

HIGHLIGHTS

- **Headline EPS increases by 27%**
- **Somkhele development nearing completion and first sales expected 2nd quarter 2007 as planned**
- **Agreement concluded to dispose of Baobab investment for GBP 2.5 million (± R35 million)**
- **Successful secondary listing on AIM raises R49 million**



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2006

Petmin Limited
(Formerly Petra Mining Limited)
(Incorporated in the Republic of South Africa)
(Registration number 1972/001062/06)
Share code: PET ISIN: ZAE000076014
("Petmin" or "the Company" or "the Group")

GROUP	Reviewed Six months ended 31 December 2006	Reviewed Six months ended 31 December 2005	Audited Year ended 30 June 2006
	R'000	R'000	R'000
Revenue	159 500	57 661	176 676
Cost of sales	(135 737)	(46 430)	(145 663)
Gross profit	23 763	11 231	31 013
Other income	26 052	33 822	33 822
Other expenses – including administration expenses	(6 020)	(4 195)	(7 859)
Operating profit before financing costs	43 795	40 858	56 976
Net finance (expense)/income	(488)	57	(800)
– Financial income	874	387	1 923
– Financial expenses	(1 362)	(330)	(2 723)
Profit before tax	43 307	40 915	56 176
Income tax expense	(4 809)	(1 916)	(7 576)
Profit for the period	38 498	38 999	48 600
Basic earnings per ordinary share (cents) 4	8.73	17.64	16.38
Diluted earnings per ordinary share (cents) 4	8.34	16.60	14.85

GROUP	Reviewed Six months ended 31 December 2006	Reviewed Six months ended 31 December 2005	Audited Year ended 30 June 2006
	R'000	R'000	R'000
Net cash flow from operating activities	(20 459)	14 014	58 218
Cash flows from investing activities	–	(4 850)	(4 850)
Acquisition of subsidiary net of cash acquired	–	(4 850)	(4 850)
Increase in investment in rehabilitation funds	(351)	–	(1 430)
Acquisition of property, plant and equipment	(67 881)	(8 318)	(70 308)
Proceeds from sale of property, plant and equipment	273	–	240
Net cash flow from investing activities	(67 959)	(13 168)	(76 348)
Cash flows from financing activities	34 091	–	95 842
Proceeds from specific and general share issues for cash during period	34 091	–	95 842
Investment in preference shares in subsidiary	–	–	(13 000)
Repayment of borrowings	(4 771)	(1 355)	(5 414)
Increase in borrowings	36 529	41 333	1 753
Net cash flows from financing activities	65 849	39 978	79 181
Net (decrease)/increase in cash and cash equivalents	(22 569)	40 824	61 051
Cash and cash equivalents at beginning of period	70 134	9 083	9 083
Cash and cash equivalents at end of period	47 565	49 907	70 134

GROUP	Reviewed Six months ended 31 December 2006	Reviewed Six months ended 31 December 2005	Audited Year ended 30 June 2006
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GROUP	Reviewed Six months ended 31 December 2006	Reviewed Six months ended 31 December 2005	Audited Year ended 30 June 2006
	R'000	R'000	R'000
ASSETS			
Non-current assets	423 018	310 072	365 772
Property, plant and equipment	406 718	295 065	349 775
Intangible asset	6 556	6 913	6 735
Investments	2	2	2
Financial assets	9 742	8 092	9 260
Current assets	167 418	115 270	155 929
Assets classified as held for sale	1 485	–	–
Inventories	49 482	28 760	41 228
Trade and other receivables	68 886	36 603	44 181
Taxation pre-paid	–	–	386
Cash and cash equivalents	47 565	49 907	70 134
Total assets	590 436	425 342	521 701
EQUITY AND LIABILITIES			
Ordinary share capital and reserves	408 985	265 073	360 466
Share capital	119 972	87 139	109 972
Share premium	158 912	74 812	134 821
Share option reserve	7 123	2 191	5 141
Contingent consideration	1 500	27 552	27 552
Retained earnings	121 478	73 379	82 980
Non-current liabilities	111 966	112 332	82 780
Shareholder's loan	–	40 000	–
Interest bearing loans and borrowings	41 272	17 740	14 052
Deferred taxation	56 321	41 293	54 495
Environmental rehabilitation provision	14 373	13 299	14 233
Current liabilities	69 485	47 937	78 455
Trade and other payables	52 513	31 900	67 522
Interest bearing loans and borrowings	15 387	10 800	10 849
Taxation payable	1 585	5 237	84
Total equity and liabilities	590 436	425 342	521 701
Net asset value ("NAV") per share (cents) 5	85.22	76.05	81.94
Fully diluted NAV per share (cents) 5	79.94	64.58	70.16

SIGNIFICANT ACCOUNTING POLICIES

for the six months ended 31 December 2006

Petmin is domiciled in South Africa. The condensed consolidated interim financial statements of the Company for the six months ended 31 December 2006 comprise the Company and its subsidiaries (together referred to as the "Group").

