTRUCTURE AND CHANGE OF CONTROL

On 31 December 2007 the company consolidated and converted its issued share capital of 374 274 923 ordinary shares of 1 cent each on a 1-for-10 basis into 37 427 492 ordinary shares of no par value.

During the period under review, the company had two issues of shares for cash. During December 2007, 235 million shares were issued at a price of 10 cents per share raising R23,5 million before expenses. The purpose of the issue was to repay the Coal of Africa (formerly GVM) loan account and to raise capital for the evaluation of new acquisitions by the company and to facilitate the recruitment of a new management team.

Following a change of control whereby Encha Capital (Proprietary) Limited, a special purpose vehicle formed by Investec Private Bank and Encha Group Limited, became the controlling shareholder of the company holding 56,7%, an offer was made to minority shareholders. Results of the offer can be found in an announcement made to shareholders on 12 December 2007.

During March 2008, another 40,86 million shares were issued at a price of 75 cents per share raising R30,65 million before expenses. The funds so raised have and will continue to be deployed in completing the envisaged SacOil transaction as previously announced through SENS and more fully described in this report.

DIRECTORS' INTEREST IN SECURITIES

At 30 June 2008 the directors were directly beneficially interested in 32 771 656 (10,4%) (2007: 56 815 450 (15,1%)) issued ordinary shares in the company, as set out below. No indirect interests existed at the year end date (2007: 98 000 000 shares). There have been no changes to these holdings subsequent to year-end up to the date of this report.

	2008		2007 (note)	
	Direct	Indirect	Direct	Indirect
B Christie	32 421 656	–	56 815 450	–
S Farrell (Resigned 25/02/08) (note)	–	–	–	98 000 000
R Linnell (note)	–	–	–	98 000 000
C Bird (Appointed 22/04/08)	300 000	–	–	–
R Vela (Appointed 25/02/08)	–	–	–	–
TOTAL	32 721 656	–	56 815 450	98 000 000

Note (2007):

Messrs S Farrell and R Linnell are directors of Coal of Africa Limited ("Coal"), a company registered in Australia and listed on the Australian Stock Exchange, the JSE Limited, and AIM. Coal formerly held 98 000 000 (27%) of Samroc's issued shares. It was announced on 8 June 2007 that Coal had agreed to sell these shares subject to the implementation of the restructure previously referred to. The number of shares for 2007 is stated prior to the 1-for-10 consolidation of the company's shares.

DIRECTORS' REPORT (continued)

DIRECTORS

Details of the company's directors can be found on pages 1 and 31 of this annual report.

SEGMENTAL REPORTING

The directors consider manganese product sales to be the only business segment as well as the primary reporting segment. All primary revenue segment reporting requirements are contained in the group annual financial statements and originate from the Greenhills plant near Graskop, Mpumalanga.

The directors consider the geographic segment to be the secondary reporting segment. There are two material geographic segments, namely local and export sales.

	Group and company			
	30 June		30 June	
	2008		2007	
	R	Percentage	R	Percentage
Export sales	12 951 845	70	11 243 948	73
Local sales	5 678 785	30	4 146 513	27
	18 630 630	100	15 390 461	100

SUBSEQUENT EVENTS

Other than as set out above in this report and elsewhere, there have been no material events subsequent to 30 June 2008 up to the date of this report which require disclosure.

INCOME STATEMENTSfor the year ended 30 June 2008

		Group		Company	
	Notes	2008	2007	2008	2007
		R	R	R	R
Turnover		18 630 630	15 390 461	18 630 630	15 390 461
Cost of sales		(13 131 567)	(10 923 459)	(13 131 567)	(10 923 459)
Gross profit		5 499 063	4 467 002	5 499 063	4 467 002
Operating costs		(10 606 157)	(4 667 982)	(10 606 157)	(4 667 982)
Loss from operations	1	(5 107 094)	(200 980)	(5 107 094)	(200 980)
Impairment loss on revaluation of property, plant and equipment		(5 159 393)	–	(5 159 393)	–
Realised gain on insurance claim		501 055	–	501 055	–
Investment income	2	326 536	15	326 536	15
Interest		(78 320)	(644 156)	(78 320)	(644 156)
Loss before tax		(9 517 216)	(845 121)	(9 517 216)	(845 121)
Taxation		–	–	–	–
Loss for the year		(9 517 216)	(845 121)	(9 517 216)	(845 121)
Weighted average number of shares		167 592 528	37 427 492*		
Basic loss per share (cents)	6	(5,68)	(2,26)		
Headline loss per share (cents)	6	(2,90)	(2,26)		

* Represents the restated weighted average number of shares assuming the 1-for-10 consolidation implemented in December 2007

