

Comprehensive Income
for the six months ended 31 December 2010

	Reviewed six months ended 31 December 2010 R'000	Reviewed six months ended 31 December 2009 R'000	Audited Year ended 30 June 2010 R'000
Profit for the period	47 275	46 375	107 717
Other comprehensive income			
Foreign currency translation differences	(143)	-	-
Effective portion of changes in fair value			
of cash flow hedges, net of income tax	-	636	636
Other comprehensive income for the period, net of income tax	(143)	636	636
Total comprehensive income for the period	47 132	47 011	108 353

Condensed Consolidated Statement of Financial Position
as at 31 December 2010

	Reviewed as at 31 December 2010 R'000	Audited as at 30 June 2010 R'000	Reviewed as at 31 December 2009 R'000
ASSETS			
Non-current assets	1 204 372	1 131 293	1 140 819
Property, plant and equipment	705 563	631 225	639 492
Intangible assets	3 148	4 407	5 666
Investment in equity accounted investee	470 661	470 661	470 661
Investments	25 000	25 000	25 000
Current assets	410 417	465 044	347 002
Inventories	32 351	48 935	43 998
Trade and other receivables	100 940	127 118	151 964
Current tax assets	7 446	5 977	6 220
Cash and cash equivalents	269 680	283 014	144 820
Total assets	1 614 789	1 596 337	1 487 821
EQUITY AND LIABILITIES			
Ordinary share capital and reserves	1 243 224	1 241 421	1 170 295
Share capital	141 790	142 681	138 479
Share premium	321 523	331 337	315 854
Share option reserve	3 112	3 121	13 022
Foreign currency translation reserve	(143)	-	-
Retained earnings	776 942	764 282	702 940
Non-current liabilities	218 932	202 092	193 975
Interest bearing loans and borrowings	34 069	42 128	57 362
Deferred taxation liabilities	159 857	136 744	114 658

Environmental rehabilitation provision	25 006	23 220	21 955
Current liabilities	152 633	152 824	123 551
Trade and other payables	103 212	101 245	76 731
Current portion of non-current liabilities	48 379	51 579	46 820
Shareholders for dividend	1 042	-	-
Total equity and liabilities	1 614 789	1 596 337	1 487 821

Condensed Consolidated Interim Statement of Cash Flows for the six months ended 31 December 2010

	Reviewed six months ended 31 December 2010 R'000	Reviewed six months ended 31 December 2009 R'000	Audited Year ended 30 June 2010 R'000
Cash generated by operations	71 105	64 025	149 449
Adjustments for non-cash flow items:			
- depreciation and amortisation	74 946	46 427	118 226
- fair value of derivatives included in payables/receivables	-	636	636
- impairment charges	852	-	4 983
- notional interest	2 022	1 341	2 733
Operating cash flows before changes in working capital	148 925	112 429	276 027
Decrease in trade and other receivables	26 178	62 275	87 121
Decrease/(Increase) in inventories	16 583	(13 625)	(18 562)
Increase/(Decrease) in trade and other payables	1 937	(42 370)	(17 886)
Cash generated by/(utilised in) operations	193 623	118 709	326 700
Income tax paid	(4 440)	(6 082)	(10 010)
Finance income	3 887	4 582	9 116
Finance expenses	(1 933)	(2 688)	(4 948)
Net cash flows from operating activities	191 137	114 521	320 858
Cash flows from investing activities			
Rehabilitation expenditure incurred	(236)	(2 013)	(2 140)
Investment in joint venture	(10 786)	-	-
Acquisition of property, plant and equipment	(137 903)	(55 560)	(122 825)
- to expand operations	(59 588)	(23 649)	(54 855)
- to expand operations - capitalised pre-strip	(71 809)	(27 418)	(56 725)
- to maintain operations	(6 506)	(4 493)	(11 245)
Proceeds from sale of property, plant and equipment	-	11	10
Net cash flows from investing			

activities	(148 925)	(57 562)	(124 955)
Cash flows from financing activities			
Proceeds from specific and general share issues for cash during the period	10	16 792	26 640
Treasury shares acquired	(10 724)	(12 609)	(14 085)
Share based payment included in expenses	-	-	1 454
Payment on options forfeited	-	-	(101)
Repayment of borrowings	(11 259)	(45 418)	(53 093)
Increase in borrowings	-	38 000	35 200
Dividend paid	(33 573)	-	-
Net cash flows from financing activities	(55 546)	(3 235)	(3 985)
Net (decrease)/increase in cash and cash equivalents	(13 334)	53 724	191 918
Cash and cash equivalents at beginning of period	283 014	91 096	91 096
Cash and cash equivalents at end of period	269 680	144 820	283 014