The condensed consolidated financial statements were authorised for issue by the directors on 1 March 2007.

1. STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") for interim financial statements and the South African Companies Act. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated annual financial statements for the year ended 30 June 2006.

1.1 Basis of preparation

The financial statements are prepared on the historical cost basis, except for financial instruments which are stated at fair value, where applicable, in terms of IAS 32 – Financial Instruments: Disclosure and Presentation and IAS 39 – Financial Instruments: Recognition and Measurement.

The preparation of interim financial statements in conformity with IAS 34 – Interim Financial Reporting, 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.

The accounting policies have been applied consistently by Group entities and have been applied consistently to all periods presented in these condensed consolidated interim financial statements.

2. REVIEW OF RESULTS

The interim results of the Group as set out above have been reviewed by the Group's auditors, KPMG Inc., as required by the JSE Limited ("JSE"). The review report is available for inspection at the Group's registered office.

3. MANAGEMENT COMMENTARY

Operations

Revenue for the six months ended 31 December 2006 increased by R102 million compared to the same period in 2005 as the revenues reflect a full six months of Springlake's operations whereas the comparatives only included one month after its acquisition on 30 November 2005.

Gross profit increased by R12.5 million or 112% from the same period in 2005. The improved performance was largely due to an exceptional profit reported by SamQuarz (Pty) Limited ("SamQuarz") as production and sales volumes improved and certain chert stocks, which were previously ascribed a zero value, were sold.

Cash of R30 million was generated by operations before outflows from changes in working capital of R48 million. Investment in trade receivables increased by R25 million largely due to export shipments made by Springlake Colliery in the latter part of the reporting period. Trade payables reduced by R15 million as the trade payables balance

4. EARNINGS PER ORDINARY SHARE

Earnings per share ("EPS") is based on the Group's profit for the period, divided by the weighted average number of shares in issue during the period.

	Six months ended 31 December 2006			Six months ended 31 December 2005		
	Net income (R'000)	Number of shares ('000)	Per share (cents)	Net income (R'000)	Number of shares ('000)	Per share (cents)
Basic EPS	38 498	441 205	8.73	38 999	221 084	17.64
Share options and contingent consideration	–	20 275	(0.39)	–	13 915	(1.04)
Diluted EPS	38 498	461 480	8.34	38 999	234 999	16.60

Headline earnings per share

Headline EPS is based on the Group's headline earnings divided by the weighted average number of shares in issue during the period.

Reconciliation between earnings and headline earnings:

	Six months ended 31 December 2006			Six months ended 31 December 2005		
	Net income (R'000)	Number of shares ('000)	Per share (cents)	Net income (R'000)	Number of shares ('000)	Per share (cents)
Basic EPS	38 498	441 205	8.73	38 999	221 084	17.64
Adjustments:						
– AIM listing expenses	663	–	0.15	–	–	–
– Profit on acquisition of subsidiary	(26 052)	–	(5.90)	(33 822)	–	(15.30)
Headline EPS	13 109	441 205	2.97	5 177	221 084	2.34
Share options and contingent consideration	–	20 275	(0.13)	–	13 915	(0.14)
Diluted headline EPS	13 109	461 480	2.84	5 177	234 999	2.20

Headline EPS increased by 0.63 cent or 27% compared to 2005.

Diluted headline EPS increased by 0.64 cent or 29% compared to 2005.

