SALLIES

SALLIES LIMITED
ANNUAL REPORT 2008

Contents

Corporate profile

Sallies was incorporated in 1903 as the South African Land and Exploration Company Limited and has been listed since 1904 in the mining sector of what is now the JSE Limited. Following the acquisition of the Witkop Fluorspar Mine in the North West Province of South Africa in 1999, Sallies' principal business has been the production and sale of acid grade fluorspar. It acquired the Buffalo Fluorspar Mine in Limpopo province during August 2006 which was subsequently placed on care and maintenance in October 2008.

The bulk of Sallies acid grade output is exported to international producers of hydrofluoric acid. This acid is then converted into HFC refrigerant gases, aluminium trI-fluoride and products for niche markets. Sallies produces metallurgical grade fluorspar and agricultural lime for the local market as by-products.

The board

Dr Fred Roux *(Non-executive Chairman)* (61)

Fred has a BSc, MSc and PhD in engineering from UCT and an MBA from Cranfield (UK). He has held executive directorships in Rustenburg Platinum Mines (now Amplats) and Gencor (now BHP-Billiton) and a non-executive directorship in Xstrata. He was appointed as non-executive chairman of Impala in 2004, a position which he still holds. Fred joined the Board on 1 July 2008.

Tom Dale *(Chief Executive Officer)* (58)

After graduating as a mining engineer in England, Tom was engaged by JCI as a miner in 1973. He left the local mining industry in 1999 as MD of Gold Fields Limited, a company which he had helped to create and turn around to profitability. He graduated from the Wits MBA programme in 1981 and was a rated gold analyst for two consecutive years with a local stockbroker. During 2000 and 2001 he was contract CEO of a copper and cobalt producer in Zambia. Tom joined the Board on 16 February 2007.

Johann Blersch *(Commercial Director)* (67)

Johann has some 40 years' experience in corporate finance and stock broking in South Africa. During his career he was the chief executive of three major South African stock brokerages. He is a Chartered Accountant and holds a BComm degree from the University of Stellenbosch and an MBA from the University of Cape Town. He has also attended the Stanford Executive Programme. Johann joined the Board on 16 February 2007.

Barney Esterhuyzen *(Non-executive Director)* (49)

Barney is an advocate and entrepreneur. He has chaired and served as director on many boards, including the JSE listed SAIL Group Limited of which he was the Executive Chairman until 2003. He is also the Executive Chairman of Luna Group (Pty) Limited, a private equity investment company, headquartered in Cape Town for the past 30 years. Barney joined the Board on 27 June 2007.

Dennis Kerrison *(Non-executive Director)* (64)

Dennis (FRSA) is a chemist by profession. He served as Group Corporate Development Director at RTZ Chemicals, Vice President of Performance Chemicals, Chief Executive of Hickson International plc, Vice President of Great Lakes and retired as President and Chief Executive of Octel Corporation. Dennis was appointed to the Board on 14 November 2008.

Jürgen Kögl *(Non-executive Director)* (52)

Jürgen is a director of African Renaissance Investments (Pty) Limited, the Black Economic Empowerment Partner of Sallies. He has experience in heavy engineering, financial markets and strategic consultancy. Jürgen holds degrees in civil engineering and economic history from the University of Cape Town. Jürgen joined the Board on 8 August 2008.

Sandile Swana *(Non-executive Director)* (40)

Sandile has a BTh (Unisa), BCom (Hons) (Unisa) and an MBA (UP). He has played senior managerial roles in Anglo American, The New York Times, Caltex Oil and The Don Suite Hotels, and holds non-executive directorships in several JSE listed companies. He lectures part time at the Wits Business School. Sandile was appointed to the Board on 14 November 2008.

Statement of Chairman and Chief Executive Officer

BACKGROUND

Sallies underwent a metamorphosis during F2008. At the close of F2007, the company was underfunded; unprofitable; facing potentially fatal litigation; leaking cash from an acquisition which has cost shareholders R100 million to date; without new order mining rights; abandoned by its auditors; embroiled in adversarial industrial relations and managed by teams who, for many years, had not experienced the thrill of achievement or success. These business challenges were exacerbated by power interruptions, astronomical cost inflation and severe skills shortages.

During F2008, as you will read in the following text, concrete, measurable progress has been delivered. Higher dollar prices for acid grade fluorspar and a weaker rand:dollar exchange rate improved the business environment towards the end of F2008, but the operating teams played a significant role in the transformation.

We are certainly far from where we want to be but have an accurate fix on our destination and much of this particular leg of the journey is behind us.

SYNOPSIS

The year on year turnaround from an operating loss from mining activities of R21.0 million during F2007, to an operating profit from mining activities of R7.8 million during F2008, is not as stark as the improvement in operating financial performance within the year, from a loss of R9.8 million during H1 F2008 to a profit of R17.6 million during H2 F2008. The "bottom line" loss (loss before taxation), at R42.4 million during F2008 (R47.2 million during F2007) is negatively distorted by the notional value applied to share options granted (R10.5 million) and additional financing costs including interest on debentures (R5.2 million). Both of these result from the parlous state of the company at the end of F2007.

MARKETING

The market for acid grade fluorspar (+97% Calcium Fluoride or CaF_2) continued to tighten during F2008 and into F2009. This market is relatively small (about 4.5mtpa) and opaque, with over 70% of the trade being either "captive" or via medium-term contracts, both of these types of trade being privately negotiated. The media reported FOB prices ex China (which supplies over 50% of the overall market) of over USD400 per dry metric tonne (dmt) in August 2008. Some observers believe that the Chinese FOB price is a proxy for South African FOB prices. The sustainability of these prices will be largely determined by Chinese marketing strategy and conditions in commodity markets.

Sales of all grades of fluorspar from Witkop increased by 26% to 124 577 dmt in F2008 (F2007: 98 705 dmt). All local sales of fluorspar from Witkop are now priced at export parity. Sales of acid grade fluorspar from Buffalo increased by 19% to 19 065 dmt in F2008 (F2007: 16 088 dmt). The last contract exports at prices below USD180/dmt were made in June 2008 from Witkop and July 2008 from Buffalo. No contracted shipments were delayed by Sallies during F2008, and no discounts were given due to sub specification deliveries.

The calibre of our marketing agents has historically varied between diligent to totally unsatisfactory. We have rationalised marketing into a single agency which specialises in fluorspar and are eagerly awaiting the results of this decision.

A key issue for management right now is the size and duration of contracts for future delivery.

OPERATIONS

I am pleased to record that no fatal accidents occurred at either operation during the current review period.

Witkop

The last fatal accident at Witkop occurred in November 2001 and as of 30 June 2008, 7 172 fatality free shifts had been accumulated. The DIFR at 3.63 is well above target and receiving appropriate managerial attention.

On 3 June 2008, new order mining rights were notarised for Wintershoek (a conversion from the old order rights) and Buffelshoek (a granting of new rights). Registration of these rights is currently in progress.

Two complete reviews of mineral resources and reserves were completed during the year. A summary of the first, as of 31 December, was published in the audited consolidated results for the six months ended 31 December 2007. Total inferred, indicated and measured resources (the latter including probable and undiluted proven reserves) declined negligibly from 70.3mt at a CaF_2 grade of 14.10% at 31 December 2007, to 69.7mt at a CaF_2 grade of 14.09% at 30 June 2008.

Production of all grades of fluorspar at Witkop improved by 10% to 118 137 wet metric tons (wmt) in F2008 (F2007: 107 865 wmt).

During the year, there have been noticeable improvements to the layouts and condition of the pits and haul roads. This bodes well for future mining efficiencies.

Statement of Chairman and Chief Executive Officer

(continued)

Buffalo

No fatal accidents have occurred at this operation since it re-opened in August 2006 and at year end, 1 854 fatality free shifts had been accumulated. The DIFR at Buffalo for F2008 was 0,82.

On 28 March 2008, Buffalo submitted an application for a prospecting permit covering underground resources, to facilitate evaluation of the remaining ore body. We are also attempting to locate historical records which have been lost. On 6 August 2008, Rooiberg Stone, the holder of the old order tailings rights, submitted an application to convert its rights. This action is a precursor to the separation of Buffalo's new order tailings rights from Rooiberg.

The abortive contract hydro-mining in Mill Hill Pit, which was never contemplated in the Competent Person's Report, was terminated in October 2007 after fluorspar output had collapsed to 769 wet metric tons (wmt) for the month.

Between November 2007 and April 2008, about 2 500 wmt per month was produced from mechanically fed, dry tailings from Mill Hill. This material, which was essential to avoid contractual substitution of Buffalo product with Witkop product, which was already achieving higher prices, was depleted, as expected, during May 2008. Because of uncertainty surrounding the availability of adequate power to source feed from dumps 5 and 6, an attempt to extract the high grade sludge at the bottom of Mill Hill Pit was made during May and June 2008. This proved both unreliable and impractical because of contaminants in these tailings. Since July 2008, small scale, in-house hydro-mining of dumps 1 to 4 has generated plant feed.

Acid grade production for F2008 at 25 720 wmt was 8 795 wmt or 52% higher than for F2007.

FINANCE

The cash component of working capital varies widely as shipments take place and payments are made. As of 30 June 2008, net cash on hand was R20.9 million and a R16.0 million facility was available, of which R5.0 million was reserved against foreign exchange contracts.

The rights offer completed on 2 July 2007 raised almost R75 million (before costs of R2.6 million), and increased the number of issued shares from 506 264 000 to 631 181 000. The rights offer completed on 9 May 2008 raised a further R76 million (before costs of R2.4 million), and added 151 483 440 convertible debentures to the capital structure of the company.

During the year, the market capitalisation of Sallies varied between R254 million and R719 million including the convertible debentures issued in May 2008.

The directors requested an audit of the interim results for the six months ended 31 December 2007, despite the fact that this was not a statutory requirement. The auditors complimented the management team on the improvements to its standards of financial record keeping.

HUMAN RESOURCES

Dr Vincent Msibi, who served on the board since 30 June 2006, tragically lost his life on 12 July 2008. Our condolences were passed on to his family and friends and his contributions will be missed by all. Jürgen Kögl will serve on the Sallies board as the representative of African Renaissance Holdings, our black empowerment partners, in the interim.

Dr FJP (Fred) Roux was appointed as non-executive chairman with effect from 1 July 2008. Stakeholders are fortunate indeed to have a mining sage of this calibre at the helm.

I am pleased to be able to report that capable managers are in place in the general management, geology, mining, processing, engineering, finance, human resource and statutory compliance functions. However, shortages occur in the middle management and skilled labour tiers of the organisation.

Management is focused on creating good industrial relations with the aim of securing the industrial peace so vital to our future success. An early positive indicator from this effort is the 2008 wage agreement at Witkop, which was implemented without strike action for the first time since 2002.

As the company hopefully settles down from turbulent, crisis driven management, we must forcefully address skills shortages through in-house training of high potential employees.

Statement of Chairman and Chief Executive Officer

(continued)

HONEYWELL

Honeywell has submitted an alternative claim of USD4.5 million plus interest and costs to the arbitral tribunal (original claim USD6.9 million plus interest and costs). Sallies is opposing this claim and has submitted a counter claim of USD3.8 million plus interest and costs. The final hearing in the matter took place on 27 October 2008. Final post-hearing briefs are to be filed on 15 December 2008 and statements of costs on 17 December 2008. The Arbitral Tribunal intends to declare the proceedings closed upon receipt of the statements of costs. A final decision could be delivered early in 2009.

OUTLOOK

Acid grade fluorspar is used worldwide to produce hydrofluoric acid. Fifty percent of this acid is used to produce refrigerant gases, for which no practical substitute is on the horizon, and a further thirty percent is converted to aluminium tri-fluoride, a vital ingredient of aluminium production. The twenty percent balance is used in niche markets, including a significant (and growing) volume for uranium enrichment and lithium-ion batteries.

Witkop became profitable for the first time in over five years during the current review period. Witkop fluorspar is highly sought after due to its low levels of impurities but it is a high cost producer due to its relatively low in situ grades. The central challenge for operating management is to improve mining efficiencies to a degree which will maintain its current profitability in less favourable market circumstances.

Buffalo significantly reduced its operating losses during the review period. It is almost one year since I stated the intention to complete a strategic review of the Buffalo operation. The Buffalo product contains high levels of phosphorus due to the composition of the tailings from which it is produced. Our technical advisors have to date been unable to suggest practical means to reduce these. There is a market for Buffalo fluorspar, but it is far smaller than the overall market and thus a significant expansion, even assuming that we can technically negotiate power constraints, would not necessarily benefit shareholders. Due to these facts the board of directors announced on 13 October 2008 that the operations of Buffalo would be placed on care and maintenance.

In pursuit of moving the company down the world production cost curve, we are examining the remaining ore resources at Buffalo; trying to permit a high grade fluorspar deposit in Zambia; evaluating the logistics of fluorspar in Mocambique and reviewing grass roots potential in South Africa.

Much of the limited corporate financial capacity at Sallies was absorbed by the two rights offers completed since 2007; crucially important litigation with Honeywell, SARS and others; and overhauling the management information systems. The bulk of this work is now behind us, and we can now focus on corporate opportunities. We enjoy excellent relations with our BEE partners, African Renaissance Holdings, and look forward to finalising certain details of our agreement with them during F2009.

In conclusion, I wish to thank our shareholders and bankers for their patience and support, my fellow directors and the operating teams led by Casper Badenhorst and Gerrit Bleeker for their hard work, and all our other stakeholders, without whom we cannot succeed.

TG Dale

Chairman (until 30 June 2008) and Chief Executive Officer

Johannesburg

14 November 2008

Summary of financial performance

for the 5 years ended 30 June 2008

FINANCIAL	Unit	% change	2008	2007	2006	2005	2004
Revenue and profitability							
Mining revenue	R000	53.8%	**168 117**	109 315	86 882	101 157	84 406
Profit/(Loss) from mining operations	R000	450.6%	**25 362**	(7 233)	(16 315)	(1 971)	(10 939)
Loss before taxation	R000	10.2%	**(42 398)**	(47 235)	(39 428)	(31 605)	(19 203)
Taxation	R000		**–**	5 600	1 644	120	3 643
Loss for the year	R000	(1.8%)	**(42 398)**	(41 635)	(37 784)	(31 485)	(15 560)
Basic loss per share							
Undiluted	cents	14.1%	**(6.7)**	(7.8)	(13.9)	(12.3)	(10.3)
Diluted	cents	14.3%	**(6.6)**	(7.7)	(13.9)	(12.3)	(9.8)
Headline loss per share							
Undiluted	cents	10.3%	**(7.0)**	(7.8)	(14.4)	(12.4)	(10.4)
Diluted	cents	11.5%	**(6.9)**	(7.8)	(14.4)	(12.4)	(9.9)
Revenue/total assets	%	22.8%	**66.1**	53.8	51.2	97.1	78.3
Assets and liabilities							
Non-current assets	R000	3.3%	**161 804**	156 616	82 668	77 066	69 791
Current assets	R000	86.8%	**92 561**	49 556	87 155	27 149	38 036
Total assets	R000	23.4%	**254 365**	206 172	169 823	104 215	107 827
Capital and reserves	R000	68.0%	**140 785**	83 811	87 856	40 373	67 255
Non-current liabilities	R000	204.1%	**87 880**	28 899	14 890	13 478	9 701
Current liabilities	R000	(72.5%)	**25 700**	93 462	67 077	50 364	30 871
Total equity and liabilities	R000	25.3%	**254 365**	206 172	169 823	104 215	107 827
Net asset value per share	cents		**22.2**	16.6	19.5	15.7	26.2
Interest bearing debt excluding debentures	R000		**12 550**	75 968	24 591	19 612	13 249
Interest bearing debt/capital and reserves	%		**62.7**	94.2	28.0	48.6	19.7
Net current assets	R000		**66 861**	(43 906)	20 178	(23 215)	7 165
Current ratio			**3.6**	0.5	1.3	0.5	1.2
Quick ratio			**1.8**	0.2	1.2	0.2	1.0
Ordinary shares and convertible debentures							
Issued shares at 30 June	000		**634 981**	547 876*	450 064	257 009	257 009
Undiluted weighted average issued shares	000		**631 272**	536 580	271 263	257 009	151 174
Diluted weighted average issued shares	000		**661 178**	541 417	271 263	257 009	159 144
Convertible debentures of 50 cents each	000		**151 483**				
Cash flows	R000						
Net cash inflow/(outflow) from operations	R000		**(27 224)**	(69 435)	5 288	920	(14 922)
Net cash outflow from investment	R000		**(21 295)**	(83 945)	(10 978)	(7 558)	(5 466)
Net cash inflow from financing	R000		**114 090**	70 664	73 754	3 460	24 444
Net increase/(decrease) in cash and cash equivalents	R000		**54 234**	(88 914)	68 064	(3 178)	4 056
Cash and cash equivalents at beginning of year	R000		**(28 854)**	60 060	(8 004)	(4 826)	(8 882)
Cash and cash equivalents at end of year	R000		**25 380**	(28 854)	60 060	(8 004)	(4 826)