BALANCE SHEETS

at 30 June 2008

	Notes	Group		Company	
		2008 R	2007 R	2008 R	2007 R
ASSETS					
Non-current assets		33 096 963	10 539 264	33 096 963	10 539 264
Property plant and equipment	7	5 230 142	10 539 264	5 230 142	10 539 264
Loans receivable	8	27 866 821	–	27 866 821	–
Current assets		18 924 853	3 370 137	18 924 853	3 370 137
Inventory		1 454 409	471 745	1 454 409	471 745
Trade accounts receivable		3 730 797	1 790 170	3 730 797	1 790 170
Sundry accounts receivable	9	1 920 392	943 609	1 920 392	943 609
Cash and cash equivalents	11	11 819 255	164 613	11 819 255	164 613
TOTAL ASSETS		52 021 816	13 909 401	52 021 816	13 909 401
EQUITY AND LIABILITIES					
Equity attributable to equity holders		44 425 514	1 112 412	44 425 514	1 112 412
Stated capital	12	83 725 538	3 742 749	83 725 538	3 742 749
Share premium		–	27 152 471	–	27 152 471
Retained earnings		(39 300 024)	(29 782 808)	(39 300 024)	(29 782 808)
Non-current liabilities		3 128 936	10 304 392	3 128 936	10 304 392
Long term loans		2 502 964	9 778 420	2 502 964	9 778 420
Provision for environmental rehabilitation		625 972	525 972	625 972	525 972
Current liabilities		4 467 366	2 492 597	4 467 366	2 492 597
Trade accounts payable		3 546 156	2 127 001	3 546 156	2 127 001
Sundry accounts payable	10	921 210	365 596	921 210	365 596
Total equity and liabilities		52 021 816	13 909 401	52 021 816	13 909 401
Number of shares in issue ('000)		313 291 612	37 427 492*		
Net asset value per share (cents)		14,18	2,97		

* Represents the restated number of shares assuming the 1-for-10 consolidation implemented in December 2007

STATEMENTS OF CHANGE IN EQUITY

for the year ended 30 June 2008

	Group		Company	
	2008	2007	2008	2007
	R	R	R	R
Stated capital				
Opening balance	3 742 749	3 742 749	3 742 749	3 742 749
– Transfer from share premium	27 152 471	–	27 152 471	–
– Shares issued for cash	54 148 090	–	54 148 090	–
– Expenses written off against stated capital	(1 317 772)	–	(1 317 772)	–
Closing balance	83 725 538	3 742 749	83 725 538	3 742 749
Share premium				
Opening balance	27 152 471	27 152 471	27 152 471	27 152 471
– Transfer to stated capital	(27 152 471)	–	(27 152 471)	–
Closing balance	–	27 152 471	–	27 152 471
Distributable reserves				
Opening balance	(29 782 808)	(28 937 687)	(29 782 808)	(28 937 687)
Loss for the year	(9 517 216)	(845 121)	(9 517 216)	(845 121)
Closing balance	(39 300 024)	(29 782 808)	(39 300 024)	(29 782 808)

CASH FLOW STATEMENTS

for the year ended 30 June 2008

	Notes	Group		Company	
		2008	2007	2008	2007
		R	R	R	R
Cash utilised in operating activities					
	13.1	(6 102 030)	(39 445)	(6 102 030)	(39 445)
Finance costs		(78 320)	(644 156)	(78 320)	(644 156)
Investment income		326 536	15	326 536	15
Net cash flows from operating activities		(5 853 814)	(683 586)	(5 853 814)	(683 586)
Cash flows from investing activities					
Additions to property plant and equipment		(680 640)	–	(680 640)	–
Proceeds from disposal of property, plant and equipment		–	51 800	–	51 800
Proceeds from insurance claim		501 055	–	501 055	–
Net cash flows from investing activities		(179 585)	51 800	(179 585)	51 800
Cash flows from financing activities					
Increase in loans receivable		(27 866 821)	–	(27 866 821)	–
(Decrease)/increase in loans payable		(7 275 456)	630 743	(7 275 456)	630 743
Shares issued for cash net of expenses		52 830 318	–	52 830 318	–
		17 688 041	630 743	17 688 041	630 743
Net increase/(decrease) in cash and cash equivalents		11 654 642	(1 043)	11 654 642	(1 043)
Cash and cash equivalents at the beginning of the year		164 613	165 656	164 613	165 656
Cash and cash equivalents at the end of the year		11 819 255	164 613	11 819 255	164 613

ACCOUNTING POLICIES

1. BASIS OF PREPARATION

The annual financial statements of the group have been prepared in compliance with International Financial Reporting Standards ("IFRS") and the presentation and disclosure requirements of International Accounting Standards ("IAS") statement IAS 34 and the requirements of the South African Companies Act 61 of 1973 and are consistent with those of the previous reporting period. They have been prepared on a going concern basis.

New standards and amendments to published standards in issue at 30 June 2008 but not yet effective, that will be applicable to the group in the future are:

	Effective for annual periods beginning on or after
IAS 1 Presentation of Financial Statements a revised approach	1 January 2009
IAS 23 Borrowing Costs (revised)	1 January 2009
IAS 27 Consolidated and Separate Financial Statements	1 July 2009
IAS 39 Financial Instruments Recognition and Measurement – Eligible Hedged Items	1 July 2009
IFRS 2 Share-based Payment – Vesting Conditions and Cancellations	1 January 2009
IFRS 8 Operating Segments	1 January 2009

The group has assessed the significance of these new standards, amendments to standards and new interpretations and concluded that they will have no material financial impact. Currently, the company does not expect IFRS 8 to have an impact on the geographic segments definition.

2. SIGNIFICANT JUDGMENTS

In preparing the financial statements management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgments include:

Mineral reserves that are the basis of future cash flow estimates and unit of production depreciation, asset impairments, provision for rehabilitation and decommissioning, reclamation and closure obligations, fair values and accounting treatment of financial instruments and deferred taxation.

3. FINANCIAL INSTRUMENTS

Financial instruments carried on the balance sheet include loans, investments, cash and cash equivalents, accounts receivable and accounts payable. All financial instruments are initially measured at fair value. In the case of financial instruments not classified as at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added to the fair value.