5. NET ASSET VALUE ("NAV") PER SHARE

	Reviewed Six months ended 31 December 2006	Reviewed Six months ended 31 December 2005	Audited Year ended 30 June 2006
Ordinary share capital and reserves (R'000)	408 985	265 073	360 466
Total number of shares in issue ('000)	479 889	348 557	439 889
NAV per share (cents)	85.22	76.05	81.94
Reconciliation between NAV and fully diluted NAV:			
Ordinary share capital and reserves (R'000)	408 985	265 073	360 466
Total number of shares in issue ('000)	479 889	348 557	439 889
Share options and contingent consideration ('000)	31 706	61 920	73 920
Fully diluted number of shares ('000)	511 596	410 477	513 809
Fully diluted NAV per share (cents)	79.94	64.58	70.16

NAV per share increased 3.28 cents per share or 4% when compared to 30 June 2006. Fully diluted NAV per share increased 9.78 cents per share or 14% when compared to

Condensed Consolidated Interim Statements of Changes in Equity

for the six months ended 31 December 2006

GROUP	Share capital R'000	Share premium R'000	Share option reserve R'000	Contingent consideration R'000	Retained earnings R'000	Total R'000
Balance at 1 July 2005	48 750	19 767	1 476	-	34 380	104 373
Shares issued during period						
- To acquire Springlake	32 472	45 462	-	-	-	77 934
- To acquire Samquarz preference shares	4 875	8 125	-	-	-	13 000
- Specific issue for cash - Springlake acquisition costs	1 042	1 458	-	-	-	2 500
- Specific issue for cash - Somkhele project	20 833	54 186	-	-	-	75 019
- General issue for cash	2 000	7 600	-	-	-	9 600
- Contingent consideration to acquire Springlake	-	-	-	27 552	-	27 552
- Fair value of options vested	-	-	3 665	-	-	3 665
Costs capitalised to share premium	-	(1 777)	-	-	-	(1 777)
Profit for period	-	-	-	-	48 600	48 600
Balance at 30 June 2006	109 972	134 821	5 141	27 552	82 980	360 466
Shares issued during period						
- General issue for cash	10 000	39 097	-	-	-	49 097
- Fair value of options vested	-	-	1 982	-	-	1 982
Contingent consideration to acquire Springlake - change in estimate	-	-	-	(26 052)	-	(26 052)
Costs incurred on AIM listing capitalised to share premium	-	(15 006)	-	-	-	(15 006)
Profit for period	-	-	-	-	38 498	38 498
Balance at 31 December 2006	119 972	158 912	7 123	1 500	121 478	408 985

Segment Reporting

Segment information is presented in the condensed consolidated interim financial statements in respect of the Group's business segments, which are the primary basis of segment reporting. The business reporting format reflects the Group's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business Segments

The Group comprises the following main business segments:

- Silica mining and marketing.
- Anthracite mining and marketing.

Segments

	Silica			Anthracite			Other (Corporate office)		
	Reviewed Six months ended 31 December 2006 R'000	Reviewed Six months ended 31 December 2005 R'000	Audited Year ended 30 June 2006 R'000	Reviewed Six months ended 31 December 2006 R'000	Reviewed Six months ended 31 December 2005 R'000	Audited Year ended 30 June 2006 R'000	Reviewed Six months ended 31 December 2006 R'000	Reviewed Six months ended 31 December 2005 R'000	Audited Year ended 30 June 2006 R'000
Segment revenue	61 291	41 711	90 603	98 209	15 950	86 073	-	-	-
Segment profit/(loss)									
- Segment result	14 879	4 877	19 233	2 226	1 644	1 780	(2 582)	(769)	(3 523)
- Amortisation of fair values on acquisition	(347)	(286)	(694)	(1 730)	(289)	(2 018)	-	-	-
- Assets held for sale	-	-	-	-	-	-	-	-	-
- Baobab project	-	-	-	-	-	-	-	-	-
- Profit on acquisition of subsidiary	-	-	-	-	-	-	26 052	33 822	33 822
Segment profit/(loss)	14 532	4 591	18 539	496	1 355	(238)	23 470	33 053	30 299
Segment assets	157 977	134 640	153 102	429 062	249 870	328 232	311 855	255 418	303 714
Segment liabilities	115 315	117 074	121 589	296 811	145 957	225 911	9 174	43 089	8 345