Condensed Consolidated Interim Statement of Changes in Equity
for the six months ended 31 December 2010

	Share capital R'000	Share premium R'000	Share option reserve R'000	Foreign currency translation reserve R'000
Balance at 1 July 2009	134 686	304 745	23 741	-
Shares issued during the year				
- Share options exercised	9 617	37 661	(20 578)	-
Share issue costs capitalised to share premium	-	(60)	-	-
Treasury shares acquired during the year	(1 804)	(12 281)	-	-
Share options forfeited during the year	-	-	(42)	-
Share based payment	182	1 272	-	-
Effective portion of changes in fair value of cash flow hedges	-	-	-	-
Profit for the year	-	-	-	-
Balance at 30 June 2010	142 681	331 337	3 121	-
Shares issued during the period				
- Share options exercised	4	15	(9)	-
Treasury shares acquired during the period	(895)	(9 829)	-	-
Foreign currency translation differences	-	-	-	(143)
Profit for the period	-	-	-	-
Dividend paid	-	-	-	-
Balance at 31 December 2010	141 790	321 523	3 112	(143)

	Hedging reserve R'000	Retained earnings R'000	Total R'000
Balance at 1 July 2009	(636)	656 565	1 119 101
Shares issued during the year			
- Share options exercised	-	-	26 700
Share issue costs capitalised to share premium	-	-	(60)
Treasury shares acquired during the year	-	-	(14 085)
Share options forfeited during the year	-	-	(42)
Share based payment	-	-	1 454
Effective portion of changes in fair value of cash flow hedges	636	-	636
Profit for the year	-	107 717	107 717
Balance at 30 June 2010	-	764 282	1 241 421
Shares issued during the period			

- Share options exercised	-	-	10
Treasury shares acquired during the period	-	-	(10 724)
Foreign currency translation differences	-	-	(143)
Profit for the period	-	47 275	47 275
Dividend paid	-	(34 615)	(34 615)
Balance at 31 December 2010	-	776 942	1 243 224

Segment reporting

Segment information is presented in the condensed consolidated interim financial statements in respect of the Group's segments.

The segment reporting format reflects the Group's management and internal reporting structure as reviewed by the chief operating decision makers.

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.

Reportable segments

The group comprises the following main reportable segments:

- Silica mining and marketing ("Silica")
- Anthracite mining and marketing ("Anthracite")
- Iron ore mining and beneficiation ("Iron Ore")

Segment Report

for the six months ended 31 December 2010

		Reviewed	Silica Reviewed	Audited
	Units in	Six months	Six months	Year
	thousands	ended	ended	ended
	unless	31 December	31 December	30 June
	otherwise	2010	2009	2010
	specified	R'000	R'000	R'000
Saleable tonnes produced	(tonnes)	647 088	607 140	1 255 559
Tonnes sold	(tonnes)	622 927	547 359	1 171 355
Segment revenue		83 623	73 202	154 474
Segment revenue per tonne sold**	(R/tonne)	R 134.24	R 133.74	R 131.88
Segment finance (expense) /income				
Finance income		1 353	1 387	3 031
Finance expense		(172)	(96)	(368)
Segment profit per tonne sold**	(R/tonne)	R 26.86	R 40.70	R 33.05
Segment profit/(loss) before tax		16 730	22 277	38 715
Segment tax (expense)		(4 685)	(6 346)	(11 135)
Segment profit after tax		12 045	15 931	27 580
Segment capital				

expenditure			
- combined	31 106	5 379	21 614
Segment capital expenditure	31 106	5 379	21 614
Segment capital expenditure - pre-strip*	-	-	-
Segment depreciation - combined	7 358	6 038	12 433
Segment depreciation - pre-strip*	-	-	-
Segment assets	303 418	274 060	296 714
Segment liabilities	102 110	94 778	107 453