* *The number of prior year shares has increased by 41 612 330 shares deemed to be bonus shares arising from a rights issue in July 2007, in compliance with IAS 33.*

Summary of operational and stock market performance

for the 5 years ended 30 June 2008

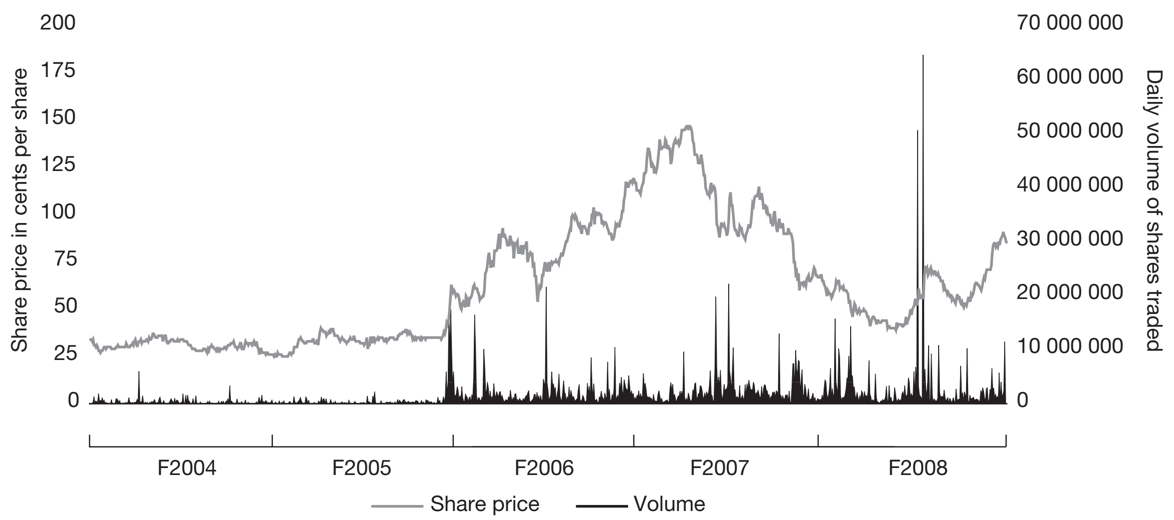
OPERATIONAL	Unit	% change	2008	2007	2006	2005	2004
Mining							
Ore mined	tonnes	(15.0%)	**1 556 472**	1 831 155	1 469 002	1 652 820	1 260 040
Stripping ratio		(6.5%)	**0.29**	0.31	0.58	0.97	0.60
Milling							
Ore milled	tonnes	(3.1%)	**1 520 579**	1 569 361	1 205 680	1 529 216	1 059 105
Head grade	%	0.3%	**10.41**	10.38	9.94	11.13	11.93
Fluorspar concentrate produced (wet metric tonnes)							
Acid grade	wmt	18.1%	**136 898**	115 964	83 914	150 337	106 610
Metallurgical grade*	wmt	(21.2%)	**6 959**	8 826	8 763	11 090	10 371
Fluorspar all grades	wmt	15.3%	**143 857**	124 790	92 677	161 427	116 981
Sales (dry metric tonnes)							
Acid grade	dmt	28.3%	**118 479**	92 310	85 625	126 656	105 376
Export	dmt	28.4%	**106 194**	82 676	76 583	117 356	95 960
Local	dmt	27.5%	**12 285**	9 634	9 042	9 300	9 416
Metallurgical grade*	dmt	(4.6%)	**6 098**	6 395	7 439	6 620	6 278
Fluorspar all grades	dmt	26.2%	**124 577**	98 705	93 064	133 276	111 654
Agricultural lime*	tonnes	100.0%	**40 000**	0	20 000	10 000	40 000

** by-products*

STAFF	Unit	% change	2008	2007	2006	2005	2004
Employees at year end	persons	23.9%	**446**	360	252	201	180
Staff turnover	%	(6.7%)	**21.0**	22.5	9.3	10.4	9.2

STOCK MARKET	Unit	% change	2008	2007	2006	2005	2004
Market capitalisation at 30 June							
Ordinary shares	R million	13.4%	**540**	476	338	90	90
Convertible debentures	R million	–	**129**	–	–	–	–
Number of shares traded	000	22.2%	**683 630**	559 590	283 036	79 217	72 148
Highest price traded	cents	(33.3%)	**98**	147	95	35	38
Lowest price traded	cents	(48.6%)	**36**	70	31	26	15
Closing price	cents	(9.6%)	**85**	94	75	35	35
Value of transactions over the year	R million	(25.9%)	**436.8**	589.8	195.5	24.7	22.8
Shares traded/shares in issue at year end	%	(2.6%)	**107.7**	110.5	62.9	30.8	28.1

Sallies share price and volumes traded



Corporate governance

COMPLIANCE WITH THE CODE OF CORPORATE PRACTICES AND CONDUCT

With effect from 1 July 2008 the company has complied with the Code of Corporate Practices and Conduct as regards the appointment of a non-executive chairman. On 14 November 2008 two additional non-executive directors were appointed and the independent non-executive directors now constitute a majority of the board.

PREPARATION OF ANNUAL FINANCIAL STATEMENTS

In terms of the Companies Act of South Africa, the directors are responsible for the preparation of annual financial statements which fairly present the state of affairs of the company and the group as at the end of the financial year; the income and cash flow statements; and the statement of changes in shareholders' equity for the year under review, in accordance with International Financial Reporting Standards.

The group's independent external auditors are responsible for examining and reporting to shareholders their opinion on the annual financial statements of the company and its subsidiaries and for performing an audit in accordance with International Standards on Auditing.

The directors consider that in preparing the annual financial statements in accordance with International Financial Reporting Standards, the group has used appropriate accounting policies supported by reasonable and prudent judgement and estimates and that all applicable accounting standards have been followed.

BOARD AND COMMITTEE STRUCTURE

For the first three months of the year under review the company's board comprised six directors, five of whom were non-executive. On 1 October 2007 TG Dale and J Blersch assumed executive responsibility upon the resignation of IJ Marais. Until the appointment of FJP Roux as non-executive chairman on 1 July 2008, TG Dale held office as chairman and chief executive officer. During that period the board comprised five members (three non-executive) until the resignation of JE Woods on 27 March 2008, reducing the complement to four directors including two non-executives.

Subsequent to the year end, the board has appointed additional non-executive directors in order to achieve a majority of non-executive directors of whom a majority are independent.

All directors are subject to retirement by rotation and re-election by the shareholders at least once every three years in accordance with the company's articles of association. Furthermore, all directors are subject to re-election by shareholders at the first annual general meeting following their appointment.

The board is in control of the group and meets every third month to review strategy, planning, funding requirements, operational and financial performance, acquisitions and disposals, major capital expenditure, stakeholder communication and other material matters.

Directors have access to the advice of the company secretary, who is responsible to the board for ensuring compliance with procedures and regulations of a statutory nature. Directors are further entitled to obtain independent professional advice concerning the affairs of the group at the group's expense, should they think it would be in the best interest of the group.

No formal nominations committee has been established: the board as a whole is responsible for new appointments. The process is concluded in a formal and transparent manner.

Board attendance Directors	Designation	Appointed/resigned	Number of meetings attended	Number of board meetings held
TG Dale	Chief Executive Officer	Appointed 16 February 2007	7	7
J Blersch	Commercial Director	Appointed 16 February 2007	7	7
BC Esterhuyzen	Non-executive Director	Appointed 27 June 2007	7	7
IJ Marais	Chief Executive	Appointed 24 June 2003 Resigned 1 October 2007	0	0
Dr VE Msibi*	Non-executive Director	Appointed 30 June 2006 Deceased 12 July 2008	7	7
JE Woods	Non-executive Director	Appointed 16 February 2007 Resigned 27 March 2008	3	4

*J Kögl represented Dr Msibi as his alternate at a number of meetings. He was appointed a full director on 8 August 2008.

Corporate governance
(continued)

EXECUTIVE COMMITTEE (EXCO)
An executive committee has been established to review operational and financial results on a monthly basis. Minutes of the meetings of the executive committee are sent to the non-executive directors upon approval.

Members of the committee during the year were:

- CH Badenhorst (General Manager: Witkop)
- J Blersch (Commercial Director)
- GP Bleeker (General Manager: Buffalo)
- TG Dale (Chairman)
- PRP Potgieter (Group Financial Manager)

Subsequently, PRP Potgieter has resigned and his successor, J Cronje, has been appointed effective 1 July 2008.

The executive directors visit operations regularly in order to enhance planning and control.

AUDIT AND RISK COMMITTEE
Appointments to the committee are made by the board. The primary responsibility of the audit and risk committee is to assist the board of Sallies in carrying out its duties relating to accounting policies, internal control, financial reporting practices and identification of exposure to significant risks.

During the year under review the audit and risk committee has duly complied with its terms of reference and has had four meetings with full attendance.

The group does not have a separate risk committee, as all risk matters are addressed by the audit and risk committee. The audit and risk committee recommends the risk review and risk evaluation to the board. The committee is satisfied as to the independence of the external auditors BDO Spencer Steward.

Members of the committee during the year were:

- J Blersch (Chairman)
- TG Dale

Subsequent to year end, TG Dale and J Blersch resigned and FJP Roux and J Kögl were appointed in order to comply with the Companies Act of South Africa. FJP Roux replaced J Blersch as chairman of the audit and risk committee. On 14 November 2008, S Swana, a newly appointed independent non-executive director, succeeded FJP Roux as chairman of the audit and risk committee. The committee now comprises S Swana (Chairman), J Kögl and FJP Roux. These members have considerable knowledge and experience to help oversee and guide the board and the company in respect of the audit and corporate governance disciplines.

RISK MANAGEMENT
The group risk management strategy requires that management focuses on identifying all known forms of risk within the group. These risks are then assessed taking into account the severity of the impact on the group's business if such identified risks were to materialise. Once the impact of such a risk is determined the necessary steps can be taken to mitigate against the occurrence of such an event, as well as steps to reduce the impact on the group should such an event occur. The preferred mitigation measure is the provision of adequate insurance cover against either destruction or damage to assets as well as the cumulative effect on revenue.

Management of risk requires a never-ending appraisal of identified risks and the assessment of the business to determine whether any new risks have arisen and whether any risks have been reduced or eliminated. This continual managing and monitoring of risk is undertaken in conjunction with the company's insurance brokers and underwriters. Their independent assessment creates a valid yardstick by which the company is able to determine how well it is managing risk compared to its contemporaries in the mining industry.

Sallies' operations fall under the jurisdiction of South African legislation and are subject to numerous Acts and Regulations. In addition the operations themselves produce mine standards and internal codes of practice which cover in detail the ways in which certain activities need to be performed in order to be safe and reliable. These codes are regularly updated to take into account changes in working conditions and to learn from the experiences of others in the industry.

Key policies, systems and procedures have been created to manage operating risk, particularly the risk related to the accurate and timely creation of management information.

REMUNERATION COMMITTEE
The Group has no formal remuneration committee. At present remuneration of executive directors and senior management is handled by the non-executive directors present at the relevant board meeting.

Corporate governance

(continued)

Directors’ fees and share options granted to directors are approved by shareholders in general meeting.

SAFETY, HEALTH, ENVIRONMENTAL AND QUALITY MANAGEMENT (“SHEQ”)

The group has an outsourced primary healthcare function, and all employees have freedom of choice to belong to a medical aid scheme. An occupational health practitioner is employed on a part time basis, visiting the mines regularly to ensure that compliance with legislation is achieved, while the function of Occupational Hygienist is outsourced to a consultant, who visits the mines monthly, and who compiles the statutory reports.

The potential impact of HIV/AIDS on the workforce is recognised. The mine’s AIDS policy, which was established in 2000, is currently under review and awareness campaigns are operated on an ongoing basis.

A SHEQ manager is appointed and responsible at group level to drive goal setting, strategy development, performance management, reporting and to monitor and review SHEQ performance.

The group has an integrated SHEQ management system available to employees on the company’s intranet. An external SHEQ audit is done periodically by an international accredited company.

A joint health and safety committee has oversight of safety, health, environmental and quality performance. Injuries sustained by employees or contractors are investigated thoroughly to prevent recurrence.

No fatal accidents were reported for the year under review. Safe working practices are pursued as a priority above other operational objectives.

Environmental management is implemented as per the approved EMPR and forms part of the SHEQ manager’s function.

In August 2008, Witkop re-submitted its application for an Integrated Water Use Licence to the Department of Water Affairs and Forestry (DWAF), as prescribed by the National Water Act, 1998 (Act 36 of 1998). Feedback from DWAF is expected shortly.

INTERNAL CONTROL

The directors are responsible for maintaining adequate and appropriate accounting records and have the general responsibility for taking reasonable steps to safeguard the assets of the group and to prevent and detect fraud and other irregularities. During the year the systems of internal control and accounting were revised, the effect of which has been to streamline the monthly reporting process, reduce the risk of error or loss and hasten the production of the audited annual financial statements.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

WORKER PARTICIPATION

The managements of Witkop Fluorspar Mine and Buffalo Fluorspar Mine each meet regularly with representatives of The National Union of Mineworkers (NUM) as well as with Solidarity members in the case of Witkop, together with shop stewards of these unions to share information and address matters of mutual interest.

RELATIONSHIPS WITH STAKEHOLDERS

The group is subject to the JSE regulations regarding confidential information during closed periods, directors' share dealings and SENS reports.

The group subscribes to open communications with its stakeholders. Investors and shareholders may direct their comments and questions on issues regarding the group to the management of the company. The company further encourages shareholders to attend its annual general meetings and results announcements, which provide an opportunity for shareholders to address questions to the board.

CODE OF ETHICS

The group has adopted a code of ethics in terms of which directors and employees are required to maintain the highest ethical standards in order to ensure that the group's business practices are conducted in a manner that is beyond reproach.

Approval of financial statements

The annual financial statements and group annual financial statements for the year ended 30 June 2008 set out on pages 12 to 48 were approved by the board of directors on 14 November 2008 and are signed on its behalf by:

TG Dale
Chief Executive Officer

J Blersch
Commercial Director

14 November 2008

Declaration by company secretary

In my capacity as company secretary, I hereby confirm, in terms of the Companies Act, that for the year ended 30 June 2008, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

R O'Callaghan
Company secretary

14 November 2008

Independent auditors' report

BDO Spencer Steward
Chartered Accountants

BDO Place 457 Rodericks Road
Lynnwood 0081 Pretoria
PO Box 95436/7/8/9 95635
Waterkloof 0145
Telephone: +27 12 348-2000
Telefax: +27 12 348-2010
Docex 205 Pretoria
Internet E-Mail: info@bdopta.co.za
Website: www.bdo.co.za

TO THE MEMBERS OF SALLIES LIMITED

We have audited the group annual financial statements and annual financial statements of Sallies Limited, which comprise the consolidated and separate balance sheets as at 30 June 2008, and the consolidated and separate income statements, the consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 12 to 48.

DIRECTORS' RESPONSIBILITY FOR 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 principles 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, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Sallies Limited as at 30 June 2008, and its consolidated and separate financial performance and consolidated and separate 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.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to the disclosure made by the directors in their report as well as notes 25 and 26 in the financial statements regarding the continuing Honeywell arbitration, and the discontinuing of operations at Buffalo Fluorspar Mine.

In addition to the above we draw your attention to the fact that the company did not comply with section 269A(3) of the Companies Act of South Africa regarding the composition of the audit committee for the year under review, but this matter has subsequently been rectified.

BDO Spencer Steward

BDO Spencer Steward
Registered Auditor

Per: JC Lemmer
14 November 2008
Pretoria

Directors' report

BUSINESS ACTIVITIES

The main business of the company at present is the mining, processing and marketing of fluorspar and the exploration for additional fluorspar resources.

The company was incorporated in 1903 and listed in 1904 under the name The South African Land and Exploration Company Limited, now known as Sallies Limited.

On 1 July 1999, the company acquired a 100% interest in Witkop Fluorspar Mine (Pty) Limited and its wholly owned subsidiaries. The Witkop Fluorspar Mine is situated near Zeerust in the North West Province and produces acid grade fluorspar concentrates from opencast mining for export, as well as some metallurgical grade fluorspar and agricultural lime for the local market as by-products.

Pypklip Mining Holdings (Pty) Limited, a wholly owned subsidiary of Sallies Limited, holds mineral rights.

On 31 July 2006 Buffalo Fluorspar Mine (Pty) Limited, a wholly owned subsidiary established for the specific purpose, acquired the fluorspar assets of Transvaal Mining and Finance Company Limited. The Buffalo Fluorspar Mine is situated in the Limpopo province. This mine was placed on care and maintenance during October 2008.

FINANCIAL RESULTS

During the year under review the group made a loss before taxation of R42.4 million (F2007: loss of R47.2 million). Of this, R28.8 million was incurred during H1 F2008 and R13.6 million, inclusive of R10.5 million share options granted, was incurred during H2 F2008. The H2 F2008 loss of R13.6 million compares with an H2 F2007 loss of R28.2 million. Witkop made an operating profit from mining of R16.5 million during H2 F2008, and Buffalo reduced its operating loss from mining from R8.2 million during H1 F2008 to R1.9 million during H2 F2008.