	Eliminations			Consolidated entity		
	Reviewed Six months ended 31 December 2006 R'000	Reviewed Six months ended 31 December 2005 R'000	Audited Year ended 30 June 2006 R'000	Reviewed Six months ended 31 December 2006 R'000	Reviewed Six months ended 31 December 2005 R'000	Audited Year ended 30 June 2006 R'000
Segment revenue	-	-	-	159 500	57 661	176 676
Segment profit/(loss)						
- Segment result	-	-	-	14 523	5 752	17 490
- Amortisation of fair values on acquisition	-	-	-	(2 077)	(575)	(2 712)
- Assets held for sale - Baobab project	-	-	-	-	-	-
- Profit on acquisition of subsidiary	-	-	-	26 052	33 822	33 822
Segment profit	-	-	-	38 498	38 999	48 600
Segment assets	(308 458)	(214 589)	(263 347)	590 436	425 339	521 701
Segment liabilities	(239 849)	(145 853)	(194 610)	181 451	160 267	161 235

Directors

P J Nel* (Chairman), L Mogotsi (Deputy Chairperson), J C du Preez (Chief Executive Officer), B B Doig (Chief Operating Officer), E de V Greyling*, J P Mabena*, A Martin*, J A Strijdom*, D H Warmenhoven, J Taylor*

*Non-executive

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Secretary and Sponsor

River Sponsors (Pty) Limited

Nominated Adviser and Broker

Numis Securities Limited

Transfer Secretaries

Computershare Investor Services 2004 (Proprietary) Limited

Auditors

KPMG Inc.

www.petmin.co.za

Cash of R30 million was generated by operations before outflows from changes in working capital of R48 million. Investment in trade receivables increased by R25 million largely due to export shipments made by Springlake Colliery in the latter part of the reporting period. Trade payables reduced by R15 million as the trade payables balance at 30 June 2006 included R17 million capital work in progress related to the Somkhele project which was paid in the period under review. Capital expenditure of R68 million was incurred in the period under review, R53 million of which related to the development of the Somkhele project.

SamQuarz silica mine

Production at SamQuarz has increased approximately 46% in the six months ended 31 December 2006 when compared to 31 December 2005. The increased production is in line with improved demand from customers for SamQuarz product. Profitability was further enhanced by disciplined cost control by mine management. The results for the six months to 31 December 2006 include the recognition of additional profits after tax on the sale of certain chert stocks, that were previously ascribed a zero value, to an amount of R2.9 million.

Springlake Colliery

Springlake's performance was disappointing in the six months to 31 December 2006. Although the monthly average run-of-mine ("ROM") production has increased by 40% when compared to the average monthly production for the seven months to 30 June 2006, this has come mainly from an improved performance from the opencast sections. Management's focus for the next six months will be on reducing the unit cost of production by increasing production volumes and improving efficiencies in the underground sections.

Somkhele anthracite project

The Somkhele anthracite project is nearing completion with first sales predicted in the second quarter of calendar 2007 as budgeted. The Group has drawn down R36 million on the R40 million banking facilities negotiated with The Standard Bank of South Africa Limited ("Standard Bank").

Mining rights

In October 2006, Springlake Colliery was granted a new order mining right on portions of the farm Besterdale. The granting of this mining right paves the way for Springlake to increase the capacity of its opencast operations from approximately 40 000 run-of-mine tonnes ("ROM(t)") per month to approximately 70 000 ROM(t) per month.

Increase in authorised share capital

In the period under review, the Company increased its authorised share capital from 500 000 000 ordinary shares of 25 cents each to 1 000 000 000 ordinary shares of 25 cents each.

General issue of shares for cash - Listing on AIM

Petmin concluded its successful secondary listing on the London Stock Exchange's Alternative Investment Market ("AIM") on 20 December, 2006. Petmin issued 40 million new shares at 9 British pence per share in a general issue of shares for cash on the listing, raising approximately R49 million gross proceeds. Capital raising expenses of R15 million were posted to share premium. The listing presents Petmin with a platform for future growth by:

- improving the acceptability of the Company's shares as a global currency for the purpose of acquiring or developing new assets;
- gaining access to the international pool of capital in the London market with a view to widening the Company's institutional and retail investors shareholder base;
- increasing the Company's international profile and research coverage;
- improving share liquidity in the longer term.

Disposal of investment in Baobab Mining and Exploration (Pty) Limited ("Baobab")

The Company has reached an agreement with GVM Metals Limited to dispose of its investment in Baobab for an amount of GBP 2.5 million (± R35 million). The sale is subject to ministerial approval, by no later than 30 April 2007, in terms of the Mineral and Petroleum Resource Development Act, 2002. In accordance with IFRS, assets of R1.5 million have been disclosed as assets held for sale and are carried at cost which is lower than their net realisable value. Revenue on the sale will be recorded when the last remaining suspensive condition is satisfied.