		Anthracite	
	Units in thousands unless otherwise specified	Reviewed Six months ended 31 December 2010 R'000	Reviewed Six months ended 31 December 2009 R'000
			Audited Year ended 30 June 2010 R'000
Saleable tonnes produced (tonnes)		245 791	202 800
Tonnes sold (tonnes)		309 347	171 867
Segment revenue		237 274	141 353
Segment revenue per tonne sold** (R/tonne)		R 767.02	R 822.46
Segment finance (expense) /income		417	1 158
Finance income		(1 596)	(2 286)
Finance expense			
Segment profit per tonne sold** (R/tonne)		R 198.84	R 273.03
Segment profit/(loss) before tax		61 512	46 924
Segment tax (expense)		(17 638)	(13 199)
Segment profit after tax		43 874	33 725
Segment capital expenditure			
- combined		94 163	46 895
Segment capital expenditure		22 354	19 479
Segment capital expenditure - pre-strip*		71 809	27 416
Segment depreciation - combined		66 133	40 266
Segment depreciation		10 598	7 916

Segment depreciation - pre-strip*	55 535	32 350	87 696
Segment assets	717 998	701 728	690 707
Segment liabilities	386 645	467 808	407 959

		Iron Ore	
	Reviewed	Reviewed	Audited
Units in thousands unless otherwise specified	Six months ended 31 December 2010 R'000	Six months ended 31 December 2009 R'000	Year ended 30 June 2010 R'000
Saleable tonnes produced (tonnes)	-	-	-
Tonnes sold (tonnes)	-	-	-
Segment revenue	-	-	-
Segment revenue per tonne sold** (R/tonne)	-	-	-
Segment finance (expense) /income			
Finance income	-	-	-
Finance expense	-	-	-
Segment profit per tonne sold** (R/tonne)			
Segment profit/(loss) before tax	729	-	-
Segment tax (expense)	-	-	-
Segment profit after tax	729	-	-
Segment capital expenditure			
- combined	5	-	-
Segment capital expenditure	5	-	-
Segment capital expenditure - pre-strip*	-	-	-
Segment depreciation - combined	-	-	-
Segment depreciation	-	-	-
Segment depreciation - pre-strip*	-	-	-
Segment assets	497 412	495 661	495 661
Segment liabilities	190	-	-

		Other (corporate office)	
	Reviewed	Reviewed	Audited
Units in thousands unless otherwise specified	Six months ended 31 December 2010 R'000	Six months ended 31 December 2009 R'000	Year ended 30 June 2010 R'000

Saleable tonnes produced (tonnes)	-	-	-
Tonnes sold (tonnes)	-	-	-
Segment revenue	-	-	-
Segment revenue per tonne sold** (R/tonne)	-	-	-
Segment finance (expense) /income			
Finance income	2 117	2 037	4 408
Finance expense	(164)	(305)	(517)
Segment profit per tonne sold** (R/tonne)			
Segment profit/(loss) before tax	(5 911)	(3 281)	(5 500)
Segment tax (expense)	(3 462)	-	(332)
Segment profit after tax	(9 373)	(3 281)	(5 832)
Segment capital expenditure			
- combined	12 629	3 284	19 827
Segment capital expenditure	12 629	3 284	19 827
Segment capital expenditure - pre-strip*	-	-	-
Segment depreciation - combined	293	123	293
Segment depreciation	293	123	293
Segment depreciation - pre-strip*	-	-	-
Segment assets	455 074	353 080	486 516
Segment liabilities	59 485	25 356	40 473

Eliminations

	Units in thousands unless otherwise specified	Reviewed Six months ended 31 December 2010 R'000	Reviewed Six months ended 31 December 2009 R'000	Audited Year ended 30 June 2010 R'000
Saleable tonnes produced (tonnes)		-	-	-
Tonnes sold (tonnes)		-	-	-
Segment revenue		-	-	-
Segment revenue per tonne sold** (R/tonne)		-	-	-
Segment finance (expense) /income				
Finance income		-	-	-
Finance expense		-	-	-
Segment profit per				

tonne sold**	(R/tonne)			
Segment profit/(loss) before tax		-	-	-
Segment tax (expense)		-	-	-
Segment profit after tax		-	-	-
Segment capital expenditure - combined		-	-	-
Segment capital expenditure		-	-	-
Segment capital expenditure - pre-strip*		-	-	-
Segment depreciation - combined		-	-	-
Segment depreciation - pre-strip*		-	-	-
Segment assets		(359 113)	(336 708)	(367 108)
Segment liabilities		(176 865)	(270 416)	(194 816)