The group is bearing an onerous legacy of legal costs, mainly pertaining to the Honeywell dispute, and of heavy finance costs arising from fundraising.

The operating results for mining turned around by R28.8 million, from a loss of R21.0 million in F2007 to a profit of R7.8 million in F2008. The loss before tax and before the share options granted for the year was R31.9 million (R47.2 million in F2007), made up of a loss of R28.8 million for H1 F2008 and a loss of R3.1 million for H2 F2008. On this basis a small profit was made in Q4 F2008.

Composition of results R000	H1 F2008	H2 F2008	F2008
Witkop	(3 337)	16 455	**13 118**
Buffalo	(8 217)	(1 857)	**(10 074)**
Forex gains	1 733	3 061	**4 794**
Operating profit/(loss) from mining	(9 821)	17 659	**7 838**
Legal fees	(1 593)	(2 268)	**(3 861)**
Other administration expenses	(14 918)	(9 623)	**(24 541)**
Finance costs	(2 466)	(8 902)	**(11 368)**
Headline loss	(28 798)	(3 134)	**(31 932)**
Share options granted	–	(10 466)	**(10 466)**
Net loss	(28 798)	(13 600)	**(42 398)**

The operating results for the year under review are fully disclosed in the attached audited financial statements.

GOING CONCERN

Given: (a) the low contaminant levels of our Witkop fluorspar and the value of this in the market place which is now being recognised in current pricing; (b) the recently published SAMREC compliant assessments of the mineral reserves and resources at Witkop as at 31 December 2007 and 30 June 2008; (c) historical output levels achieved at Witkop over F2008; (d) the additional funding raised; (e) the recent return to profitability of the Witkop mining operations in H2 F2008; (f) the suspension of the Buffalo operation and the resultant decreasing of continuing losses; the directors are satisfied that Sallies is a going concern.

PROPERTY, PLANT AND EQUIPMENT

There has been no change in the nature of property, plant and equipment, nor any change in policy relating to the use thereof.

Directors' report

(continued)

SHARE CAPITAL

The table below shows the movement of share capital during the year.

Share capital movement Issued	2008 Number of shares 000	2008 Share capital R000	2008 Share premium R000	2007 Number of shares 000	2007 Share capital R000	2007 Share premium R000
Balance at beginning of year	**506 264**	**506**	**209 602**	450 064	450	175 235
Rights issue	**124 917**	**125**	**74 825**	42 858	43	29 958
Options exercised	**3 800**	**4**	**1 082**	13 342	13	4 409
Share issue expenses	**–**	**–**	**(5 091)**			
Balance at end of year	**634 981**	**635**	**280 418**	506 264	506	209 602

CATEGORIES OF SHAREHOLDERS

At 30 June 2008, the ordinary shares and convertible debentures of the company were held by the categories of shareholders detailed below:

Ordinary shareholders	2008 Number of shareholders	2008 Quantity (millions)	2008 %	2007 Number of shareholders	2007 Quantity (millions)	2007 %
Public	**3 874**	**512.5**	**80.7**	4 447	440.0	86.9
Non-public						
Directors and associates of company holdings	**1**	**0.0**	**0.0**	1	10.0	2.0
Strategic holdings (more than 10%)	**1**	**122.5**	**19.3**	1	56.2	11.1
Total	**3 876**	**635.0**	**100.0**	4 449	506.2	100.0

Convertible debentures	2008 Number of shareholders	2008 Quantity (millions)	2008 %	2007 Number of shareholders	2007 Quantity (millions)	2007 %
Public	**118**	**45.0**	**29.7**	–	–	–
Non-public						
Directors and associates of company holdings	**2**	**9.0**	**5.9**	–	–	–
Strategic holdings (more than 10%)	**4**	**97.5**	**64.4**	–	–	–
Total	**124**	**151.5**	**100.0**	–	–	–

MAJOR SHAREHOLDERS

According to the company's share register and declarations made by directors and nominees at 30 June 2008, the following shareholders held shares in excess of 5% of the ordinary share capital and convertible debentures of the company:

Shareholder	Number of shares held (millions)	% of issued share capital	Number of convertible debentures held (millions)	%
Firebird Global Master Fund	122.5	19.3	29.1	19.2
Standard Financial Markets	61.0	9.6	–	–
Pershing Securities	49.3	7.8	28.8	19.0
Titan Nominees	47.5	7.5	15.3	10.1
Trinity Financial Group			24.3	16.1

DIRECTORS' INTEREST IN SHARE CAPITAL

At 30 June 2008, and at the date of this report, no directors had a direct beneficial interest in the share capital of the company. The directors' indirect beneficial interests are detailed below:

Indirect beneficial (000)	2008	2007
BC Esterhuyzen	**63**	4 224

JE Woods was a director at 30 June 2007 and held 10 million shares. Mr Woods resigned on 27 March 2008.

Directors' report

(continued)

DIRECTORS' INTEREST IN TRANSACTIONS

None of the directors has any interest in any transaction, direct or indirect, which is material to the business of Sallies Limited and which was effected by Sallies Limited or its subsidiaries:

1 during the current or immediately preceding financial year
2 during an earlier financial year that remain in any respect outstanding or unperformed.

DIRECTORS' EMOLUMENTS

The following emoluments were paid and accrued to directors during the year:

Emoluments R000	Basic salary	Expense allow-ances	Re-tirement benefits	Fees, bonuses and other benefits	Medical aid	Options granted	Directors' fees	Total emolu-ments
2008								
Executive								
■ T Dale	**600**	**–**	**–**	**–**	**–**	**4 458***	**150**	**5 208**
■ J Blersch	**600**	**–**	**–**	**–**	**–**	**4 458***	**120**	**5 178**
Non-executive								
■ Dr VE Msibi	**–**	**–**	**–**	**–**	**–**	**–**	**120**	**120**
■ JE Woods	**–**	**–**	**–**	**–**	**–**	**–**	**125**	**125**
■ BC Esterhuyzen	**–**	**–**	**–**	**–**	**–**	**–**	**120**	**120**
Paid by subsidiary								
■ IJ Marais	**1 097**	**–**	**29**	**–**	**13**	**1 550**	**–**	**2 689**
Total	**2 297**	**–**	**29**	**–**	**13**	**10 466**	**635**	**14 990**

*Messrs Blersch and Dale have not exercised any share options to date. Share options granted are valued above using the American binomial method taking into account Sallies Limited share and convertible debenture prices as well as the strike prices of options granted. Currently the Sallies Limited shares and convertible debentures are trading below the strike prices of the options.

The following emoluments were paid and accrued to directors during F2007:

Emoluments R000	Basic salary	Expense allow-ances	Re-tirement benefits	Fees, bonuses and other benefits	Medical aid	Options granted	Directors' fees	Total emolu-ments
2007								
Executive								
■ IJ Marais	720	409	88	2	35	–	–	1 254
Non-executive								
■ J Blersch	225	–	–	–	–	–	45	270
■ TG Dale	225	–	–	–	–	–	56	281
■ BC Esterhuyzen	–	–	–	–	–	–	–	–
■ PH Flack	–	–	–	95	–	–	75	170
■ AD Moffat	–	–	–	–	–	–	75	75
■ Dr VE Msibi (Alt: J Kögl)	–	–	–	–	–	–	120	120
■ JJ Nel	–	–	–	–	–	–	60	60
■ LB Robertson	–	–	–	249	–	–	75	324
■ JE Woods	–	–	–	–	–	–	50	50
Total	1 170	409	88	346	35	–	556	2 604

SHARE INCENTIVE SCHEME

The Sallies Limited Share Incentive Scheme was adopted on 10 November 1999 and The Sallies Limited Share Incentive Scheme Trust was established during December 1999 to implement the scheme. At all times the number of shares and options under the control of the trust shall not exceed 10% of the number of ordinary shares in issue and the maximum granted to a single participant shall be limited to 1% of the number of ordinary shares in issue.

Number of share options 000	2008	2007
Opening balance	**7 325**	10 857
Share options granted during the year	**–**	–
Additional options granted in terms of rights offer	**2 131**	–
Share options exercised	**(3 800)**	(3 532)
Balance at end of year	**5 656**	7 325

Directors' report

(continued)

Management 000	Balance at 30 June 2005	Rights 2006	New 2006	Exercised 2007	Rights 2008	Exercised 2008	Balance at 30 June 2008
	Options over shares						
CH Badenhorst, Jr	209	115	–	(324)	**–**	**–**	**–**
CH Badenhorst, Sr (Estate late)	209	115	–	(324)	**–**	**–**	**–**
FJN Badenhorst	390	214	–	(604)	**–**	**–**	**–**
MH du Plessis	209	115	–	(324)	**–**	**–**	**–**
J Enslin	279	153	–	(432)	**–**	**–**	**–**
IJ Marais	4 000	2 750	1 000	(1 200)	**1 937**	**(3 800)**	**4 687**
S Rademan	209	115	–	(324)	**–**	**–**	**–**
AB Smal	–	275	500	–	**194**	**–**	**969**
	5 505	3 852	1 500	(3 532)	**2 131**	**(3 800)**	**5 656**

Options over convertible debentures granted during the year in terms of rights offer:

Number of convertible debentures 000	2008	2007
IJ Marais	**1 797**	–
AB Smal	**232**	–
Total	**2 029**	–

Over and above the options granted in terms of the Share Incentive Scheme, the following options have been granted:

Number of share options 000	TG Dale 2008	J Blersch 2008	Total	FRM Strategies 2007
Opening balance	**–**	**–**	–	8 732
Share options granted during the year	**18 769**	**18 769**	37 538	–
Options granted in terms of rights offer	**–**	**–**	–	1 079
Share options exercised	**–**	**–**	–	(9 811)
Balance at end of year	**18 769**	**18 769**	37 538	–
Convertible debentures				
Options granted in terms of rights issue	**4 504**	**4 504**	9 008	–

Two thirds of the options granted to Messrs Dale and Blersch may be exercised on or after 31 August 2008, one sixth on or after 31 December 2008 and one sixth on or after 31 December 2009.

DIRECTORS

The directors in office during the accounting period were:

TG Dale (Chairman and CEO)	Appointed 16 February 2007
J Blersch (Commercial Director)	Appointed 16 February 2007
BC Esterhuyzen*	Appointed 27 June 2007
Dr VE Msibi (deceased) (Alt: J Kögl)*	Appointed 30 June 2006, deceased 12 July 2008
IJ Marais (Chief Executive)	Appointed 24 June 2003, resigned 1 October 2007
JE Woods*	Appointed 16 February 2007, resigned 27 March 2008

**Non-executive*

Dr VE Msibi passed away on 12 July 2008.

Mr J Kögl, previously alternate director to Dr VE Msibi, was appointed as a director on 8 August 2008.

Dr FJP (Fred) Roux was appointed non-executive chairman with effect from 1 July 2008.

Messrs DGJ Kerrison and S Swana were appointed as directors on 14 November 2008.

SECRETARY

The company secretary is RS O'Callaghan.

Postal address: PO Box 2889, Saxonwold, 2132
Physical address: 86 8th Avenue, Parktown North, 2193

BORROWINGS

Witkop Fluorspar Mine (Pty) Limited and Buffalo Fluorspar Mine (Pty) Limited have bank overdraft facilities secured by: cession of group trade debtors, inter company loans and inter company shareholdings, general notarial covering bond over moveable assets of Witkop and Buffalo, general covering bond over certain properties held in the group and unlimited suretyship given by the company and its subsidiaries.

The company's articles of association have placed no restriction on the directors' borrowing powers.

DIVIDENDS

No dividends were declared or are proposed in respect of the company's financial year ended 30 June 2008 (30 June 2007: Nil).

SUBSEQUENT EVENTS

Honeywell supply agreement dispute

Honeywell has submitted an alternative claim in the sum of USD4 514 457 plus interest and costs to the original claim against the company in the sum of USD6 847 305 plus interest and costs.

The company is opposing Honeywell's claim and has submitted a claim against Honeywell in the sum of USD3 830 273 plus interest and costs.

The final hearing in the matter took place before the Arbitral Tribunal on 27 October 2008. Final post-hearing briefs are to be filed on 15 December 2008 and statements of costs on 17 December 2008. The Arbitral Tribunal intends to declare the proceedings closed upon receipt of the statements of costs. A final decision could be delivered early in 2009.

Suspension of Buffalo operation

The board of directors announced on 13 October 2008 that the operation of Buffalo Fluorspar Mine (Proprietary) Limited was being placed on care and maintenance. Consultation with the approximately 130 employees on redundancy packages and options to limit the adverse effects the plant closure will have on staff is underway.

Buffalo's sole activity since it was acquired by Sallies with effect from 1 August 2006 has been the retreatment of tailings produced over the years 1974 to 1994 when it operated one of the largest fluorspar mines in the world. Mining was stopped in 1994 after the Chinese had entered the fluorspar market with low-priced product and the Buffalo operations became uneconomical. Buffalo has incurred losses totalling R29.7 million and capital expenditure totalling R5.4 million since it was acquired in 2006 for R65 million.

The company is undertaking a SAMREC compliant assessment of opencast/underground ore resources at Buffalo.

The book value of Buffalo's fixed assets was R71 million at 30 June 2008.

Other subsequent events

The directors are not aware of any other subsequent events.

Directors' report

(continued)

SUBSIDIARY COMPANIES

Details of subsidiary companies in which the company has a direct or indirect interest are as follows:

Subsidiaries	Issued share capital R	% Holding	Shares at cost R000
Directly held:			
Witkop Fluorspar Mine (Pty) Limited – Mining	2 250	100	80 449
Buffalo Fluorspar Mine (Pty) Limited – Mining	1 000	100	1
Pypklip Mining Holdings (Pty) Limited – Mining rights holding	1	100	–
			80 450
Indirectly held through Witkop Fluorspar Mine (Pty) Limited:			
Marico Fluorspar (Pty) Limited – Property holding	8 556 805	100	2 010
Mosega Fluorspar Works (Pty) Limited – Property holding	280	100	–
			2 010

Losses after tax incurred by subsidiaries during the year, were as follows:

R000	2008	2007
Witkop Fluorspar Mine (Pty) Limited	**(13 887)**	(25 394)
Buffalo Fluorspar Mine (Pty) Limited	**(16 865)**	(12 821)
Pypklip Mining Holdings (Pty) Limited	**(2 057)**	(11 738)
Marico Fluorspar (Pty) Limited	**–**	(7 534)
Mosega Fluorspar Works (Pty) Limited	**–**	–

All companies are registered in South Africa.

MINERAL RESOURCES AND MINERAL RESERVES

Witkop Fluorspar Mine

Mineral resources and reserves for the Witkop Fluorspar Mine have been compiled by Engelbertus Jansen MSc (Geology) from Komatipoort, South Africa, a leading fluorspar geologist and a registered geological scientist with SACNASP (registration number 400073/02). The summary below has been defined according to the guidelines of the SAMREC code.

Summary of Mineral Resources

	30 June 2008		31 December 2007	
	Tonnage (mt)	CaF_2 (%)	Tonnage (mt)	CaF_2 (%)
Inferred resources	**22.4**	**13.0**	22.4	13.0
Indicated resources	**29.0**	**14.1**	29.0	14.1
Measured resources	**18.3**	**15.4**	18.9	15.4
	69.7	**14.1**	70.3	14.1

Summary of Mineral Reserves

	30 June 2008		31 December 2007	
	Tonnage (mt)	CaF_2 (%)	Tonnage (mt)	CaF_2 (%)
Probable reserves	**1.1**	**29.4**	1.1	29.3
Proved reserves	**21.5**	**11.9**	22.3	12.4

Note: Mineral Resources are reported inclusive of Mineral Reserves.

A detailed report is available for inspection at the company's registered office.

Buffalo Fluorspar Mine

At Buffalo Fluorspar Mine operations were suspended on 10 October 2008. The company will undertake an updated SAMREC compliant assessment of opencast and underground ore resources. Subject to this assessment confirming adequate resources, a study to determine the feasibility of restarting mining operations will be undertaken.

Since no mining of tailings dumps 5 and 6 has taken place, the figures shown below have been extracted from the competent person's report of RSG Global dated August 2006.