An amount of R1.5 million will only become payable to a third-party mineral consultant should the remaining suspensive clause be satisfied and the sale of Baobab be concluded.

Contingent consideration reserve - Springlake profit warranty

As noted in the 30 June 2006 Annual Report, the Directors have given further consideration to the financial performance of the Springlake Colliery. It is the opinion of the Directors that the warranted profit will not be met. Petmin has reached agreement that the profit warranty will not be met with Springlake Vendors representing 91% of the shares to be issued under the profit warranty. The contingent consideration has been re-estimated to R1.5 million, resulting in an amount of R26.052 million being recognised as "profit on acquisition of subsidiary" in the income statement during the period under review.

Fully diluted number of shares ('000)	511 596	410 477	513 809
Fully diluted NAV per share (cents)	79.94	64.58	70.16

NAV per share increased 3.28 cents per share or 4% when compared to 30 June 2006. Fully diluted NAV per share increased 9.78 cents per share or 14% when compared to 30 June 2006.

6. RELATED PARTIES

NAMF Nominees (Proprietary) Limited, Dark Capital (Pty) Limited and PSG Limited are material shareholders in Petmin and are therefore related parties as defined by Section 10 of the JSE Listings Requirements. Dark Capital (Pty) Limited is the anchor entity of the broad-based Black Economic Empowerment consortium.

River Corporate Finance (Proprietary) Limited, is a related party by virtue of its advisory role to Petmin.

6.1 Profit on acquisition of subsidiary - Springlake

The re-estimation of the contingent consideration related to the Springlake acquisition constitutes a related party transaction, as NAMF Nominees is a material shareholder in Petmin. Refer to amounts disclosed in note 3.

6.2 Petmin Executive Committee remuneration scheme and share option trust

As disclosed in the annual financial statements for the year ended 30 June 2006, the Petmin Executive Committee remuneration scheme and share option trust affects the executive directors of the Company and constitutes a related party transaction. Amounts due to the executive directors are included in the table of compensation to directors and key management below.

	Reviewed Six months ended 31 December 2006 R'000	Reviewed Six months ended 31 December 2005 R'000	Audited Year ended 30 June 2006 R'000
Key management emoluments			
- Short-term emoluments	* 9 855	** 3 305	*** 10 448
- Retirement fund contributions	79	69	139
- Share-based payments	1 302	492	2 321
	11 236	3 866	12 908

Amounts payable to directors and key management included in trade and other payables 6 817 1 554 5 698

* Includes Springlake key management for six months.

** Includes Springlake key management for one month.

*** Includes Springlake key management for seven months.

7. INCREASE IN BORROWINGS

During the period under review a loan of R36 million was advanced to fund capital expenditure at the Somkhele anthracite project by Standard Bank. In terms of the asset based finance facility, interest is payable at the prime lending rate less 1% and the loan is repayable over 72 months.

8. SUBSEQUENT EVENTS

There have been no events that have occurred subsequent to the balance sheet date which require adjustment of, or disclosure in the financial statements or notes thereto in accordance with IAS 10 - Events After the Balance Sheet Date.

9. DIVIDENDS

Due to the development of the Somkhele anthracite project and the associated cash requirements and Petmin's focus on acquisitive growth, the Board has resolved that no interim dividend will be declared.

10. PROSPECTS

SamQuarz

The production from the newly developed areas of the SamQuarz open pit, whilst generating the same overall product yield, has resulted in a different sizing distribution of products. This may necessitate additional capital expenditure at SamQuarz in order to meet the increased demand from key customers. Management does not foresee any material effect on the profitability of SamQuarz.

Springlake Colliery

With increased opencast production planned in the second quarter of 2007 and with the measures introduced to the underground operations, management expects a significantly improved performance in the six months to 30 June 2007. The coal market remains buoyant and Springlake is expected to enjoy these prices for the remainder of the calendar year.

Somkhele anthracite project

With first sales from this project expected in the second quarter of 2007, management expects a positive, although small, contribution from Somkhele in the six months to 30 June 2007.

New business

Acquisitive growth remains a focus of Petmin and management is continuously reviewing potential new business opportunities.

By order of the Board

P J Nel
Chairman

J C du Preez
Chief Executive Officer

Pretoria
1 March 2007