3.1 Accounts receivable and loans

Accounts receivable and loans originated by the company are measured at amortised cost using the effective interest rate method.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

ACCOUNTING POLICIES (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

3.2 Investments**Share and loan investments**

Share and loan investments are classified as available-for-sale financial assets and are subsequently measured at fair value. Investments are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. In terms of IAS 39, fair value adjustments for the period on available-for-sale assets are recognised directly in equity, through the statement of changes in equity.

A deferred tax asset and/or liability is recognised through equity on the potential unrealised capital gains and/or losses from available-for-sale financial assets.

Investments in subsidiaries**Group annual financial statements**

The group annual financial statements include those of the holding company and its subsidiaries. The results of the subsidiaries are included from the effective date of acquisition.

On acquisition the group recognises the subsidiary's assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale, which are recognised at fair value less costs to sell.

Company annual financial statements

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

3.3 Cash and cash equivalents

Cash and cash equivalents are measured at cost which is deemed to be the fair value as they have a short-term maturity.

3.4 Accounts payable

Financial liabilities are subsequently measured at amortised cost, being original debt value less principal repayments and amortisation.

3.5 Financial assets and liabilities at fair value through profit and loss

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when the group has a legal right to set off the recognised amounts and intends to either settle on a net basis or to realise the asset and the liability simultaneously.

3.6 Derecognition of assets and liabilities**Assets**

Assets are derecognised from the balance sheet when the contractual rights expire or when the group transfers the asset and does not retain substantially all the risks and rewards of ownership or control.

Liabilities

Liabilities are derecognised from the balance sheet when the obligation is discharged or expires.

ACCOUNTING POLICIES (continued)

4. INVENTORY

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead costs, are assigned to inventories using the method most appropriate to the particular class of inventory. Methods used are:

- 4.1 Finished manganese products are valued at moving average cost including materials, direct labour and an appropriate portion of overhead costs.
- 4.2 Consumable stores and maintenance spares are valued at cost on a moving average basis.
- 4.3 Raw materials are valued at cost on a moving average basis.

5. STATED CAPITAL

Stated capital is recognised at the fair value of the consideration received by the company.

6. REVENUE RECOGNITION

Revenue is recognised at the fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to the group and it can reliably measured.

6.1 Turnover

The sale of mining products is recognised when the significant risks and rewards of ownership of the products are transferred to the buyer.

6.2 Interest income

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset.

6.3 Dividend Income

Dividend income is recognised when the right to receive payment is established.

7. BORROWING COSTS

Borrowing costs are recognised as expenses in the period in which they occur.

8. DEFERRED TAXATION

Deferred taxation is provided using the balance sheet method, on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax assets or liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the asset can be utilised.

9. CURRENT TAX ASSETS AND LIABILITIES

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax assets and liabilities for the current and prior period are measured at the amount expected to be recovered from or paid to the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

ACCOUNTING POLICIES (continued)

10. TAX EXPENSE

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, directly in equity; or
- a business combination.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

11. DIVIDENDS PAYABLE

Dividends payable are recognised when the shareholder's right to receive payment is determined by the declaration of a dividend by the directors.

12. PROVISIONS

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

13. ENVIRONMENTAL EXPENDITURE

The group has long-term decommissioning and rehabilitation liabilities in relation to its environmental management plans, in compliance with current environmental and regulatory requirements.

13.1 Decommissioning costs

The provision for decommissioning represents the cost that will be incurred to rectify environmental damage. Accordingly an asset is recognised and included in property, plant and equipment. Decommissioning costs are provided at the present value of the costs estimated to settle the obligation. Expert evaluation is used to estimate the quantum of such costs. The unwinding of the decommissioning obligation is included in the income statement. Estimated future costs of decommissioning are reviewed regularly and adjusted as appropriate for new evidence or changes in legislation or technology. Changes in estimates are capitalised or reversed against the relevant assets. Gains or losses on the expected disposal of mining assets are not taken into account when estimating the costs.

13.2 Rehabilitation costs

The provision for rehabilitation represents the cost of restoring site damage after the commencement of mining activities. Provision for costs are charged to the income statement as a cost of production. Expert evaluation together with management judgment is used to estimate the quantum of such costs.

14. PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Assets forming part of the long-term infrastructure of mining operations including buildings, plant and equipment, roads and dams are depreciated evenly over the remaining useful life of the

ACCOUNTING POLICIES (continued)

mining operation or a maximum period of 20 years whichever is the shorter. Depreciation on mining assets is deferred until the relevant asset is brought into economic use.

Mineral rights and mining claims which are exploited are valued at historical cost and are amortised over their estimated useful lives using the unit-of-production method. Mineral rights and mining claims which are not being exploited are not amortised.

Depreciation is calculated on the straight line method to write off the cost of each asset, or the re-valued amounts, to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property plant and equipment are as follows:

Motor vehicles	4 years
Office equipment	3 years
Plant and equipment	20 years

15. COMPARATIVE INFORMATION

The presentation and classification of items in the financial statements are retained from one period to another unless an International Financial Reporting Standard requires a change in presentation.

DEFINITION OF TERMS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

CASH FLOW

FINANCING ACTIVITIES

Activities which result in changes to the capital structure of the company.

INVESTING ACTIVITIES

Activities relating to the acquisition, holding and disposal of long-term assets and investments.

OPERATING ACTIVITIES

Activities that are not investing or financing activities.

CASH AND CASH EQUIVALENTS

Cash resources include cash at bank and deposits in the money market and short-dated marketable investments with registered financial institutions, at fair value.

EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) basis

Net profit/(loss) after tax divided by the weighted average number of ordinary shares in issue during the year.