Summary of Mineral Reserves at August 2006

	Tonnage (mt)	CaF_2 (%)
Probable reserves	5.7	7.3

Income statements
for the year ended 30 June 2008

R000	Note	Group 2008	Group 2007	Company 2008	Company 2007
Revenue – mining	3	**168 117**	109 315	**–**	–
Net foreign exchange gains		**4 794**	1 639	**–**	–
Cost of sales		**(147 549)**	(118 187)	**–**	–
Profit/(loss) from mining activities		**25 362**	(7 233)	**–**	–
Less: Depreciation		**(15 501)**	(11 184)	**(1)**	–
Amortisation of mineral rights	11	**(2 023)**	(2 564)	**–**	–
Operating profit/(loss) from mining activities		**7 838**	(20 981)	**(1)**	–
(Loss)/profit on disposal of plant and equipment		**(323)**	583	**–**	5
Administrative expenses		**(28 110)**	(20 639)	**(8 117)**	(5 902)
Finance costs	4	**(10 009)**	(6 480)	**(2 692)**	(870)
Investment income	3	**31**	282	**3**	246
Interest on convertible debentures		**(1 359)**	–	**(1 359)**	–
Share options granted		**(10 466)**	–	**(10 466)**	–
Inter company loan impairment		**–**	–	**(103 540)**	(72 166)
Loss before taxation	5	**(42 398)**	(47 235)	**(126 172)**	(78 687)
Taxation	7	**–**	5 600	**–**	–
Loss for the year		**(42 398)**	(41 635)	**(126 172)**	(78 687)
Loss per share (cents)	8				
Basic					
Undiluted		**(6.7)**	(7.8)	**–**	–
Diluted		**(6.6)**	(7.7)	**–**	–

Balance sheets

at 30 June 2008

R000	Note	Group 2008	Group 2007	Company 2008	Company 2007
ASSETS					
Non-current assets		**161 804**	156 616	**186 488**	191 937
Investment properties	9	**3 167**	3 167	**3 167**	3 167
Goodwill	10	**10 175**	10 175	**–**	–
Property, plant and equipment	11	**146 827**	143 274	**10**	6
Interest in subsidiaries	12	**–**	–	**183 311**	188 764
Restricted investments	13	**1 635**	–	**–**	–
Current assets		**92 561**	49 556	**3 185**	1 948
Inventories	14	**46 390**	33 921	**–**	–
Other financial asset	15	**498**	–	**–**	–
Accounts receivable	16	**17 504**	12 239	**2 613**	1 827
Taxation prepaid		**2 789**	2 789	–	–
Cash and cash equivalents	17	**25 380**	607	**572**	121
Total assets		**254 365**	206 172	**189 673**	193 885
EQUITY AND LIABILITIES					
Capital and reserves		**140 785**	83 811	**129 002**	155 802
Share capital and premium	18	**281 053**	210 108	**281 053**	210 108
Portion of convertible debentures deemed to be equity	21	**17 960**	–	**17 960**	–
Share options granted reserve		**11 191**	724	**11 191**	724
Accumulated loss		**(169 419)**	(127 021)	**(181 202)**	(55 030)
Non-current liabilities		**87 880**	28 899	**59 140**	–
Long-term loan	19	**7 957**	13 943	**–**	–
Provision for environmental rehabilitation	20	**20 783**	14 956	**–**	–
Portion of convertible debentures deemed to be debt	21	**59 140**	–	**59 140**	–
Current liabilities		**25 700**	93 462	**1 531**	38 083
Accounts payable	23	**21 105**	31 437	**1 531**	2 575
Short-term loans	19	**–**	26 936	**–**	26 936
Bank overdraft	17	**–**	29 461	**–**	8 572
Current portion of long-term liabilities	19	**4 595**	5 628	**–**	–
Total equity and liabilities		**254 365**	206 172	**189 673**	193 885

Statements of changes in equity

for the year ended 30 June 2008

R000	Share capital	Share premium	Portion of convertible debentures deemed to be equity	Share options granted reserve	Accumulated loss	Total
GROUP						
Restated balance at 30 June 2006	450	175 235	–	724	(85 386)	91 023
Balance as previously reported	450	175 235	–	724	(88 553)	87 856
Restatement (note 33)	–	–	–	–	3 167	3 167
Rights issue	43	29 958	–	–	–	30 001
Options exercised	13	4 409	–	–	–	4 422
Loss for the year	–	–	–	–	(41 635)	(41 635)
Balance at 30 June 2007	506	209 602	–	724	(127 021)	83 811
Rights issue	125	74 827	–	–	–	74 953
Options exercised	4	1 079	–	–	–	1 082
Share and debenture issue expenses written off	–	(5 090)	–	–	–	(5 090)
Portion of convertible debentures deemed to be equity	–	–	17 960	–	–	17 960
Options granted	–	–	–	10 467	–	10 467
Loss for the year	–	–	–	–	(42 398)	(42 398)
Balance at 30 June 2008	**635**	**280 418**	**17 960**	**11 191**	**(169 419)**	**140 785**
Note	18	18				
COMPANY						
Restated balance at 30 June 2006	450	175 235	–	724	23 657	200 066
Balance as previously reported	450	175 235	–	724	20 490	196 899
Restatement (note 33)	–	–	–	–	3 167	3 167
Rights issue	43	29 958	–	–	–	30 001
Options exercised	13	4 409	–	–	–	4 422
Loss for the year	–	–	–	–	(78 687)	(78 687)
Balance at 30 June 2007	506	209 602	–	724	(55 030)	155 802
Rights issue	125	74 827	–	–	–	74 953
Options exercised	4	1 079	–	–	–	1 082
Share and debenture issue expenses written off	–	(5 090)	–	–	–	(5 090)
Portion of convertible debentures deemed to be equity	–	–	17 960	–	–	17 960
Options granted	–	–	–	10 467	–	10 467
Loss for the year	–	–	–	–	(126 172)	(126 172)
Balance at 30 June 2008	**635**	**280 418**	**17 960**	**11 191**	**(181 202)**	**129 002**
Note	18	18				

Cash flow statements

for the year ended 30 June 2008

R000	Note	Group 2008	Group 2007	Company 2008	Company 2007
Net cash outflow from operating activities		**(38 561)**	(75 633)	**(117 534)**	(13 527)
Cash receipts from customers		**167 065**	101 928	**–**	(1 105)
Cash paid to suppliers and employees		**(194 289)**	(171 363)	**(113 486)**	(11 798)
Cash utilised by operations	30.1	**(27 224)**	(69 435)	**(113 486)**	(12 903)
Finance cost		**(11 368)**	(6 480)	**(4 051)**	(870)
Interest income		**31**	282	**3**	246
Net cash (outflow)/inflow from investing activities		**(21 295)**	(83 945)	**5 448**	(130 534)
Net additions to mine plant, equipment and buildings		**(23 181)**	(85 081)	**(5)**	(5)
Proceeds from disposal of plant and equipment		**2 486**	583	**–**	4
(Increase)/decrease in investments	12	**(600)**	553	**5 453**	(130 533)
Net cash inflow from financing activities		**114 090**	70 664	**121 109**	61 359
Finance lease obligations		**(7 019)**	9 305	**–**	–
Short-term loan		**(26 936)**	26 936	**(26 936)**	26 936
Convertible debentures		**59 140**	–	**59 140**	–
Portion of debentures deemed to be equity		**17 960**	–	**17 960**	–
Net proceeds from share issues		**70 945**	34 423	**70 945**	34 423
Net increase/(decrease) in cash and cash equivalents		**54 234**	(88 914)	**9 023**	(82 702)
Cash and cash equivalents at beginning of year		**(28 854)**	60 060	**(8 451)**	74 251
Cash and cash equivalents at end of year	16	**25 380**	(28 854)	**572**	(8 451)

Notes to the financial statements

for the year ended 30 June 2008

ACCOUNTING POLICIES

1. PRESENTATION OF FINANCIAL STATEMENTS

Statement of compliance

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa.

Basis of measurement

The annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments and investment properties at fair value or amortised cost, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 Significant judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant judgements include:

Loans and receivables (refer notes 12, 15 and 16)

The company assesses its loans and receivables for impairment at each balance sheet date. In determining whether an impairment loss should be recorded in the income statement, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Fair value estimation (refer notes 16 and 23)

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. These calculations require the use of estimates and assumptions.

Environment rehabilitation (refer note 20)

The company is required by law to provide decommissioning and rehabilitation costs. Management determines on a yearly basis what the life of mine is and calculates this provision by taking into account the inflation rate and a discount rate at year end.

Taxation (refer note 7)

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Functional and presentation currency

These financial statements are presented in the South African Rand (ZAR), which is the company's functional currency. All financial information presented in ZAR has been rounded to the nearest 1 000 ZAR.

It is the directors' judgement that primary economical environment in which the company operates is the South African Rand (ZAR) based on the fact that expenditure incurred is mainly in South African Rand.

Fair value of investment properties

The company obtains the assistance of professional property valuators in order to assist with the valuation assumptions. This is mainly based on the sale of similar properties in the specified location of the properties.

Notes to the financial statements

for the year ended 30 June 2008 (continued)

Share options granted

The fair value of share options is estimated by using valuation models, such as Black-Scholes and binominal lattice, on the date of grant based on certain assumptions. Those assumptions are described in note 31 and include, among others, the dividend growth rate, expected volatility, expected life of the options and number of options expected to vest. More details including carrying values are disclosed in note 31.

Useful life of intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. More details including carrying values are included in notes 9 and 10.

1.2 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods in these financial statements.

1.2.1 Consolidation

The consolidated financial statements include those audited financial statements of the company and its subsidiaries for the same accounting period.

Subsidiaries are defined as those companies in which the company, either directly or indirectly, has more than one half of the voting rights, has the right to appoint more than half the board of directors or otherwise has the power to control the financial and operating activities of the entity.

At the date of acquisition of a subsidiary, the cost of the investment is allocated to the fair value of individual identifiable assets and liabilities. The excess of the purchase price over the fair value of the assets and liabilities is capitalised as goodwill and is tested annually for impairment.

Unrealised income arising from transactions within the group and inter-company balances are eliminated.

1.2.2 Goodwill

Goodwill is measured at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units and is no longer amortised but tested annually for impairment. Previously goodwill arising on each acquisition was amortised over its useful life on a straight-line basis subject to annual impairment testing.

Negative goodwill arising on an acquisition is recognised directly in the income statement.

1.2.3 Investment properties

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

1.2.4 Property, plant and equipment

Mine property and housing stands are stated at historical cost and are not depreciated.

Mineral rights of the mining operation are stated at historical cost and are amortised over the useful life of the mine, using the units of production method.

The company believes that mineral rights should be disclosed under property, plant and equipment.

Plant and equipment are initially recognised at cost, being the cash price equivalent at the recognition date. The cost of an asset comprises any costs incurred in bringing the asset to the location and condition necessary for it to operate as intended by management. Plant and equipment are subsequently stated at cost, less accumulated depreciation and any accumulated impairment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other expenditures are charged to the income statement during the financial period in which they are incurred. Expenditure incurred to replace or modify a significant component of plant is capitalised and any remaining carrying value of the replaced component is derecognised.

Depreciation commences when the assets are available for their intended use. The depreciation expense is recognised through the income statement. Property, plant and equipment are depreciated on a straight line basis over the expected useful lives of the various classes of assets, after taking into account residual values.

Notes to the financial statements

for the year ended 30 June 2008 (continued)

Annual rates of depreciation are as follows:

Mining plant and equipment	3% – 33.3%
Furniture	5% – 10%

Decommissioning assets – based on units of production method.
Mineral rights – based on units of production method.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

1.2.5 Environmental rehabilitation

Estimated long-term environmental obligations, comprising pollution control, rehabilitation and mine closure, are based on the company's environmental management plans in compliance with current technology, environmental and regulatory requirements.

Ongoing rehabilitation cost

Expenditure on ongoing rehabilitation costs is recognised as an expense.

1.2.6 Investment in subsidiaries

Investment in subsidiary companies is accounted in the company accounts at initial cost, being the fair value of the consideration given, less any impairment. The carrying value of subsidiaries is assessed for impairment where there are indicators of impairment.

1.2.7 Financial instruments

Initial recognition

The company 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.

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Derecognition

Financial assets are derecognised if the group's contractual rights to the cash flows from the financial assets expire or if the group transfers the financial asset to another company without retaining control or substantially all risks and rewards of the asset.

Financial liabilities are derecognised if the group's obligations specified in the contract expire or are discharged or cancelled.

Loans to (from) group companies

These include loans to holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Derivative instruments

The group uses derivative financial instruments to manage its exposure to foreign exchange and commodity price risks arising from operational, financing and investment activities. The group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments comprise foreign exchange contracts. Subsequent to initial recognition they are measured at fair value. Fair value adjustments are recognised in the income statement. Fair value is determined by comparing the contracted forward rate to the present value of the current forward rate of an equivalent contract with the same maturity date. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdrafts and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

Restricted investments

Investments are measured initially and subsequently at fair value, gains and losses arising from changes in fair value are included in profit or loss for the period.

1.2.8 Tax

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

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither accounting profit nor taxable profit nor loss.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither accounting profit nor taxable profit nor loss.

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and 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 (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Tax expenses

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:

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

Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

1.2.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

1.2.10 Inventories

Inventories are measured at the lower of cost and net realisable value. Inventory consisting of ore stockpiles is valued on the FIFO basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Processed inventory of acid grade fluorspar concentrate is valued at the lower of average cost of production or estimated net realisable value. Estimated net realisable value is the estimated selling price in the ordinary course of business less any costs of completion and distribution.

Consumables are valued on a moving average cost basis.

1.2.11 Impairment of assets

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

1.2.12 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.2.13 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service.

The provisions for employee entitlements to wages, salaries, annual and sick leave represent the amount which the company has a present obligation to pay as a result of employees' services provided to the balance sheet date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates.

Retirement benefits

The company contributes to a defined contribution plan, the assets of which are held in a separate trustee-administered fund The provident plan is funded by payments from employees and the company. Contributions to defined contribution pension funds are charged against income as incurred.

1.2.14 Provisions

Provisions are recognised when:

- the company 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.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are discounted using pre-tax rates that reflect, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as borrowing cost.

- Environmental rehabilitation
  Provision is made for environmental rehabilitation costs where either a legal or constructive obligation is recognised as a result of past events.

Estimates are based upon the company's environmental management plans in compliance with current technology, environmental and regulatory requirements. Costs are regularly reviewed and adjusted as appropriate for new circumstances.

Where a provision is made for dismantling and site restoration costs, an asset of similar initial value is raised and amortised in accordance with the group's accounting policy for property, plant and equipment.

The group has restricted investments to which contributions are made to the funding of the estimated cost of pollution control and rehabilitation during, and at the end of, the life of mines.

- Decommissioning costs
  The present value of estimated future decommissioning costs, which embody the future economic benefits, are capitalised as property, plant and equipment and concomitant decommissioning obligation is raised. These estimates are reviewed annually and discounted using a pre-tax rate that reflects current market assessment of the time value of money.

  Decommissioning assets include mine plant, equipment and buildings, and are amortised on a straight line basis over the expected useful life of the mine.

  The unwinding of the decommissioning obligation, due to the passage of time, is charged to finance cost.
- Restoration costs
  Estimated restoration costs are charged against income during the period in which such restoration obligation arises. These estimates are reviewed annually and any increases in such revised estimates are charged against income.
- Ongoing rehabilitation costs
  Expenditure on ongoing rehabilitation costs is recognised as an expense when incurred.

1.2.15 Revenue

Revenue comprises net invoiced sales to customers excluding Value Added Taxation.

Revenue from the sale of fluorspar concentrates and briquettes as well as agricultural lime is recognised when the significant risks and rewards of ownership are transferred to the buyer.

1.2.16 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.2.17 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Interest on borrowings directly relating to the financing of qualifying capital projects under construction is added top the capitalised cost of those projects during the construction phase, until such time as the assets are substantially ready for their intended use or sale which, in the case of mining properties, is when they are capable of commercial production. Where funds have been borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using the weighted average of rates applicable to relevant general borrowings of the group during the period.

1.2.18 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in ZAR, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each balance sheet date:

- foreign currency monetary items are translated using the closing rate; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in ZAR by applying to the foreign currency amount the exchange rate between the ZAR and the foreign currency at the date of the cash flow.

Notes to the financial statements

for the year ended 30 June 2008 (continued)

1.2.19 Finance income/expense

Interest is recognised in profit or loss, using the effective interest rate method.

1.2.20 Share options granted transactions

Goods or services received or acquired in a share options granted transaction are recognised when the goods or as the services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share options granted transaction or a liability if the goods or services were acquired in a cash-settled share options granted transaction.

When the goods or services received or acquired in a share options granted transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share options granted transactions, the goods or services received and the corresponding increase in equity, directly, are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, their value and the corresponding increase in equity, indirectly, are measured by reference to the fair value of the equity instruments granted.

If the share options granted do not vest until the counterparty completes a specified period of service, the company accounts for those services as they are rendered by the counterparty during the vesting period (or on a straight line basis over the vesting period).

If the share options granted vest immediately the services received are recognised in full.

For share options granted transactions in which the terms of the arrangement provide either the entity or the counterparty with the choice of whether the entity settles the transaction in cash (or other assets) or by issuing equity instruments, the components of that transaction are recorded, as a cash-settled share options granted transaction if, and to the extent that, a liability to settle in cash or other assets has been incurred, or as an equity-settled share options granted transaction if, and to the extent that, no such liability has been incurred.

1.2.21 Convertible debentures

Convertible debentures are recognised at fair value and the difference between the fair value and the nominal value are classified as equity in respect of the conversion rights.

2. STATEMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet applicable:

- IFRS 2 – Share options granted: Amendments to vesting conditions and cancellations (effective first annual period commencing on or after 1/1/2009)
- IFRS 3 – Business Combinations: Amendments to accounting for business combinations (effective first annual period commencing on or after 1/7/2009)
- IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations: Plan to sell the controlling interest in a subsidiary (effective first annual period commencing on or after 1/7/2009)
- IFRS 7 – Financial Instruments: Disclosures and presentation of finance costs (effective first annual period commencing on or after 1/1/2009)
- IFRS 8 – Operating Segments: New standard on segment reporting (replaces IAS 14). The key changes is to align the determination of segments in the financial statements with that used by management in their resource allocation decisions (effective first annual period commencing on or after 1/1/2009)
- IAS 1 – Presentation of Financial Statements: Amendments to structure of Financial Statements and current/non-current classification of derivatives. This statement was released in September 2007 and redefines the primary statements and expands on certain disclosures within these. Once adopted the group's primary statements will be amended to reflect the presentation required (effective first annual period commencing on or after 1/1/2009)
- IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors: Status of implementation guidance (effective first annual period commencing on or after 1/1/2009)
- IAS 16 – Property, Plant and Equipment: Recoverable amount and Sale of assets held for rental (effective first annual period commencing on or after 1/1/2009)

Notes to the financial statements

for the year ended 30 June 2008 (continued)

- IAS 23 – Borrowing Cost: Amendment requiring capitalisation only model and components of borrowing costs (effective first annual period commencing on or after 1/1/2009)
- IAS 27 – Consolidated and Separate Financial Statements: Amendment dealing with measurement of cost of investment when adopting IFRS for the first time, Consequential amendments from changes to Business Combinations, Measurement of subsidiary held for sale in separate and financial statements (effective first annual period commencing on or after 1/1/2009)
- IAS 32 – Financial Instruments: Presentation: Certain financial instruments will be classified as equity whereas, prior to these amendments, they would have been classified as financial liabilities (effective first annual period commencing on or after 1/1/2009)
- IAS 36 – Impairment of Assets: Disclosure of estimates used to determine recoverable amount (effective first annual period commencing on or after 1/1/2009)
- IAS 39 – Financial Instruments: Recognition and Measurement: Reclassification of derivatives into or out of the classification of at fair value through profit or loss, Designating and documenting hedges at the segment level and applicable effective interest rate on cessation of fair value hedge accounting (effective first annual period commencing on or after 1/1/2009)
- IAS 39 – Financial Instruments: Recognition and Measurement: Classifies two hedge accounting issues: Inflation in a financial hedge item and a one-sided risk in a hedge item (effective first annual period commencing on or after 1/7/2009)
- IAS 40 – Investment property: Property under construction or development for future use as investment property, Consistency of terminology with IAS 8 and Investment property held under lease (effective first annual period commencing on or after 1/1/2009)
- IFRIC 12 – Service Concession Arrangements (effective first annual period commencing on or after 1/1/2008)
- IFRIC 13 – Customer Loyalty Programmes (effective first annual period commencing on or after 1/7/2008)
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction: This statement clarifies when refunds and reductions in future contributions would be regarded as available in determining the appropriate defined benefit asset to be recognised under IAS 19 – Employee Benefits. It further clarifies the impact of minimum funding requirements (effective first annual period commencing on or after 1/2/2008)
- IFRIC 15 – Agreements for the Construction of Real Estate (effective first annual period commencing on or after 1/1/2009)
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation (effective first annual period commencing on or after 1/10/2008)

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the company other than requiring additional disclosure.

Notes to the financial statements

for the year ended 30 June 2008 (continued)

	R000	Group 2008	Group 2007	Company 2008	Company 2007
3.	**REVENUE**				
	From the sale of:				
	□ Acid grade fluorspar concentrate	**161 043**	102 345	**–**	–
	□ Metallurgical grade fluorspar concentrate	**6 479**	6 970		–
	□ Agricultural lime	**595**	–	**–**	–
	Mining revenue	**168 117**	109 315	**–**	–
	Investment income				
	Interest received	**31**	282	**3**	246
		31	282	**3**	246
4.	**FINANCE COST**				
	□ Loan finance raising cost	**1 415**	80	**975**	–
	□ Bank overdraft and finance leases	**5 587**	5 198	**1 717**	–
	□ Other interest paid	**–**	1 202	**–**	870
	□ Unwinding of decommissioning obligation	**3 007**	–	**–**	–
		10 009	6 480	**2 692**	870
5.	**LOSS BEFORE TAXATION**				
	Is stated after taking into account:				
	Auditors' remuneration	**553**	911	**274**	498
	□ Audit fee	**553**	911	**274**	498
	□ Other services	**–**	–	**–**	–
	Depreciation of mining assets	**15 857**	11 181	**–**	–
	Depreciation of office furniture and equipment	**1**	3	**1**	3
	Depreciation of decommissioning asset	**1 143**	570	**–**	–
	Reversal of impairment	**(2 205)**	–	**–**	–
	Provision for restoration	**5 827**	2 361	**–**	–
	Foreign exchange losses/(gains)	**(4 794)**	(1 639)	**–**	–
	□ Fair value of forward cover contract	**(498)**			
	□ Gains	**(26 619)**	(1 933)	**–**	–
	□ Losses	**22 323**	294	**–**	–
	Salaries and wages	44 539	33 526		
	Professional services				
	□ Managerial and technical services	**2 068**	1 655	**973**	1 655
	□ Secretarial and administration services	**428**	356	**428**	356
	□ Legal fees	**3 385**	801	**3 385**	742

	R000	Directors' fees	Salary	Options granted	2008	2007
6.	**DIRECTORS' EMOLUMENTS**					
	Paid by company					
	□ J Blersch	120	600	4 458	**5 208**	270
	□ TG Dale	150	600	4 458	**5 178**	281
	□ VE Msibi*	120	–	–	**120**	120
	□ JE Woods*	125	–	–	**125**	50
	□ PH Flack*	–	–	–	**–**	170
	□ AD Moffat*	–	–	–	**–**	75
	□ J Nel*	–	–	–	**–**	60
	□ LB Robertson*	–	–	–	**–**	324
	□ BC Esterhuyzen*	120	–	–	**120**	–
	Paid by subsidiaries					
	□ IJ Marais	–	1 139	1 550	**2 689**	1 254
	Total	635	2 339	10 466	**13 440**	2 604

*Non-executive

Notes to the financial statements

for the year ended 30 June 2008 (continued)

R000	Group 2008	Group 2007	Company 2008	Company 2007
7. TAXATION				
South African normal taxation				
□ Prior year	–	–	–	–
□ Deferred tax liability offset against unrecognised assets	–	5 600	–	–
	–	5 600	–	–
Reconciliation of tax rate				
□ Current year's credit as a percentage of net loss before taxation	–	–	–	–
□ Unutilised tax losses	28	29	–	–
□ Standard tax rate	28	29	–	–

The company has an estimated tax loss of R39.2 million (2007: R22.9 million) available for set-off against future taxable income.

8. LOSS PER SHARE

Basic loss per share amounts are calculated by dividing loss after taxation for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the year.

Headline loss per share is calculated by removing gains on disposal of assets.

Diluted loss per share amounts are calculated by dividing the loss after taxation by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares that would be issued if:

- All options had been exercised on the date such options became exercisable; and
- The convertible debentures had been converted on the date such convertible debentures were issued.

The calculation of loss per share is based on:

- □ An undiluted weighted average of 631 271 594 (2007: 536 580 049) ordinary shares in issue during the year; and
- □ A diluted average of 639 177 956 (2007: 541 417 495) shares in issue, assuming that all the options granted had been exercised with effect from the date they were vested.
- □ The number of prior year shares have increased by 41 612 330 shares deemed to be bonus shares arising from a rights issue in July 2007, in compliance with IAS 33.

R000	Group 2008	Group 2007
Reconciliation of earnings		
Net loss attributable to shareholders for basic earnings per share	(42 398)	(41 635)
Loss/(gain) on disposal of assets (net of tax)	323	(414)
Reversal of impairment of decommissioning asset	(2 205)	–
Net loss attributable to shareholders for headline earnings per share	(44 280)	(42 049)
Basic loss		
Undiluted (42 398/631 272) (cents)	(6.7)	(7.8)
Diluted (42 398/639 178) (cents)	(6.6)	(7.7)
Headline loss		
Undiluted (44 280/631 272) (cents)	(7.0)	(7.8)
Diluted (44 280/639 178) (cents)	(6.9)	(7.8)

Notes to the financial statements

for the year ended 30 June 2008 (continued)

R000	Group 2008	Group 2007	Company 2008	Company 2007
9. INVESTMENT PROPERTIES				
Valuation	**3 167**	3 167	**3 167**	3 167
Accumulated depreciation	**–**	–	**–**	–
Carrying value	**3 167**	3 167	**3 167**	3 167
Reconciliation of investment property:				
Opening balance	**3 167**	3 167	**3 167**	3 167
Additions	**–**	–	**–**	–
Disposals	**–**	–	**–**	–
Fair value adjustments	**–**	–	**–**	–
Balance at 30 June	**3 167**	3 167	**3 167**	3 167

The effective date of the revaluations was 19 August 2008. Revaluations were performed by an independent valuer, Mr Peter Lin, of Pam Golding Properties East Rand. Pam Golding Properties East Rand are not connected to the company and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use.

These assumptions are based on current market conditions.

A register containing the information required by paragraph 22 (3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the company.

R000	Group 2008	Group 2007	Company 2008	Company 2007
10. GOODWILL				
□ Carrying value	**10 175**	10 175	**–**	–

Based on a review of forecast profits goodwill is not impaired.

Goodwill arose on acquisition of the equity of Witkop Fluorspar Mine (Pty) Limited.

R000	Mineral rights	Furniture and equipment	Mine properties	Mine plant and equipment	Decom-missioning asset	Total
11. PROPERTY, PLANT AND EQUIPMENT						
GROUP						
2008						
□ Cost	**36 619**	**37**	**9 349**	**132 085**	**9 773**	**187 863**
□ Accumulated depreciation and impairment	**(15 225)**	**(31)**	**–**	**(28 678)**	**(655)**	**(44 589)**
□ Carrying amount at 30 June 2007	**21 394**	**6**	**9 349**	**103 407**	**9 118**	**143 274**
□ Reversal of impairments	**–**	**–**	**–**	**–**	**2 205**	**2 205**
□ Additions	**–**	**5**	**–**	**22 954**	**222**	**23 181**
□ Depreciation	**(2 023)**	**(1)**	**–**	**(15 857)**	**(1 143)**	**(19 024)**
□ Disposals at net book value	**–**	**–**	**–**	**(2 810)**	**–**	**(2 810)**
□ Cost	**36 619**	**42**	**9 349**	**150 872**	**12 200**	**209 082**
□ Accumulated depreciation and impairment	**(17 248)**	**(32)**	**–**	**(43 177)**	**(1 798)**	**(62 255)**
□ Carrying amount at 30 June 2008	**19 371**	**10**	**9 349**	**107 695**	**10 402**	**146 827**

Notes to the financial statements

for the year ended 30 June 2008 (continued)

R000	Mineral rights	Furniture and equipment	Mine properties	Mine plant and equipment	Decom-missioning asset	Total
11. PROPERTY, PLANT AND EQUIPMENT *(continued)*						
GROUP						
2007						
□ Cost	36 619	31	–	68 735	166	105 551
□ Accumulated depreciation and impairment	(12 661)	(28)	–	(20 837)	(85)	(33 611)
□ Carrying amount at 30 June 2006	23 958	3	–	47 898	81	71 940
□ Additions	–	6	9 349	70 726	9 607	89 688
□ Depreciation	(2 564)	(3)	–	(11 181)	(570)	(14 318)
□ Disposals at net book value	–	–	–	(4 036)	–	(4 036)
□ Cost	36 619	37	9 349	132 085	9 773	187 863
□ Accumulated depreciation and impairment	(15 225)	(31)	–	(28 678)	(655)	(44 589)
□ Carrying amount at 30 June 2007	21 394	6	9 349	103 407	9 118	143 274

R000	Furniture	Total
COMPANY		
2008		
□ Cost	**37**	**37**
□ Accumulated depreciation and impairment	**(31)**	**(31)**
□ Carrying amount at 30 June 2007	**6**	**6**
□ Revaluation	–	**3 167**
□ Additions	**5**	**5**
□ Depreciation	**(1)**	**(1)**
□ Cost	**42**	**3 209**
□ Accumulated depreciation and impairment	**(32)**	**(32)**
□ Carrying amount at 30 June 2008	**10**	**3 177**
2007		
□ Cost	31	31
□ Accumulated depreciation and impairment	(28)	(28)
□ Carrying amount at 30 June 2006	3	3
□ Additions	6	6
□ Depreciation	(3)	(3)
□ Disposals at net book value	–	–
□ Cost	37	37
□ Accumulated depreciation and impairment	(31)	31)
□ Carrying amount at 30 June 2007	6	6

The carrying value of mine plant, equipment held under finance leases at 30 June 2008 is R12 807 312 (2007: R19 426 588). Refer note 18.1.

There is a general notarial covering bond in favour of First National Bank over all moveable assets of the group.

There is a general covering bond in favour of First National Bank over all fixed properties of the group.

A register containing the information required by paragraph 22 (3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the company.

Notes to the financial statements

for the year ended 30 June 2008 (continued)

R000	Note	Company 2008	2007
12. INTEREST IN SUBSIDIARIES			
Unlisted shares at cost – Witkop Fluorspar Mine (Proprietary) Limited		**78 963**	78 966
Amounts due by:			
□ Witkop Fluorspar Mine (Proprietary) Limited		**11 809**	36 786
□ Buffalo Fluorspar Mine (Proprietary) Limited		**64 562**	43 002
□ Pypklip Mining Holdings (Proprietary) Limited		**27 977**	30 013
These intergroup amounts are unsecured, interest free and have no fixed terms of repayment. These amounts are regarded as capital contributions by the company to its subsidiaries.	29	**183 311**	188 767

R000	Glacier	Sanlam	Total
13. RESTRICTED INVESTMENTS			
Investments consist of units in collective investments and are accounted for at market values:			
Opening balance	568	585	1 153
Additions at cost	–	600	600
Revaluation	16	(134)	(118)
Closing balance	584	1 051	1 635

The investments are ceded to Lombard Insurance Co Limited who have in turn issued a R2.2 million guarantee to the Department of Minerals & Energy Affairs on behalf of Witkop Fluorspar Mine (Pty) Limited in respect of Witkop's rehabilitation obligations. This guarantee expires on 30 June 2009. Currently a further R50 000 is invested monthly.

R000	Group 2008	Group 2007	Company 2008	Company 2007
14. INVENTORIES				
□ Tailing dumps	**4 707**	4 890	**–**	–
□ Ore stockpiles (at cost)	**5 425**	2 609	**–**	–
□ Acid grade fluorspar (at cost and net realisable value)	**19 767**	16 560	**–**	–
□ Metallurgical grade fluorspar (at cost)	**247**	49	**–**	–
□ Consumables (at cost)	**16 244**	9 813	**–**	–
	46 390	33 921	**–**	–

The amount of write-down of inventories to net realisable value recognised as an expense in the income statement is R1 995 220 (2007: R1 624 706). This expense is included in cost of sales.

The inventories are encumbered in terms of a general notarial bond to the company's banker as security for facilities granted.

R000	Group 2008	Group 2007	Company 2008	Company 2007
15. OTHER FINANCIAL ASSETS				
Fair value through profit or loss				
□ Foreign Exchange Contract	**498**	–	**–**	–
	498	–	**–**	–

The asset consists of two foreign exchange contracts with the following terms:

FEC no	Transaction date	Maturity date	Foreign currency	Fixed rate at maturity	FEC balance 30 June 2008 $000	Fair value R000
FXF016083	13/06/08	07/07/2008	USD	8.0604	1,000	200
FXF016105	13/06/08	22/08/2008	USD	8.2547	1,000	298
						498

Notes to the financial statements

for the year ended 30 June 2008 (continued)

R000	Note	Group 2008	Group 2007	Company 2008	Company 2007
16. ACCOUNTS RECEIVABLE					
□ Trade debtors		**16 271**	10 425	**–**	–
□ Sundry debtors		**8 778**	9 359	**2 613**	1 827
□ Impairment of trade debtors		**(7 545)**	(7 545)	**–**	–
		17 504	12 239	**2 613**	1 827

The trade debtors are ceded to the company's bankers as security for facilities granted. Trade receivables are non-interest bearing and are generally on 30 days.

Please refer to note 28 for details on the group's exposure to credit and currency risk.