HEADLINE EARNINGS/(LOSS) PER SHARE

Earnings attributable to ordinary shareholders, adjusted for profits and losses on capital items recognising the tax impacts of these adjustments, divided by the weighted average number of ordinary shares in issue during the year.

EFFECTIVE TAX RATE

The normal taxation charge in the income statement as a percentage of earnings.

NET ASSET VALUE PER SHARE

Stated capital and reserves divided by the number of shares in issue, net of treasury shares, and expressed in cents per share.

WEIGHTED AVERAGE NUMBER OF SHARES

The number of shares in issue at the beginning of the year, increased by shares issued during the year, weighted on a time basis for the period during which they have participated in income.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

	Group		Company	
	2008	2007	2008	2007
	R	R	R	R
1. LOSS FROM OPERATIONS				
The operating loss is stated after taking into account:				
Expenses				
Auditors' remuneration				
– Audit fee	30 000	–	30 000	–
– Overprovision prior years	(217 738)	–	(217 738)	–
	(187 738)	–	(187 738)	–
Penalties and Interest – SARS	78 000	9 183	78 000	9 183
Interest paid	321	644 156	321	644 156
Staff costs	3 001 209	–	3 001 209	–
Depreciation – Office equipment	10 226	–	10 226	–
Depreciation – Plant and equipment	5 957 830	–	5 957 830	–
Depreciation – Motor vehicles	–	9 235	–	9 235
Depreciation – Decommissioning costs	20 000	15 500	20 000	15 500
Impairment loss on revaluation of property, plant and equipment	5 159 393	–	5 159 393	–
Income				
Investment income	326 536	15	326 536	15
Profit on insurance claim	501 055	–	501 055	–
2. INVESTMENT INCOME				
Interest received – cash and cash equivalents	326 536	15	326 536	15
	326 536	15	326 536	15
3. DIRECTORS' EMOLUMENTS				
Executive directors				
S Rowse – Resigned 31 July 2008 For services as director	50 000	–	50 000	–
R Vela – Appointed 25 February 2008 For services as director	50 000	–	50 000	–
Non-executive directors				
R Linnell (Chairman) – Appointed 19 September 2002 For services as director	75 000	–	75 000	–
C Bird – Appointed 9 April 2008 For services as director	–	–	–	–
B Christie – Appointed 7 November 1997 For services as director	50 000	–	50 000	–
Total directors' emoluments	225 000	–	225 000	–

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2008

	Group		Company	
	2008	2007	2008	2007
	R	R	R	R
4. TAXATION				
Taxation expense				
South African normal tax				
Current income tax charge	-	-	-	-
Adjustments in respect of current tax of prior periods	-	-	-	-
Adjustments in respect of deferred tax of prior periods	-	-	-	-
Deferred tax	-	-	-	-
Reconciliation of the rate of taxation	%	%	%	%
Effective rate per the Income Statement	0,0	0,0	0,0	0,0
Permanent differences	0,4	0,0	0,4	0,0
Adjustments in respect of a reduction in the nominal tax rate	(1,0)	0,0	(1,0)	0,0
Deferred tax asset not recognised	28,6	29,0	28,6	29,0
South African normal tax rate	28,0	29,0	28,0	29,0

5. DIVIDENDS PAID

The board has resolved not to declare any dividend to shareholders for this reporting period.

6. LOSS PER SHARE

Loss per share has been calculated on a loss of R9 517 216 (2007: Loss of R845 121 and a weighted average number of shares in issue of 167 592 528 (2007: 37 427 492)*.

	Group	
	2008	2007
	R	R
Reconciliation of headline loss		
Loss for the period	(9 517 216)	(845 121)
Realised gain on insurance claim	(501 055)	-
Impairment loss on revaluation of property, plant and equipment	5 159 393	-
Headline loss	(4 858 878)	(845 121)
Headline loss per share (cents)	0	(2,26)

* Represents the restated weighted average number of shares assuming the 1-for-10 consolidation implemented in December 2007

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2008

7. PROPERTY, PLANT AND EQUIPMENT

	2008			2007		
	Accumulated depreciation/ impairment		Carrying Value	Accumulated depreciation/ impairment		Carrying Value
	Cost	R		Cost	R	
COMPANY						
Mining claims	18 000	–	18 000	18 000	–	18 000
Plant and equipment	15 866 511	10 866 511	5 000 000	15 459 127	5 156 986	10 302 141
Motor vehicles	208 923	208 921	2	208 923	208 920	3
Office equipment	37 949	10 226	27 723	92 161	92 161	–
Decommissioning costs	310 188	125 771	184 417	310 186	91 065	219 121
	16 441 571	11 211 428	5 230 142	16 088 397	5 549 132	10 539 265
GROUP						
Mining claims	18 000	–	18 000	2 618 000	2 600 000	18 000
Plant and equipment	15 866 511	10 866 511	5 000 000	15 459 127	5 156 986	10 302 141
Motor vehicles	208 923	208 921	2	208 923	208 921	2
Office equipment	37 949	10 226	27 723	92 161	92 161	–
Decommissioning costs	310 188	125 771	184 417	310 186	91 065	219 121
	16 441 571	11 211 428	5 230 142	18 688 397	8 149 133	10 539 264

Reconciliation of carrying values

	Carrying value at beginning of year	Disposal	Additions	Depreciation/ impairment	Carrying value at end of year
2008					
GROUP AND COMPANY					
Mining claims	18 000	–	–	–	18 000
Plant and equipment	10 302 141	–	642 691	(5 944 832)	5 000 000
Motor vehicles	3	–	–	(1)	2
Office equipment	–	–	37 949	(10 226)	27 725
Decommissioning costs	219 121	–	–	(34 704)	184 417
	10 539 265	–	680 640	(5 989 763)	5 230 142

8. LOANS RECEIVABLE

	Group		Company	
	2008	2007	2008	2007
	R	R	R	R
South Africa Congo Oil Company (Proprietary) Limited ("SacOil")	16 160 000	16 160 000	–	–
Divine Inspiration Group (Proprietary) Limited ("DIG")	11 706 821	11 706 821	–	–
	27 866 821	27 866 821	–	–

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2008

8. LOANS RECEIVABLE (continued)

Repayment of the loans is subject to conditions specified in the respective loan agreements. In the event of the conditions not being met, the loans are repayable by the borrowers within five days of receiving written demand from the company requiring repayment of the loans.

The loans advanced to DIG and SacOil are interest free and are secured by pledges and sureties normal for transactions of this nature.

9. SUNDRY ACCOUNTS RECEIVABLE

	Group		Company	
	2008 R	2007 R	2008 R	2007 R
Loans receivable	132 228	132 228	820 871	820 871
Deposits	4 120	4 120	4 120	4 120
Value Added Tax	1 784 044	1 784 044	118 618	118 618
	1 920 392	1 920 392	943 609	943 609

Where necessary prior year figures have been reclassified to better reflect the nature of the items.

10. SUNDRY ACCOUNTS PAYABLE

Receiver of Revenue	591 055	591 055	189 734	189 734
Accruals	330 155	330 155	175 863	175 863
	921 210	921 210	365 597	365 597

Where necessary prior year figures have been reclassified to better reflect the nature of the items.

11. CASH AND CASH EQUIVALENTS

Cash at bank	2 887 745	2 887 745	164 613	164 613
Call deposits	8 931 510	8 931 510	–	–
	11 819 255	11 819 255	164 613	164 613

The company has no overdraft or loan facilities.

12. STATED CAPITAL

Authorised				
Number of ordinary shares of no par value	10 000 000 000	10 000 000 000	450 000 000	450 000 000
Issued				
Number of ordinary shares of no par value	313 291 612	313 291 612	37 427 492*	37 427 492
Stated capital (R)	83 725 538	83 725 538	3 742 749	3 742 749

In terms of a resolution passed by shareholders at the last Annual General Meeting the unissued share capital is under the control of the board.

* Represents the restated number of shares assuming the 1-for-10 consolidation implemented in December 2007

Reconciliation of shares in issue	Date	
Opening balance	1-Jul-07	374 274 923
Consolidation on a 1-for-10 basis	8-Nov-07	(336 847 431)
Specific issue of shares for cash	31-Dec-08	235 000 000
General issue of shares for cash	6-Mar-08	40 864 120
		313 291 612

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2008

	Group		Company	
	2008 R	2007 R	2008 R	2007 R
13. CASH FLOW INFORMATION				
13.1 Cash flows from operating activities				
Loss before tax	(9 517 216)	(9 517 216)	(845 121)	(845 121)
Adjustments for:				
– Investment income	(326 536)	(326 536)	(15)	(15)
– Interest paid	78 320	78 320	644 156	644 156
– Depreciation	830 370	830 370	805 947	805 947
– Profit on disposal of office equipment	–	–	(20 416)	(20 416)
– Movement in provisions	100 000	100 000	43 129	43 129
– Realised profit on insurance claim	(501 055)	(501 055)	–	–
– Impairment loss on revaluation of property, plant and equipment	5 159 393	5 159 393	–	–
	(4 176 724)	(4 176 724)	627 680	627 680
Cash utilised in movements in working capital				
Increase in stock	(982 664)	(982 664)	(153 662)	(153 662)
Increase in accounts receivable	(2 917 410)	(2 917 410)	(1 005 095)	(1 005 095)
Increase in accounts payable	1 947 769	1 974 769	491 632	491 632
	(1 925 305)	(1 925 305)	(667 125)	(667 125)
Cash utilised in operating activities	(6 102 029)	(6 102 029)	(39 445)	(39 445)

14. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

14.1 Directors' emoluments

The directors' emoluments are disclosed at note 3.

14.2 Directors' shareholding

	2008		2007	
	Number of shares	Percentage of shares	Number of shares	Percentage of shares
B Christie				
– Indirect beneficial	32 421 656	10,3	56 636 250	15,1
C Bird				
– Direct beneficial	300 000	0,1	–	–
	32 721 656	10,4	56 636 250	15,1

No director either purchased or disposed of any shares in the company from one month prior to the year-end date to the date of publication of these results.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2008

14. RELATED PARTY TRANSACTIONS (continued)

14.3 Directors' interests

Save as set out below, none of the directors had any interest in any transaction which is or was unusual in its nature or conditions, or material to the business of the company, and that was effected during the current or immediately preceding financial year, which remains in any respect outstanding or unperformed.

Mr R Vela is a director of Lonsa (Proprietary) Limited, which, in terms of a mandate dated 22 February 2008 as corporate finance adviser to Samroc: introduced, structured, negotiated and project managed the SacOil transaction on behalf of Samroc and will charge a contingent success fee for its services. Mr B Christie is the head of Corporate Finance at Sasfin Capital, a division of Sasfin Bank Limited which is the JSE sponsor to the company.

15. RISK MANAGEMENT

15.1 Credit risk

Cash and cash equivalents

Cash and cash equivalents represents cash at bank and cash held at financial institutions. The company has no borrowing facilities.