R000	Note	Group 2008	Group 2007	Company 2008	Company 2007
17. CASH AND CASH EQUIVALENTS					
□ Current bank account		**20 871**	(29 461)	**565**	(8 572)
□ Cash on call and on hand		**7**	603	**–**	–
□ US$ account		**4 495**	4	**–**	–
□ Rights issue bank account		**7**	–	**7**	121
		25 380	(28 854)	**572**	(8 451)

Witkop Fluorspar Mine (Proprietary) Limited has facilities of R10 million and Buffalo Fluorspar Mine (Proprietary) Limited has facilities of R6 million secured by cession of group trade debtors, inter company loans and inter company shareholdings, general notarial covering bond over moveable assets of Witkop and Buffalo, general covering bond over certain properties held in the group and unlimited suretyship given by the company and its subsidiaries. Current account bears interest at floating rates based on prime. Please refer to note 28 for details on the group's exposure to credit and currency risk.

R000	Note	Group 2008	Group 2007	Company 2008	Company 2007
18. SHARE CAPITAL AND PREMIUM					
Share capital					
Authorised					
1 000 000 000 ordinary shares of 0.1 cent each		**1 000**	1 000	**1 000**	1 000
Issued and fully paid					
□ Opening balance: 506 263 665 shares		**506**	450	**506**	450
□ Issued for cash: 124 916 992 shares		**125**	43	**125**	43
□ Issued for cash on exercise of share options: 3 800 000 shares		**4**	13	**4**	13
634 980 657 ordinary shares of 0.1 cent each		**635**	506	**635**	506
Share premium					
□ Opening balance		**209 602**	175 235	**209 602**	175 235
□ On issue of shares for cash		**74 825**	29 958	**74 825**	29 958
□ On exercise of share options		**1 082**	4 409	**1 082**	4 409
□ Less: Share issue and related expenses written off		**(5 091)**	–	**(5 091)**	–
		280 418	209 602	**280 418**	209 602
□ Total share capital and premium		**281 053**	210 108	**281 053**	210 108

Share option schemes

The company has a share option scheme under which options to subscribe for the company's shares have been granted to certain executives and senior employees. 31

Notes to the financial statements

for the year ended 30 June 2008 (continued)

R000	Group 2008	Group 2007	Company 2008	Company 2007
19. INTEREST BEARING DEBT				
19.1 Finance leases				
□ Balance at 30 June	**12 552**	19 571	**–**	–
□ Less: Current portion included in current liabilities	**(4 595)**	(5 628)	**–**	–
	7 957	13 943	**–**	–

The finance lease liability is secured by various items of plant and equipment (note 9). Interest is charged at various rates and linked to prime rate. The present value of the net minimum lease payments is as follows:

The carrying value of mine plant and equipment held under finance leases at 30 June 2008 is R12 807 312 (2007: R19 426 588). Refer to note 10.

R000	Minimum payments 2008	Minimum payments 2007	Present value of minimum payments 2008	Present value of minimum payments 2007
GROUP				
□ Within 1 year	**5 859**	7 648	**4 595**	5 628
□ After 1 year but not greater than 5 years	**8 999**	16 504	**7 957**	13 943
	14 858	24 152	**12 552**	19 571
□ Less: Future finance charges	**(2 306)**	(4 581)	**–**	–
	12 552	19 571	**12 552**	19 571

R000	Group 2008	Group 2007	Company 2008	Company 2007
19.2 Short-term loans – secured				
□ Balance at 30 June	**–**	26 936	**–**	26 936
□ Less: Current portion included in current liability	**–**	(26 936)	**–**	(26 936)
	–	–	**–**	–

These loans were unsecured, carried interest at prime and were repayable on receipt of the proceeds of the rights offer in July 2007.

The company's borrowing powers are unlimited in terms of the articles of association.

R000	Group 2008	Group 2007	Company 2008	Company 2007
20. PROVISION FOR ENVIRONMENTAL REHABILITATION				
Rehabilitation provision				
□ Balance at 1 July	**12 550**	3 163	**–**	–
□ Inflationary adjustment	**2 541**	–	**–**	–
□ Change in assumption	**926**	–	**–**	–
□ Additional provision	**2 246**	9 387	**–**	–
□ Balance at 30 June	**18 263**	12 550	**–**	–
Decommissioning obligation				
□ Balance at 1 July	**2 406**	1 489	**–**	–
□ Inflationary adjustment	**466**	–	**–**	–
□ Change in assumption	**(352)**	917	**–**	–
□ Balance at 30 June	**2 520**	2 406	**–**	–
Total	**20 783**	14 956	**–**	–
Key assumptions:				
□ Discount rate	**9.26%**	9.26%	**–**	–
□ Inflation rate	**10.4%**	10.4%	**–**	–

Environmental rehabilitation and decommissioning provision

These provisions are raised to ensure that adequate provision has been made for the environmental rehabilitation and decommissioning obligation of the mine. The Department of Minerals and Energy Affairs has approved the rehabilitation plan used as the basis of the calculation.

Notes to the financial statements

for the year ended 30 June 2008 (continued)

21. CONVERTIBLE DEBENTURES

Convertible debentures consisting of 151,5 million ZAR denominated convertible debentures at a price of R0,50 were issued by the company on 12 May 2008.

Convertible debentures are recognised at fair value and the difference between the fair value and the nominal value is classified as equity in respect of the conversion rights.

The net proceeds received from the issue of the convertible debentures have been split between the liability element and an equity component, representing the residual attributable to the option to convert the liability into equity of the group, as follows:

	Group		Company	
R000	2008	2007	2008	2007
Proceeds of issue	**75 741**	–	**75 741**	–
Liability component at date of issue	**(57 781)**	–	**(57 781)**	–
Equity component	**17 960**	–	**17 960**	–

The equity component of R17 960 000 has been classified as equity.

The interest rate is fixed at 10%, nominal annual compounded semi-annually. The liability component is measured at amortised cost. The difference between the carrying amount of the liability component at the date of issue (R57 781 000) and the amount reported in the balance sheet at 30 June 2008 (R59 140 000) represents the interest accrued to that date at the effective interest rate.

Terms and conditions attaching to the unsubordinated unsecured convertible debentures

A debenture holder shall have the following five options available to him:

In the absence of an event of default:

– to elect **early non-default conversion** any time prior to 31 December 2012, in terms of which some or all of the convertible debentures are repaid through the allotment and issue, credited as fully paid, of the maximum whole number of Sallies shares at a subscription price of R0.50, which is equal to the aggregate principal amount of one convertible debenture being repaid. Accrued but unpaid interest will be paid in cash;

– to elect **maturity cash repayment** in terms of which some or all of the convertible debentures are repaid in cash at their aggregate principal amount of one convertible debenture being repaid, on 31 December 2012;

– to elect **maturity conversion** in terms of which some or all of the convertible debentures are repaid through the allotment and issue, credited as fully paid, of one Sallies ordinary share per convertible debenture at the aggregate principal amount of one convertible debenture being repaid, on 31 December 2012. Accrued but unpaid interest will be paid in cash.

If an event of default has occurred:

– to elect **default cash repayment** in terms of which the convertible debentures shall be repaid at their principal amount;

– to elect **default conversion** in terms of which the principal amount of all of the convertible debentures outstanding are repaid through the allotment and issue, credited as fully paid, of the maximum whole number of Sallies shares at a subscription price per Sallies share equal to R0.50 per Sallies share. Accrued but unpaid interest will be paid in cash.

	Group		Company	
R000	2008	2007	2008	2007
22. DEFERRED TAXATION				
□ Balance at 1 July	**–**	5 600	**–**	–
□ Income statement movement	**–**	(5 600)	**–**	–
□ Balance at 30 June	**–**	–	**–**	–
23. ACCOUNTS PAYABLE				
□ Trade creditors	**12 606**	21 528	**–**	–
□ Other creditors	**8 499**	9 909	**1 531**	2 575
	21 105	31 437	**1 531**	2 575

24. CAPITAL COMMITMENTS

There were no capital commitments at 30 June 2008 (2007: Nil).

25. CONTINGENT LIABILITIES

Eskom power supply

In the event of Witkop Fluorspar Mine closing down, the group is contractually bound to reimburse Eskom the costs incurred by them in upgrading an electrical substation. The original cost of R528 460 will be proportionately reduced from the year 2002 to the year 2012. At 30 June 2008, the potential liability was R264 230 (2007: R369 922).

Suretyship

The company has provided an unlimited suretyship to the bankers of Witkop Fluorspar Mine (Proprietary) Limited and Buffalo Fluorspar Mine (Proprietary) Limited. The directors do not expect any losses under this agreement.

South African Revenue Services

Witkop Fluorspar Mine (Pty) Limited is currently involved in disputes with the SARS regarding the 2000 to 2003 years of assessment. SARS has disallowed the deduction of certain inter company expenditure and rejected the timing of revenue recognised.

If Witkop is successful in the disputes, provisional payments amounting to R6.7 million (excluding interest) will be refunded to the group. If unsuccessful in all of the disputes, the total amount payable will amount to approximately R0.7 million (excluding interest).

Honeywell supply agreement dispute

Sallies is currently involved in arbitration proceedings with Honeywell, a former customer. An amount of USD1 067 327 is owed by Honeywell to Sallies for fluorspar delivered by Witkop Fluorspar Mine (Pty) Limited to Honeywell in 2005. Sallies sent a letter, dated 21 November 2005, to Honeywell, demanding payment of the outstanding invoices.

Sallies was advised to obtain a Swiss legal opinion on the interpretation of the contract with Honeywell before proceeding with possible cancellation, which it did.

A letter informing Honeywell of a “material breach” was forwarded to Honeywell on 11 January 2006. Honeywell did not respond to this letter and Sallies cancelled the contract on 19 January 2006, to which Honeywell responded on the same date, claiming unjustified cancellation. Sallies responded on 25 January 2006 confirming the contractual basis on which the termination was justified.

Honeywell referred the matter to arbitration in terms of the Rules of the International Chamber of Commerce. Honeywell claimed an amount of USD6 847 305 plus interest and costs from Sallies for damages which it alleges it suffered as a result of a breach of contract by Sallies.

On 14 January 2008, the Arbitral Tribunal in Zurich dealing with the Honeywell arbitration gave its preliminary, non-binding assessment on the evidence it heard at the witness hearings during the last week of September 2007. Its most important conclusions were:

(i) that the termination of the Witkop contract with Honeywell by Sallies, was legal according to Swiss law; and
(ii) that the foundation upon which Honeywell based its claim against Sallies is unsustainable in Swiss law.

The Arbitral Tribunal granted Honeywell permission to change the basis of their claim.

Honeywell has now submitted an alternative claim in the sum of USD4 514 457 plus interest and costs.

Sallies is opposing Honeywell's claim and has submitted a claim against Honeywell in the sum of USD3 830 273 plus interest and costs, which amount includes the USD1 067 327 for fluorspar delivered.

The final hearing in the matter took place before the Arbitral Tribunal on 27 October 2008. Final post-hearing briefs are to be submitted on 15 December 2008 and statements of costs on 17 December 2008. The Arbitral Tribunal intends to declare the proceedings closed upon receipt of the statements of costs. A final decision could be delivered early in 2009.

26. SUBSEQUENT EVENTS

Suspending of Buffalo Operation

The board of directors announced on 10 October 2008 that the operation of Buffalo Fluorspar Mine (Proprietary) Limited is being placed on care and maintenance. Employees were notified the next day. Consultation with the approximately 130 employees on redundancy packages and options to limit the adverse effects the plant closure will have on staff is underway.

Buffalo's sole activity since it was acquired by Sallies with effect from 1 August 2006 has been the retreatment of tailings produced over the years 1974 to 1994 when it operated one of the largest fluorspar mines in the world. Mining was stopped after the Chinese had entered the fluorspar market with low-priced product and the Buffalo operations became uneconomical. Buffalo has incurred losses totalling approximately R29.7 million and capital expenditure of R5.4 million since it was acquired in 2006 for R65 million.

The company will now undertake a SAMREC compliant assessment of opencast/underground ore resources at Buffalo. Subject to this assessment confirming adequate resources, a study to determine the feasibility of restarting mining operations will be undertaken.

The book value of Buffalo's fixed assets was R71 million at 30 June 2008.

Other events

The directors are not aware of any other post balance sheet events that occurred between the year end and the date of authorisation of the annual financial statements that require any adjustments or additional disclosure to the annual financial statements.

27. RETIREMENT BENEFITS

All the employees of the company are members of either the Witkop Fluorspar Provident Fund or the Witkop Fluorspar Mine Provident Fund, which are both defined contribution funds governed by the Pension Fund Act of 1956. The assets of these schemes are held in administered trust funds separated from the company's assets. Scheme assets primarily consist of listed shares and property trust units and fixed income securities. No other post-retirement benefits are available to employees. Contributions amounted to R3 857 743 (2007: R1 947 295).

28. RISK MANAGEMENT

Exposure to currency, interest rate and credit risk arises in the normal course of the company's business.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities.

The group manages its cash position and future outflows on an ongoing basis. The group ensures that it has sufficient cash on demand to meet expected operational expenses and liabilities, as they fall due.

28. RISK MANAGEMENT *(continued)*

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting arrangements:

R000	Finance leases	Secured loans	Bank overdraft	Trade and other payables
GROUP				
At 30 June 2008				
Carrying amount	**(12 552)**	**–**	**–**	**(21 105)**
Contractual cash flows	**(12 552)**	**–**	**–**	**(21 105)**
Payable within 6 months	**–**	**–**	**–**	**(21 105)**
Payable within 12 months	**(4 950)**	**–**	**–**	**–**
Payable within 1 to 2 years	**(7 602)**	**–**	**–**	**–**
At 30 June 2007				
Carrying amount	(19 571)	(26 936)	(29 461)	(30 850)
Contractual cash flows	(19 571)	(26 936)	(29 461)	(30 850)
Payable within 6 months	–	–	(29 461)	(30 850)
Payable within 12 months	(5 628)	(26 936)	–	–
Payable within 1 to 2 years	(13 943)	–	–	–
Payable after 5 years	–	–	–	–
COMPANY				
At 30 June 2008				
Carrying amount	**–**	**–**	**–**	**(1 531)**
Contractual cash flows	**–**	**–**	**–**	**(1 531)**
Payable within 6 months	**–**	**–**	**–**	**(1 531)**
Payable within 12 months	**–**	**–**	**–**	**–**
Payable within 1 to 2 years	**–**	**–**	**–**	**–**
Payable after 5 years	**–**	**–**	**–**	**–**
At 30 June 2007				
Carrying amount	–	(26 936)	(8 572)	(2 575)
Contractual cash flows	–	(26 936)	(8 572)	(2 575)
Payable within 6 months	–	–	(8 572)	(2 575)
Payable within 12 months	–	(26 936)	–	–
Payable within 1 to 2 years	–	–	–	–
Payable after 5 years	–	–	–	–

Capital management

The board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a relatively widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

At 30 June the group did not consider there to be any significant concentration of credit risk which had not been adequately provided for.

28. RISK MANAGEMENT *(continued)*

R000	2008 Gross	2008 Impairment	2008 Total	2007 Gross	2007 Impairment	2007 Total
Trade receivables ageing						
Group						
Not past due	**6 971**	**–**	**6 971**	1 737	–	1 737
Past due 31 to 60 days	**1 755**	**–**	**1 755**	–	–	–
Past due 61 to 120 days	**7 545**	**(7 545)**	**–**	8 688	(7 545)	1 143
	16 271	**(7 545)**	**8 726**	10 425	(7 545)	2 880
Company						
Trade receivables ageing						
Not past due			**–**	**–**	–	–
Past due 31 to 60 days			**–**	**–**	–	–
Past due 61 to 120 days			**–**	**–**	–	–

	2008	2007
Trade receivables – Listing of major customers		
Customer A	**1 829**	–
Customer B	**1 582**	710
Customer C	**1 655**	417
Customer D	**2 413**	–
Other	**1 247**	1 753
	8 726	2 880

Market risk

This is the risk that financial instrument fair values will fluctuate owning to change in market prices. The significant market risks to which the group is exposed are foreign exchange risk and interest rate risk. These are discussed further below:

Interest rate risk

The group adopts a policy of ensuring that its borrowings are at market related rates to address its interest rate risk.

A cash flow sensitivity report was not presented as a change in interest rates at the reporting date would not have a significant impact on the group's profit and loss.

As the company has no significant interest bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.

At the reporting date the interest rate profile of the group's interest bearing financial instruments were:

	Effective interest rate	2008	2007
Convertible debentures	18.5%	59 140	–
Finance lease obligation	13% – 15.93%	12 552	19 571
Restricted investments	6.95% – 12.11%	1 635	–

Foreign exchange risk

Foreign currency exposure at balance sheet date

Forward exchange contracts which relates to future commitments

Amount in foreign currency purchased	Fixed forward exchange rate	Latest maturity date
Group		
USD1 000 000	8.0604	7 July 2008
USD1 000 000	8.2547	22 August 2008

The company reviews its foreign currency exposure, including commitments and receivables on an ongoing basis. FEC contracts are entered into when sales are secured in foreign currency. The company expects its foreign exchange contracts to hedge foreign exchange exposure. The FEC contracts were obtained to cover the international debtors with a carrying value of $604 232 and export sales in transit.

R000	Carrying amount	Fair value
28. RISK MANAGEMENT *(continued)*		
Additional information in relation to financial instruments		
Line items presented in the balance sheet summarised per category of financial instrument		
2008		
Financial assets		
Financial assets held for trading		
Cash and cash equivalents	**25 380**	**25 380**
Fair value through profit and loss		
Foreign exchange contract	**498**	**498**
Restricted investment	**1 635**	**1 635**
Loans receivable		
Trade and other receivables	**17 504**	**17 504**
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	**21 105**	**21 105**
Other financial liabilities	**12 552**	**12 552**
Financial liabilities at fair value through profit or loss		
Convertible debentures	**59 140**	**59 140**
2007		
Financial assets		
Financial assets held for trading		
Cash and cash equivalents	607	607
Loans receivable		
Trade and other receivables	12 239	12 239
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	30 850	30 850
Bank overdraft	29 461	29 461
Other financial liabilities	19 571	19 571
Shareholder loan	26 936	26 936

R000	Country of incorporation	% equity interest 2008	% equity interest 2007
29. RELATED PARTIES			
The consolidated financial statements include the financial statements of Sallies Limited and the subsidiaries listed in the following table:			
Directly held			
□ Witkop Fluorspar Mine (Pty) Limited	South Africa	**100**	100
□ Pypklip Mining Holdings (Pty) Limited	South Africa	**100**	100
□ Buffalo Fluorspar Mine (Pty) Limited	South Africa	**100**	100
Indirectly held through Witkop Fluorspar Mine (Pty) Limited			
□ Marico Fluorspar (Pty) Limited	South Africa	**100**	100
□ Mosega Fluorspar Works (Pty) Limited	South Africa	**100**	100

All group companies have ceded inter company loan accounts and provided unlimited suretyship to First National Bank Limited.

R000	Investment in related parties	Transactions with related parties	Amounts owed by related parties	Amounts owed to related parties
29. RELATED PARTIES *(continued)*				
The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial year.				
Subsidiary companies				
□ Buffalo Fluorspar Mine (Pty) Limited	–	–	64 562	–
□ Witkop Fluorspar Mine (Pty) Limited 2006	78 963	–	11 809	–
□ Pypklip Mining Holdings (Pty) Limited 2006	–	–	27 977	–

□ ***Terms and conditions of transactions with related parties***

Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2008, the group has not made any provision for doubtful debts relating to amounts owed by related parties (2007: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Group companies have agreed that they do not intend to call up the intercompany loans for at least the next 12 months.

R000	2008	2007
Compensation of key management of the group		
Key management besides the executive directors whose compensation is declared in directors' emoluments includes the mine managers of Witkop Fluorspar Mine, Buffalo Fluorspar Mine and the group financial manager.		
□ Remuneration	**2 530**	1 150
□ Allowances and benefits	**322**	1 002
□ Total compensation paid to key personnel	**2 852**	2 152

Key management interests in an employee share incentive plan

During 2008, no new options were granted to key management.

Notes to the financial statements

for the year ended 30 June 2008 (continued)

R000	Witkop NW Province	Buffalo Limpopo	Other	Consolidated
30. SEGMENTAL REPORTING				
2008				
Primary segment				
Business segment information				
Revenue	146 479	21 638	–	168 117
Net foreign exchange gains/(losses)	4 387	407	–	4 794
Cost of sales	(124 174)	(23 375)	–	(147 549)
Profit/(loss) from mining activities	26 692	(1 330)	–	25 362
Less: Depreciation	(9 314)	(6 186)	(1)	(15 501)
Amortisation of mineral rights	–	–	(2 023)	(2 023)
Operating profit/(loss) from mining activities	17 378	(7 516)	(2 024)	7 838
(Loss)/profit on disposal of plant and equipment	23	(408)	62	(323)
Administrative costs	(14 802)	(4 840)	(8 468)	(28 110)
Finance costs	(3 488)	(4 101)	(2 420)	(10 009)
Investment income	28	–	3	31
Interest on convertible debentures	–	–	(1 359)	(1 359)
Share options granted	–	–	(10 466)	(10 466)
Loss for the year	(861)	(16 865)	(24 672)	(42 398)
Other information				
Capital expenditure	17 594	5 360	–	22 954
Assets	141 391	91 290	21 684	254 365
Liabilities	(38 383)	(14 515)	(60 682)	(113 580)

Secondary segment

Geographical segment information

Revenue R000	Europe and North Africa	USA	Asia	Local	Total
Acid grade fluorspar Concentrate	120 413	24 905	2 438	13 287	161 043
Metallurgical grade fluorspar concentrate	–	–	–	6 479	6 479
Agricultural lime	–	–	–	595	595
Total	120 413	24 905	2 438	20 361	168 117

R000	Acid grade fluorspar concentrate	Other	Total
Assets	254 365	–	254 365
Liabilities	(113 580)	–	(113 580)

Notes to the financial statements

for the year ended 30 June 2008 (continued)

R000	Witkop NW Province	Buffalo Limpopo	Other	Consolidated
30. SEGMENTAL REPORTING *(continued)*				
2007				
Primary segment				
Business segment information				
Revenue	91 548	17 767	–	109 315
Net foreign exchange gains/(losses)	1 881	(152)	(90)	1 639
Cost of sales	(94 043)	(24 144)	–	(118 187)
Profit/(loss) from mining activities	(614)	(6 529)	(90)	(7 233)
Less: Depreciation	(7 258)	(3 923)	(3)	(11 184)
Amortisation of mineral rights	–	–	(2 564)	(2 564)
Operating profit/(loss) from mining activities	(7 872)	(10 452)	(2 657)	(20 981)
(Loss)/profit on disposal of plant and equipment	578	–	5	583
Administrative costs	(12 051)	(2 003)	(6 585)	(20 639)
Finance costs	(6 084)	(366)	(30)	(6 480)
Investment income	35	–	247	282
Loss for the year	(25 394)	(12 821)	(11 677)	(47 235)
Other information				
Capital expenditure	21 292	73 061	–	94 353
Assets	141 391	91 290	(29 676)	203 005
Liabilities	197 328	120 976	(257 633)	60 671

Secondary segment

Geographical segment information

Revenue R000	Europe and North Africa	USA	Asia	Local	Total
Acid grade fluorspar Concentrate	82 470	9 895	–	9 980	102 345
Metallurgical grade fluorspar concentrate	–	–	–	6 970	6 970
Agricultural lime	–	–	–	–	–
Total	82 470	9 895	–	16 950	109 315

R000	Acid grade fluorspar concentrate	Other	Total
Assets	203 005	–	203 005
Liabilities	60 671	–	60 671

Notes to the financial statements

for the year ended 30 June 2008 (continued)

R000	Group 2008	Group 2007	Company 2008	Company 2007
31. CASH FLOW INFORMATION				
31.1 Reconciliation of net loss before taxation to cash generated/(utilised) by operations				
Loss before taxation	**(39 231)**	(47 235)	**(123 005)**	(78 687)
Adjustments for:				
Amortisation of mineral rights	**2 023**	2 564	**–**	–
Depreciation	**15 858**	11 184	**1**	3
Depreciation of decommissioning asset	**1 143**	–	**–**	–
Fair value forward cover contract	**(498)**	–	**–**	–
Finance cost	**11 368**	6 480	**4 051**	870
Investment income	**(31)**	(282)	**(3)**	(246)
Loss/(profit) from the sale of plant and equipment	**323**	(583)	**–**	(5)
Provision for environmental rehabilitation	**5 827**	10 303	**–**	–
Revaluation of investments	**(4 202)**	–	**(3 167)**	–
Reversal of impairment	**(2 205)**	–	**–**	–
Other provisions (utilised)/raised	**(587)**	656	**–**	–
Share options granted	**10 467**	–	**10 467**	–
Operating cash flow before changes in working capital Carried forward	**255**	(16 913)	**(111 656)**	(78 065)
Decrease/(increase) in working capital:				
Inventories	**(12 469)**	(28 734)	**–**	–
Accounts receivable	**(5 265)**	(7 387)	**(786)**	(1 539)
Accounts payable	**(9 745)**	(16 401)	**(1 044)**	66 701
Cash generated/(utilised) by operations	**(27 224)**	(69 435)	**(113 486)**	(12 903)
31.2 Normal taxation paid				
Balance at 1 July	**2 789**	2 716	**–**	–
Current year's charge	**–**	73	**–**	–
Balance at 30 June	**2 789**	2 789	**–**	–
Normal taxation paid	**–**	–	**–**	–

32. SHARE OPTIONS GRANTED

Share Incentive Schemes

The Sallies Limited Share Incentive Scheme was adopted on 10 November 1999. The options which are currently outstanding were granted at weighted average strike prices varying between 20 cents and 60 cents per option. Participants may exercise their options in three equal tranches after one, two and three years, respectively, from grant date. Options expire ten years after grant date.

At 30 June 2008, options under this scheme were outstanding over:

- 4 687 500 ordinary shares to IJ Marais at prices between 20 cents and 60 cents each, vesting over a one year period.
- 968 750 ordinary shares to AB Smal at prices between 20 cents and 60 cents each, vesting over a one year period.

	Number of options		WAEP (cents)	
	2008	2007	2008	2007
32. SHARE OPTIONS GRANTED *(continued)*				
During 2008, the following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the year for IJ Marais and AB Smal (2007: also other employees):				
□ Outstanding at the beginning of the year	**9 456 250**	10 857 000	**41**	33
□ Granted during the year	**–**	–	**–**	–
□ Rights issue during the year	**–**	2 131 250	**–**	60
□ Exercised during the year	**(3 800 000)**	(3 532 000)	**29**	36
□ Outstanding at the end of the year	**5 656 250**	9 456 250		
Options over convertible debentures granted during the year in terms of rights offer				
IJ Marais	**1 797 000**	–	**50**	–
AB Smal	**232 500**	–	**50**	–
	2 029 500			

Each of Messrs TG Dale and J Blersch were granted options to purchase 18 768 774 ordinary shares of 0.1 cent each in the issued share capital of the company at a strike price of R0.60 per share, exercisable, cumulatively, as to 12 512 516 shares on or after 31 August 2008 (as to two thirds) and subject to Dale or Blersch, as the case may be, still remaining a consultant or in the employ of Sallies at the following exercise dates, on or after 31 December 2008 (as to five sixths) and 31 December 2009 (as to all the shares forming the subject matter of the options) on the following terms and conditions:

(i) if, on the expiry of 10 years after the issue is approved by the shareholders of the company, Dale and/or Blersch has not exercised or implemented their options in full, then the board shall be obliged and authorised to call upon them in writing to do so within 30 days after the date of such request, and if Dale and/or Blersch fails to comply with such request, or exercises his option in respect of only 100 shares or any multiple thereof, that part of the relevant option not exercised and implemented will automatically lapse;

(ii) if either Dale or Blersch ceases to be a consultant or to remain in the employ of the company, any of the options that may become exercisable by the affected director, as the case may be, will continue to be exercisable as follows after date of termination of his consultancy or employment:

- if termination occurs before 30 June 2009: 1 year thereafter;
- if termination occurs after 30 June 2009: 2 years thereafter;

all or any of the options may be exercised immediately by Dale and/or Blersch if at any time whilst any option remains unexercised there is a "change in control" in the company (within the meaning of the Securities Regulation Code on take-over and Mergers of the Securities Regulation Panel ["SRP"]).

32. SHARE OPTIONS GRANTED ***(continued)***

in consequence of the convertible debenture rights offer implemented in May 2008, each of Dale and Blersch now have further options over 4 504 005 convertible debentures exercisable, cumulatively, as to 3 003 003 convertible debentures on or after 31 August 2008 (as to two thirds) and subject to Dale or Blersch, as the case may be, still remaining a consultant or in the employ of Sallies at the following exercise dates, on or after 31 December 2008 (as to five sixths) and 31 December 2009 (as to all the convertible debentures forming the subject matter of the options).

Dale and Blersch have not exercised any share options to date. The prices of Sallies Limited shares and convertible debentures are currently below the strike prices of the options.

	Number of options 2008			2007	WAEP (cents)	
	TG Dale	J Blersch	Total	FRM Strategies	2008	2007
Options over shares						
Opening balance	–	–	–	8 731 786	–	46
Share options granted during the year	**18 768 774**	**18 768 774**	**37 537 548**	–	**60**	–
Options granted in terms of rights offer	–	–	–	1 079 140	–	60
Share options exercised	–	–	–	(9 810 926)	–	25-60
Balance at end of year	**18 768 774**	**18 768 774**	**37 537 548**	–		
Options over convertible debentures						
Options granted in terms of rights issue	**4 504 500**	**4 504 500**	**9 009 000**	–	**50**	–

33. PRIOR PERIOD ADJUSTMENT

Investment properties, being properties acquired while Sallies was mining for gold, were not included in the financial statements for the year ended 30 June 2006. The correction of the error results in adjustments as follows:

	2007
Balance sheet	
Investment properties	3 167
Retained earnings	(3 167)

Notice of annual general meeting

Sallies Limited

(Incorporated in the Republic of South Africa)
(Registration number 1903/001879/06)
Share code: SAL ISIN: ZAE000022588
("Sallies" or "the company")

NOTICE OF ANNUAL GENERAL MEETING OF THE COMPANY (INCORPORATING SPECIFIC RESOLUTIONS PERTAINING TO THE GRANTING OF OPTIONS TO TG DALE, J BLERSCH AND FJP ROUX) TO BE HELD AT 12H00 ON TUESDAY, 20 JANUARY 2009 AT THE GLENHOVE CONFERENCE CENTRE, 52 GLENHOVE ROAD, MELROSE ESTATE, JOHANNESBURG

Notice is hereby given that the Annual General Meeting ("AGM") of members will be held at 12h00 on Tuesday, 20 January 2009 at Glenhove Conference Centre, 52 Glenhove Road, Melrose Estate, Johannesburg to transact the following business:

To consider and, if thought fit, pass, with or without modification the following resolutions:

1. **ORDINARY RESOLUTION NUMBER ONE**
   To receive and adopt the Annual Financial Statements for the company and the group for the year ended 30 June 2008 together with the directors' report and the independent auditor's report.

2. **ORDINARY RESOLUTION NUMBER TWO**
   To resolve that the appointment of Dr Frederick Johannes Paul Roux as the non-executive chairman of the company be authorised and confirmed, in accordance with article 68 of the company's articles of association.

   (A brief CV appears on page 1 of the annual report.)

3. **ORDINARY RESOLUTION NUMBER THREE**
   To resolve that the appointment of Mr Dennis Graham John Kerrison as a non-executive director of the company be authorised and confirmed, in accordance with article 68 of the company's articles of association.

   (A brief CV appears on page 1 of the annual report.)

4. **ORDINARY RESOLUTION NUMBER FOUR**
   To resolve that the appointment of Mr Jürgen Kögl as a non-executive director of the company be authorised and confirmed, in accordance with article 68 of the company's articles of association.

   (A brief CV appears on page 1 of the annual report.)

5. **ORDINARY RESOLUTION NUMBER FIVE**
   To resolve that the appointment of Mr Sandile Swana as a non-executive director of the company be authorised and confirmed, in accordance with article 68 of the company's articles of association.

   (A brief CV appears on page 1 of the annual report.)

6. **ORDINARY RESOLUTION NUMBER SIX**
   To resolve that the re-appointment of BDO Spencer Steward (responsible partner: JC Lemmer) as auditors until the next Annual General Meeting in accordance with S270 (1) of the Companies Act of South Africa, be authorised and confirmed and that their remuneration be determined by the directors in thier sole discretion.

7. **ORDINARY RESOLUTION NUMBER SEVEN**
   To resolve that with effect from 1 July 2008, the annual directors' fees be set at R120 000 each, with the chairman receiving an additional R130 000.

8. **ORDINARY RESOLUTION NUMBER EIGHT – CONTROL OF AUTHORISED BUT UNISSUED SHARES**
   To resolve that all the unissued shares in the authorised share capital of the company be and are hereby placed under the control of the directors of the company, who are authorised to allot and issue the same to such persons and on such terms and conditions as they may determine in their sole and absolute discretion, subject to the provisions of the Companies Act of South Africa and the Listings Requirements.

A majority of the votes cast by all shareholders present, or represented by proxy at the Annual General Meeting, will be required to approve ordinary resolutions 1 to 6.

9. **ORDINARY RESOLUTION NUMBER NINE – GENERAL AUTHORITY TO ISSUE SHARES, OPTIONS OR CONVERTIBLE SECURITIES FOR CASH**

   To resolve that the directors be given the general authority to issue unissued shares of a class already in issue held under their control, for cash, and/or issue any options/convertible securities when the directors consider it appropriate in the circumstances, subject to the provisions of the Companies Act of South Africa, the provisions of the Banks Act, No. 94 of 1990 (as amended), the Listings Requirements and to the following limitations, that:

   - the authority shall be valid until the next Annual General Meeting of the company (provided it shall not extend beyond 15 months from the date of this resolution);
   - an announcement giving full details, including the impact on net asset value, net tangible asset value, earnings and headline earnings per share, will be published at the time of any issue representing, on a cumulative basis within one financial year, 5% or more of the number of shares in issue prior to such issue;
   - issues for cash in any one financial year may not exceed 15% of the company's issued share capital;
   - the issues must be made to public shareholders as defined by the Listings Requirements; and
   - in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% of the volume weighted average traded price as determined 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.