Accounts receivable

Due to the nature of accounts receivable (including pre-payments, Value Added Tax and dividends receivable), the risk related to accounts receivable is low.

15.2 Interest rate risk

Cash and cash equivalents

These investments comprise call and term deposits in the money markets with maturity dates of less than three months.

Accounts receivable and payable

Due to the short-term nature of accounts receivable and payable, the company is not exposed to any material interest rate risk.

15.3 Liquidity risk

Cash flow management at regular intervals ensures that the company has sufficient liquidity to meet its ongoing commitments based on forecasts. This liquidity management is achieved through a combination of call term investments and sufficient short-term facilities where necessary.

Accounts receivable and payable

The collection of accounts receivable is actively managed. The cash conversion profile of accounts receivable is built into liquidity management.

Accounts payable are paid when the amount is due, unless an early settlement discount is offered which is then taken.

16. COMMITMENTS

The company has no material commitments.

BRIEF CV's OF THE DIRECTORS

Richard Linnell *(South African) (63)*

Chairman – Independent non-executive

Nimag House, Pinewood Office Park, 33 Riley Street, Woodmead

Appointed 19 September 2002

Richard Linnell is an experienced geologist, who has worked with various companies which now form part of the BHP Billiton Group, culminating in running the Samancor manganese operations and Billiton's exploration and development activities in South Africa. He is a former non-executive director of BHP Billiton (SA) Limited and is Chairman of Coal of Africa Limited. Richard was instrumental in the establishment of the Bakubung Initiative, a multi-stakeholder project designed to rejuvenate the South African mining industry.

Colin Bird *(British) (64)*

Independent non-executive

1 Larchwood Glade, Camberley, Surrey, GU15 3UW, United Kingdom

Appointed 20 April 2008

Colin Bird has a Higher National Diploma in Mining Engineering, is a Fellow of the Institute of Materials, Minerals and Mining and a UK Chartered Engineer. He also holds a UK and South African Mine Managers Certificate for coal mines. The formative part of his career was spent in the UK coal mining industry and thereafter he moved to the Zambian copper belt and then to South Africa to work in a management position with Anglo Coal and BP Coal. On his return to the UK he was Technical and Operations Director of Costain Mining Limited, which involved responsibility for coal operations in the UK, Venezuela and Spain. In addition to his coal mining activities he has been involved in the management of Nickel, Copper, Gold and other diverse mineral operations. He has founded and floated several public companies in the resource sector and served on resource company boards in the UK, Canada and South Africa.

Brian Christie *(British) (60)*

Non-executive

Sasfin Place, 13 – 15 Scott Street, Waverly

Appointed 7 November 1997

Brian Christie has a Masters Degree in Law from Cambridge University. He has more than 20 years experience in a financial advisory capacity, working first for a major South African banking group, then for a leading stockbroker and finally forming his own consultancy. He is presently head of corporate finance at Sasfin Bank Limited.

Robin Vela *(British) (37)*

Executive

119 Rosen Office Park, 37 Invicta Road, Midrand

Appointed 25 February 2008

Robin Vela is a Chartered Accountant and seasoned investment banker, having co-founded a private equity firm and worked for over 10 years as a senior investment banker for leading blue chip investment banking houses in the city of London. In this role, he advised public and private companies in a wide range of industry sectors in the areas of fund raising, stock exchange requirements, mergers and acquisitions, flotations and related transactions. Robin has a Bachelor of Science degree (honours) in Economics and Accounting from the University of Bristol, UK, and is a member of the UK Securities Institute (having been the prize winner by distinction in his qualification examination sitting). Robin is the financial director of the company and the audit committee of the company are satisfied that he has the appropriate expertise and experience to fulfil this function.

NOTICE OF ANNUAL GENERAL MEETING

SA MINERAL RESOURCES CORPORATION LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1993/000460/06)
Share code: SAM ISIN: ZAE000012019
("SAMROC" or "the company")

Notice is hereby given that the thirteenth annual general meeting of shareholders of the company will be held at Samroc, in the boardroom, 119 Rosen Office Park, 37 Invicta Road, Midrand at 11:00 on Friday, 27 February 2009 for the purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions set out below.

ORDINARY RESOLUTION NUMBER 1

To receive and approve the group annual financial statements for the year ended 30 June 2008.

ORDINARY RESOLUTION NUMBER 2

To re-elect the following directors who retire in accordance with the provisions of the company's Articles of Association ("Articles") and offering themselves for re-election. The directors, their contact details and brief CVs are set out on page 31 of this annual report:

- 2.1 R Linnell
- 2.2 B Christie

ORDINARY RESOLUTION NUMBER 3

To confirm the appointment of the following directors, in accordance with the Articles, who were appointed during the period under review:

- 3.1 C Bird
- 3.2 R Vela

ORDINARY RESOLUTION NUMBER 4

To re-appoint the company's auditors for the coming year and to approve auditors' remuneration for the year ended 30 June 2009.

ORDINARY RESOLUTION NUMBER 5

To approve directors' remuneration for the year ended 30 June 2008, in terms of the company's Articles of Association.

ORDINARY RESOLUTION NUMBER 6

To place the unissued ordinary shares of the company under the control of the directors in terms of Section 221 of the Companies Act (Act 61 of 1973) as amended and to renew the authority of the directors, subject to the provisions of section 221 and 222 of the Companies Act (Act 61 of 1973) as amended, and the Listing Requirements of the JSE Limited ("JSE"), to allot and issue any of the shares of the company to such person or persons on such terms and conditions as they may deem fit. Such authority shall expire at the next annual general meeting of the company.

NOTICE OF ANNUAL GENERAL MEETING (continued)

ORDINARY RESOLUTION NUMBER 7

To authorise the directors of the company by way of general authority, to allot and issue unissued shares, options to acquire shares and convertible securities (together "securities") of the company for cash on such terms and conditions as they may deem fit, subject to no less than 75% of the shareholders present in person or by proxy and entitled to vote at the annual general meeting at which this ordinary resolution is to be considered, voting in favour thereof, subject to the following limitations:

- The securities must be of a class already in issue;
- The securities must be issued to public shareholders and not to related parties;
- The number of securities for cash in any one financial year may not exceed 15% of the company's issued securities of that class;
- The maximum discount at which securities may be issued is 10% of the weighted average traded price of those securities over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the company;
- That a press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within one year, 5% or more of the number of securities of that class in issue prior to the issues; and
- This general authority shall only be valid until the earlier of the company's next annual general meeting or the variation or revocation of this general authority by ordinary resolution at any general meeting of the company prior to such annual general meeting; provided that it shall not extend beyond fifteen months from the date of the passing of this ordinary resolution.

SPECIAL BUSINESS

To consider and, if deemed fit, to pass and renew, with or without modification, the following Special Resolution:

Special Resolution Number 1

"That the directors of the company and/or any of its subsidiary companies be and are hereby authorised, by way of a general authority, to repurchase ordinary shares issued by the company as provided for in sections 85 to 90 of the Companies Act (Act 61 of 1973) (as amended) and subject to the Listing Requirements of the JSE being that:

- Any such repurchase of shares shall be implemented on the open market of the JSE;
- That the repurchase of shares be effected through the order book operated by the JSE trading system and be done without any prior understanding or arrangement between the company and the counterparty;
- At any one time the company may only appoint one agent to effect any repurchase on the company's behalf;
- This general authority shall only be valid until the earlier of the company's next annual general meeting or the variation or revocation of this general authority by special resolution at any general meeting of the company prior to such annual general meeting; provided that it shall not extend beyond fifteen months from the date of the passing of this special resolution;
- When the company has cumulatively repurchased 3% of the number of a class of shares on the date of passing of this special resolution number 1 ("the initial number"), and for each 3% in aggregate of the initial number of that class of shares acquired thereafter, an announcement will be published as soon as possible and not later than 08H30 on the second business day following the date on which the relevant threshold is reached or exceeded, and the announcement must comply with JSE Listings Requirements;
- Any general repurchase by the company of its own shares shall not, in aggregate, in any one financial year exceed 20% of the company's issued shares of that class as at the date of the passing of this special resolution number 1;

NOTICE OF ANNUAL GENERAL MEETING (continued)

- In determining the price at which the shares issued by the company are repurchased by it in terms of this general authority, the maximum price at which such shares may be repurchased will be 10% above the weighted average of the market value of such shares for the five business days immediately preceding the date of repurchase of such shares;
- The company may only undertake a repurchase of shares if, after such repurchase, it still complies with paragraphs 3/37 to 3.41 of the Listings Requirements concerning shareholder spread requirements;
- The company or its subsidiary may not repurchase shares during a prohibited period as defined in paragraph 3.67 of the Listings Requirements.

Reason and effect

The reason and effect of special resolution number 1 is to grant the company a general approval in terms of the Companies Act (Act 61 of 1973) as amended ("the Act"), for the repurchase of shares of the company. Such general authority will provide the board with flexibility, subject to the requirements of the Act and the JSE, to repurchase shares should it be in the interest of the company at any time while the general authority exists. This general approval shall be valid until the earlier of the next annual general meeting of the company, or its variation or revocation of such general authority by special resolution by a subsequent general meeting of the company, provided that the general authority shall not be extended beyond 15 months from the date of passing of this special resolution.

The board has considered the impact of a repurchase of 20% of the company's shares, being the maximum permissible under a general authority in terms of the Listings Requirements, and is of the opinion that:

- The company and the group in the ordinary course of business will be able to pay its debts for a period of 12 months after the date of this notice of annual general meeting;
- The assets of the company and the group exceed the liabilities of the company for a period of 12 months after the date of this notice of annual general meeting, calculated in accordance with International Financial Reporting Standards used in the group audited financial statements for the period ended 30 June 2008;
- The ordinary capital and reserves of the company and the group for a period of 12 months after the date of the notice of annual general meeting will be adequate;
- The working capital of the company and the group for a period of 12 months after the date of this notice of annual general meeting will be adequate;
- The company will provide the sponsor and the JSE with all documentation as required in Schedule 25 of the JSE Listings Requirements and will not recommence any repurchase programme until the sponsor has signed off on the adequacy of its working capital, advised the JSE accordingly.

Information related to JSE Listing Requirement 11.26 can be found in the annual report on the page reference below:

	Page no.
Directors and management	1 and 31
Major shareholders	2
Directors' interests in securities	14
Stated capital of the company	28
Responsibility statement	11

NOTICE OF ANNUAL GENERAL MEETING (continued)

VOTING AND PROXIES

Each shareholder who, being a natural person, is present in person, by proxy or agent, or, being a company, is present by representative proxy or agent at the general meeting is entitled to one vote on a show of hands. On a poll, each shareholder, whether present in person or by proxy, or by representation, is entitled to one vote for each share held.