The approval of this resolution is subject to achieving a 75% majority of the votes cast in favour by shareholders present or represented by proxy at this meeting.

10. **SPECIAL RESOLUTION NUMBER 1 – OPTIONS GRANTED TO MESSRS TG DALE ("DALE") AND J BLERSCH ("BLERSCH")**

    To resolve that the special resolution approved by shareholders at the company's annual general meeting held on 27 February 2008 regarding the issue of options and irrevocable rights to each of Dale and Blersch to purchase 18 768 774 ordinary par value shares of 0.1 cent each in the issued share capital of the company at a strike price of R0.60 per share, exercisable, cumulatively, as to 12 512 516 shares on or after 31 August 2008 (as to two thirds) and, subject to Dale or Blersch, as the case may be, still remaining a consultant or in the employ of Sallies at the following exercise dates, on or after 31 December 2008 (as to five sixths) and 31 December 2009 (as to all the shares forming the subject matter of the options) be and is hereby amended and ratified to read as follows (the amendments are in bold):

    "The directors be and are hereby authorised to issue options and irrevocable rights to each of Dale and Blersch to purchase 18 768 774 ordinary shares of 0.1 cent each in the issued share capital of the company at a strike price of R0.60 per share, exercisable, cumulatively, as to 12 512 516 shares on or after 31 August 2008 (as to two thirds) and, subject to Dale or Blersch, as the case may be, still remaining a consultant or in the employ of Sallies at the following exercise dates, on or after 31 December 2008 (as to five sixths) and 31 December 2009 (as to all the shares forming the subject matter of the options) on the following terms and conditions:

    (i) **in the event that the company implements a rights offer, the directors shall include in the outstanding options (unexercised options) held by each of Dale and Blersch, a further option to acquire such additional number of shares as would have been offered to each of Dale and Blersch in terms of such rights offer, if he had been the registered holder of the shares forming the subject matter of the options previously granted to each of them, at a price equal to the rights offer price thereof; and**

    (ii) **in consequence of the convertible debenture rights offer implemented in May 2008, each of Dale and Blersch now have further options over 4 504 505 convertible debentures exercisable, cumulatively, as to 3 003 003 convertible debentures on or after 31 August 2008 (as to two thirds) and, subject to Dale or Blersch, as the case may be, still remaining a consultant or in the employ of Sallies at the following exercise dates, on or after 31 December 2008 (as to five sixths) and 31 December 2009 (as to all the convertible debentures forming the subject matter of the options);**

    (iii) **if, on the expiry of 10 years after the issue is approved by the shareholders of the company, Dale and/or Blersch have not exercised or implemented their options in full, then the board shall be obliged and authorised to call upon them in writing to do so within 30 days after the date of such request, and if Dale and/or Blersch fail to comply with such request, or exercises his option in respect of only 100 shares or any multiple thereof, that part of the relevant option not exercised and implemented will automatically lapse;**

(iv) if either Dale or Blersch ceases to be a consultant or to remain in the employ of the company for any reason, any of the options that may have become exercisable by the affected director, as the case may be, will continue to be exercisable as follows after date of termination of his consultancy or employment:
  – if termination occurs between 1 August 2008 and 30 June 2009: 1 year thereafter;
  – if termination occurs after 30 June 2009: 2 years thereafter;

(v) all or any of the options may be exercised immediately by Dale and/or Blersch if at any time whilst any option remains unexercised there is a "change in control" in the company (within the meaning of the Securities Regulation Code on Take-overs and Mergers of the Securities Regulation Panel [“SRP”]).

11. SPECIAL RESOLUTION NUMBER 2 – OPTIONS GRANTED TO DR FJP ROUX (“ROUX”)

To resolve that, subject to the Listings Requirements of the JSE Limited and pursuant to section 223 of the Companies Act of South Africa, the directors be and are hereby authorised to issue options and irrevocable rights to Roux to purchase 10 000 000 ordinary shares of 0.1 cent each in the issued share capital of the company at a strike price of 58.06 cents per share, exercisable, cumulatively, as to 6 666 666 shares on or after 31 December 2008 (as to two thirds) and subject to Roux still remaining a director of Sallies at the following exercise dates, on or after 30 June 2009 (as to five sixths) and on or after 31 December 2009 (as to all the shares forming the subject matter of the options) on the following terms and conditions:

(i) in the event that the company implements a rights offer, then the directors shall include in the outstanding options (unexercised options) held by Roux, a further option to acquire such additional number of shares as would have been offered to Roux in terms of such rights offer, if he had been the registered holder of the shares forming the subject matter of the options previously granted to each of them, at a price equal to the rights offer price thereof; and

(ii) if, on the expiry of 10 years after the issue is approved by the shareholders of the company, Roux has not exercised or implemented his options in full, then the board shall be obliged and authorised to call upon him in writing to do so within 30 days after the date of such request, and if Roux fails to comply with such request, or exercises his option in respect of only 100 shares or any multiple thereof, that part of the relevant option not exercised and implemented will automatically lapse;

(iii) if Roux ceases to be a director of Sallies, any of the options that may become exercisable by Roux, will continue to be exercisable as follows after date of termination of his consultancy or employment:
  – if termination occurs on or before 30 November 2008: on 31 December 2008
  – if termination occurs between 31 December 2008 and 30 June 2009: 1 year thereafter
  – if termination occurs after 30 June 2009: 2 years thereafter.

(iv) all or any of the options may be exercised immediately by Roux if at any time whilst any option remains unexercised there is a change in control in Sallies (within the meaning of the Securities Regulation Code on Take-overs and mergers of the SRP).

Additional information pertaining to special resolutions number 1 and 2

Subject to approval of special resolutions number 1 and 2, the directors be and are hereby authorised to grant the irrevocable rights and options and upon exercise of options, allot and issue new Sallies shares to each of Dale, Blersch and Roux and subsequently list the new ordinary shares on the Main Board of the JSE Limited, and in the case of Dale and Blersch to issue and list the debentures.

In terms of the Listings Requirements, 75% of the votes cast by shareholders present or represented by proxy at the general meeting must be cast in favour of special resolutions number 1 and 2 in order for the resolutions to be approved.

In compliance with paragraph 5.51 of the Listings Requirements, the directors confirm that the options to be granted to Dale, Blersch and Roux in terms of the specific issue:

- are of a class already in issue;
- the maximum number of options to be granted to each of Dale and Blersch in terms of the specific issue is 18 768 774 ordinary shares and 4 504 505 convertible debentures (this excludes additional options to be issued in the event of any future rights offers);
- the maximum number of options to be granted to Roux in terms of the specific issue is 10 000 000 (excluding additional options issued in the event of any future rights offers);

Notice of annual general meeting

(continued)

- the strike price of the options granted to Dale and Blersch is 60 cents, a discount of 1.4 cents (2.3%) on the arithmetic average of the closing prices of Sallies shares for the 30 days up to 16 October 2007, being the date on which the directors approved the granting of these options. The strike price is at a premium of 30.4% to the closing price on 13 November 2008 (46 cents), the date prior to this notice of the annual general meeting, being the last practicable record date;
- the strike price of the options granted to Roux is 58.06 cents, a premium of 2.7% (1.5 cents) over the 30 day weighted average traded price per Sallies share up to 16 May 2008, being the date on which the directors approved the granting of these options. The strike price is at a premium of 26.2% the closing price on 13 November 2008 (46 cents), the date prior to this notice of the annual general meeting, being the last practicable record date.

Financial effects of the issue of options for cash ("the issue")

The table below sets out the *pro forma* financial effects of the issue based on Sallies' reviewed results for the year ended 30 June 2008. These financial effects are the responsibility of the directors of Sallies and they have been prepared for illustrative purposes only, in order to provide information about the results and the financial position of Sallies assuming that the issue of options had been implemented on 1 July 2007 (earnings) and 30 June 2008 (net asset value). Due to its nature, the *pro forma* financial information may not give a fair reflection of Sallies' financial position subsequent to the issue.

	Audited for the year ended 30 June 2008 [1]	Granting of options to Dale and Blersch	Granting of options to Roux	After the granting of options to Dale, Blersch and Roux	Percentage change (%)
Loss per share					
Loss per share (cents)	(6.7)	(1.0)	(0.5)	(8.2)	15%
Diluted loss per share (cents)	(6.6)	(0.9)	(0.5)	(8.0)	14%
Headline loss per share (cents)	(7.0)	(1.0)	(0.5)	(8.5)	14%
Diluted headline loss per share (cents)	(6.9)	(0.9)	(0.5)	(8.3)	13%
Net asset value per share (cents)	22.2	0.1		22.3	0%
Tangible net asset value per share (cents)	20.7	–		20.7	0%
Number of shares ('000):					
Issued	634 981	–		634 981	
Weighted average	631 264	–		631 264	
Diluted weighted average	661 798	4 572		666 370	

Notes:

1. Extracted from the audited annual financial statements for the year ended 30 June 2008
2. The IFRS2 impact above assumes the options were granted on 1 July 2007 and the vesting period adjusted accordingly.

Information required in terms of the Listings Requirements with regard to the specific issue of options for cash appears in the annual financial statements, to which this notice is annexed as indicated below:

- Directors and management: page 15 of the annual report;
- Directors' emoluments: page 14 of the annual report;
- Directors' interest in securities: page 13 of the annual report;
- Share capital of the company: page 13 of the annual report;
- Litigation: page 38 of the annual report;
- Market value of securities: page 6 of the annual report;

The directors, whose names are given on page 1 of the annual report in which this notice was included, collectively and individually accept full responsibility for the accuracy of the information given in this notice and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the annual report and notice contains all information required by law and the Listings Requirements.

Notice of annual general meeting

(continued)

There has been no material change in the financial or trading position of the company and its subsidiaries that has occurred since 30 June 2008.

NOTES:

If you have disposed of all your shares in Sallies Limited then this annual report, together with the accompanying notice of annual general meeting and form of proxy, should be forwarded to the purchaser to whom, or the stockbroker, CSDP agent or banker through whom, you disposed of your shares.

Any shareholders wishing to attend the AGM who have already dematerialised their shares in Sallies, and such dematerialised shares are not recorded in the electronic sub-register of Sallies in their own names, should request letters of representation from their duly appointed Central Securities Depository Participant ("CSDP") or stockbroker, as the case may be, to authorise them to attend and vote at the AGM in person.

Any shareholders entitled to attend and vote at the AGM are entitled to appoint proxies to attend, speak and vote at the AGM in their stead. The proxies so appointed need not be members of the company.

If you have not yet dematerialised your shares in Sallies and are unable to attend the AGM, but wish to be represented thereat, you must complete the attached form of proxy in accordance with the instructions therein and lodge it with the transfer secretaries of Sallies namely, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 12h00 on Friday, 16 January 2009.

If you have already dematerialised your shares in Sallies:

- and such dematerialised shares are recorded in the electronic sub-register of Sallies in your own name and you are unable to attend the AGM, but wish to be represented thereat, you must complete the attached form of proxy in accordance with the instructions therein and lodge it with the transfer secretaries of Sallies, namely Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 12h00 on Friday, 16 January 2009 or
- where such dematerialised shares are not recorded in the electronic sub-register of Sallies in your own name, you should notify your duly appointed CSDP or stockbroker, as the case may be, in the manner and cut-off time stipulated in the agreement governing your relationship with your CSDP or broker of your instructions as regards voting your shares at the AGM.

By order of the board

Richard O'Callaghan
Company Secretary

Registered office

Witkop Fluorspar Mine
Farm Wintershoek
Zeerust, 2865

Transfer secretaries

Computershare Investor Services (Pty) Limited
70 Marshall Street, Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Notes

SALLIES LIMITED
Reg No 1903/001879/06

Proxy form

FOR USE AT THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD AT 12h00 ON TUESDAY, 20 JANUARY 2009 AND AT ANY ADJOURNMENT THEREOF

For use by the holders of the company's certificated ordinary shares ("certificated shareholder") and/or dematerialised ordinary shares held through a Central Securities Depository Participant ("CSDP") who have selected own-name registration ("own-name dematerialised shareholders").

Not for the use by holders of the company's dematerialised ordinary shares who are not own-name dematerialised shareholders. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the annual general meeting and request that they be issued with the necessary authorisation to do so, or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the annual general meeting in order for the CSDP or broker to vote thereat in accordance with their instructions.

I/We _______________ (full name in block letters)

of (please print address) _______________

being a shareholder of Sallies and holding _______________ ordinary shares in the company, hereby appoint

1. _______________ of _______________ or failing him/her

2. _______________ of _______________ or failing him/her

3. the chairman of the annual general meeting,

as my/our proxy to act for me/us and on my/our behalf at the annual general meeting which will be held 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 any adjournment thereof; and to vote for and/or against the special and ordinary resolutions and/or abstain from voting in respect of the Sallies ordinary shares registered in my/our name(s), in accordance with the following instructions:

	For	Against	Abstain
Ordinary resolution number one Adopt the annual financial statements for the year ended 30 June 2008			
Ordinary resolution number two Appointment of Dr FJP Roux as non-executive Chairman			
Ordinary resolution number three Appointment of Mr DGJ Kerrison as a non-executive director			
Ordinary resolution number four Appointment of Mr J Kögl as a non-executive director			
Ordinary resolution number five Appointment of Mr S Swana as a non-executive director			
Ordinary resolution number six Re-appointment of BDO Spencer Steward and authorise the directors to determine the auditors' remuneration			
Ordinary resolution number seven Approve directors' fees			
Ordinary resolution number eight Control of authorised but unissued shares			
Ordinary resolution number nine General authority to issue shares, options or convertible securities for cash			
Special resolution number one Amendment to the special resolution on options granted to Messrs TG Dale and J Blersch			
Special resolution number two Authority to grant options to Dr FJP Roux			

**Please indicate with an "X" in the appropriate spaces above how you wish your votes to be cast.*

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed at _______________ on _______________
(place) (date)

Member's signature _______________

Assisted by (if applicable) _______________

Please read the notes on the reverse hereof.

Notes

1. This proxy form is to be completed only by those members who are:
   a. holding shares in a certificated form; or
   b. recorded in the sub-register in electronic form in their "own name".
2. Members who have dematerialised their shares other than own-name dematerialised shareholders, and who wish to attend the annual general meeting must contact their Central Securities Depository Participant ("CSDP") or broker who will furnish them with the necessary authority to attend the annual general meeting, or they must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the members and their CSDP or broker.
3. Each member is entitled to appoint one or more proxies (who need not be a member(s) of the company) to attend, speak and, on a poll, vote in place of that member at the annual general meeting.
4. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the chairman of the annual general meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
5. A member's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that member in the appropriate box(es) provided. Failure to comply with the above will be deemed to authorise the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of the ordinary and special resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of all the member's votes exercisable thereat.
6. A member or his/her proxy is not obliged to vote in respect of all the ordinary shares held by such member or represented by such proxy, but the total number of votes for or against the ordinary and special resolutions and in respect of which any abstention is recorded may not exceed the total number of votes to which the member or his/her proxy is entitled.
7. 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 office or waived by the chairman of the annual general meeting.
8. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a member wishes to vote.
9. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).
10. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
11. A minor must be assisted by his/her parent on guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company's transfer secretaries.
12. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares need sign this form of proxy..
13. Forms of proxy must be lodged with the transfer secretaries at the address given below by no later than 12h00 local time on Friday, 16 January 2009. They may be faxed to +27 (11) 638 5321.

Transfer Secretaries
Computershare Investor Services (Pty) Limited
Ground Floor, 70 Marshall Street
Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

Corporate information

SALLIES LIMITED
Reg No 1903/001879/06

DIRECTORS
Dr FJP Roux (Chairman)
TG Dale (Chief Executive)
J Blersch (Commercial Director)
BC Esterhuyzen
DGJ Kerrison
J Kögl
S Swana

COMPANY SECRETARY
RS O'Callaghan

SPONSOR
Bridge Capital Advisors (Pty) Limited

AUDITORS
BDO Spencer Steward

ATTORNEYS
Brink Cohen Le Roux Incorporated
Routledge Modise

REGISTERED OFFICE
Witkop Fluorspar Mine
Farm Wintershoek
Zeerust, 2865

BANKERS
First National Bank of South Africa Limited

TRANSFER SECRETARIES
Computershare Investor Services (Proprietary) Limited

INVESTOR AND MEDIA RELATIONS
Max Gebhardt
Meropa Communications (Proprietary) Limited
Telephone +27 (11) 772 1010
Telefax +27 (11) 772 1100
e-mail: maxgebhardt@meropa.co.za

Shareholders' diary

Financial year end	30 June
Annual general meeting	Tuesday, 20 January 2009
Interim results	March 2009

Designed by motiv
Printed by INCE

SALLIES