A form of proxy is attached for use by certificated or own name shareholders who are unable to attend the general meeting but wish to be represented thereat. They are required to complete and return the form of proxy so as to be received by the transfer secretaries of the company, Link Market Services South Africa (Proprietary) Limited, 11 Diagonal Street, 5th floor, Johannesburg 2001 (PO Box 4844, Johannesburg 2000), by not later than 11:00 on Wednesday, 25 February 2009.

In terms of the custody agreements entered into by dematerialised shareholders and their CSDPs or brokers:

- dematerialised shareholders other than own name shareholders who wish to attend the general meeting must instruct their CSDP or broker to issue them with the necessary Letter of Representation to attend the general meeting;
- dematerialised shareholders other than own name shareholders who wish to be represented at the general meeting by way of proxy must provide their CSDP or broker with their voting instructions by the cut-off time or date advised by their CSDP or broker for transactions of this nature.

Each certificated or own name dematerialised shareholder entitled to attend and vote at the general meeting may appoint one or more proxies (none of whom need be a Samroc shareholder) to attend, speak and vote in his/her stead. The completion and lodging of a form of proxy will not preclude a shareholder from attending the meeting and speaking and voting thereat to the exclusion of the proxy so appointed.

By order of the board



Fusion Corporate Secretarial Services (Proprietary) Limited

Company secretary

Johannesburg

19 November 2008



SA MINERAL RESOURCES CORPORATION LIMITED

(Incorporated in the Republic of South Africa)
 (Registration number: 1993/000460/06)
 ("Samroc" or "the company")
 Share code: SAM ISIN: ZAE00012019

FORM OF PROXY FOR USE BY CERTIFICATED AND "OWN NAME" DEMATERIALISED ORDINARY SHAREHOLDERS ONLY AT AN ANNUAL GENERAL MEETING OF SHAREHOLDERS OF THE COMPANY TO BE HELD AT 11:00 ON FRIDAY, 27 FEBRUARY 2009

I/We

(NAME IN FULL – IN BLOCK LETTERS)

Of

(address)

being the holder(s) of: ordinary shares

in the company, hereby appoint

(see note 1):

1. _____ or failing him/her
2. _____ or failing him/her
3. the chairman of the general meeting

as my/ our proxy to act for me/ us on my/our behalf at the general meeting of the company convened to be held at 11:00 on Friday, 27 February 2009 for the purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat and at each adjournment thereof and to vote for or against the said special and ordinary resolutions or to abstain from voting in respect of the shares in the issued capital of the company registered in my/our name(s), in accordance with the following instructions (see note 2):

Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. However, if you wish

	In favour	Against	Abstain
Ordinary resolution number 1 Approval of financial statements			
Ordinary resolution number 2 To re-elect directors in terms of the company's Articles of Association: 2.1 R Linnell 2.2 B Christie			
Ordinary resolution number 3 To confirm appointment of directors in terms of the company's Articles of Association: 3.1 C Bird 3.2 R Vela			
Ordinary resolution number 4 To re-elect the company's auditors and approve audit fees			
Ordinary resolution number 5 To approve directors' remuneration			
Ordinary resolution number 6 To place unissued shares at the disposal and under control of the directors			
Ordinary resolution number 7 To authorise the directors by way of general authority to allot and issue shares in the company for cash			
Special resolution number 1 To authorise the company and/or any of its subsidiary companies to, by way of a general authority, acquire shares issued by the company.			

to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of ordinary shares held in respect of which you desire to vote (see note 2).

Signed at _____ on _____ 2008/2009

Signature _____

Assisted by me (where applicable) _____

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, speak and, on a poll, vote in place of that member at the general meeting.

Please read the notes on the reverse side of this form of proxy

A certificated or own name dematerialised Samroc ordinary shareholder entitled to attend and vote at the general meeting of shareholders of the company, convened to be held in the boardroom, 119 Rosen Office Park, 37 Invicta Road, Midrand, Gauteng at 11:00 on Friday, 27 February 2009, is entitled to appoint a proxy, or proxies, to attend, speak and vote thereat in his/her stead. A proxy need not be a shareholder of the company. All forms of proxy must be lodged with the transfer secretaries, Link Market Services South Africa (Proprietary) Limited, 11 Diagonal Street, 5th floor, Johannesburg 2001 (PO Box 4844, Johannesburg 2000), by not later than 11:00 on Wednesday, 25 February 2009.

Dematerialised shareholders who wish to attend the general meeting or vote by way of proxy must contact their CSDP or broker who will provide them with the necessary Letter of Representation to vote or carry out their instructions. This must be effected in terms of the custody agreement entered into between the shareholder and the CSDP or broker concerned.

Notes:

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting "the chairman of the general meeting", but any such deletion must be initialled by the member. The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of ordinary shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he/ she deems fit in respect of all the member's votes exercisable thereat. A shareholder or his/ her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.
3. Forms of proxy must be lodged with or posted to the transfer secretaries, Link Market Services South Africa (Proprietary) Limited, 11 Diagonal street, 5th floor, Johannesburg 2001 (PO Box 4844, Johannesburg 2000), to be received by not later than Wednesday 25 February 2009.
4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer secretaries or waived by the chairman of the general meeting.
6. Any alteration or correction made to this form of proxy must be initialled by the signatory/(ies).
7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the company.
8. The chairman of the general meeting may accept any form of proxy which is completed other than in accordance with these notes if the chairman of the general meeting is satisfied as to the manner in which the shareholder wishes to vote.
9. The date must be filled in on this form of proxy when it is signed.