	Units in thousands unless otherwise specified	Consolidated		
		Reviewed Six months ended 31 December 2010 R'000	Reviewed Six months ended 31 December 2009 R'000	Audited Year ended 30 June 2010 R'000
Saleable tonnes produced	(tonnes)	892 879	809 940	1 723 402
Tonnes sold	(tonnes)	932 274	719 226	1 582 985
Segment revenue		320 897	214 555	489 354
Segment revenue per tonne sold**	(R/tonne)	-	-	-
Segment finance (expense) /income				
Finance income		3 887	4 582	9 116
Finance expense		(1 932)	(2 687)	(4 948)
Segment profit per tonne sold**	(R/tonne)			
Segment profit/(loss) before tax		73 060	65 920	153 617
Segment tax (expense)		(25 785)	(19 545)	(45 900)
Segment profit after tax		47 275	46 375	107 717

Segment capital expenditure			
-combined	137 903	55 558	122 825
Segment capital expenditure	66 094	28 142	66 100
Segment capital expenditure - pre-strip*	71 809	27 416	56 725
Segment depreciation - combined	73 784	46 427	115 710
Segment depreciation	18 249	14 077	28 014
Segment depreciation - pre-strip*	55 535	32 350	87 696
Segment assets	1 614 789	1 487 821	1 602 490
Segment liabilities	371 565	317 526	361 069

*The open pit mining profile at Somkhele requires that overburden be removed from the pit before coal may be extracted. This overburden removal is capitalised to the development cost of the open pit (so called "pre-stripping") and is then expensed on a units-of-production basis as the coal is extracted from the open pits.

**Profit per tonne in the Anthracite segment was negatively affected by the strong Rand and by increased mining strip ratios (please refer to the general overview of performance).

Notes to the Condensed Consolidated Interim Financial Statements for the six months ended 31 December 2010

1. Reporting entity

Petmin is a company domiciled in South Africa. The condensed consolidated interim financial statements of the Group for the six months ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and joint ventures.

The condensed consolidated interim financial statements were authorised for issue by the directors on 28 February 2011.

2. Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with the recognition, measurement, presentation and disclosure requirements of IAS 34 - Interim Financial Reporting, the AC 500 Standards as published by the Accounting Practices Board 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 2010, which are available upon request from the company's registered office at Parc Nouveau, Third Floor, Block C, 225 Veale Street, Brooklyn, Pretoria or at www.petmin.co.za.

3. Significant accounting policies

The accounting policies have been applied consistently by the Group to all periods presented in these condensed consolidated interim financial statements and are consistent to those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2010, with the exception of the adoption of the following amendments, standards or interpretations effective for the first time for the financial year beginning on 1 July 2010.

Accounting for investments in joint ventures

The proportionate share of the financial results of joint ventures is consolidated into the Group's results from acquisition date until disposal date.

The Group combines its share of the joint venture's individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains and losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party, except where unrealised losses provide evidence of an impairment of the asset transferred. When the end date of the reporting period of the parent is different to that of the joint venture, the joint venture prepares, for consolidation purposes, additional financial statements as of the same date as the financial statements of the parent.

Any difference between the cost of acquisition and the Group's share of the net identifiable assets, liabilities and contingent liabilities, fairly valued, is recognised and treated according to the Group's accounting policy for goodwill.

IFRS 2 Share based payment - Group cash-settled share-based payment transactions

The standard has been amended to clarify the accounting for group cash-settled share-based payment transactions. This amendment also supersedes IFRIC 8 and IFRIC 11. The adoption of this amendment did not have any impact on the financial position or performance of the Group or any additional disclosure requirements.

IFRIC 19 (AC 452) - Extinguishing Financial Liabilities with Equity Instruments

The interpretation provides guidance on accounting for debt for equity swops. The adoption had no effect on the financial statements of the Group. A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 30 June 2010 and have not been applied in preparing these financial statements. The Group has not yet determined the potential effect of the following standards and interpretations.

Standard/interpretation		Effective date
Revised IAS 24 (AC 126)	Related Party Disclosures	Annual periods commencing on or after 1 January 2011
IFRIC 14 (AC 447) amendment	Prepayments of a Minimum Funding Requirement	Annual periods commencing on or after 1 January 2011
IFRS 9 (AC 146)	Financial Instruments	Annual periods commencing on or after 1 January 2013

Functional and presentation currency:

The condensed consolidated interim financial statements are presented in Rands, which is the Company's functional currency. All financial information presented in Rands has been rounded to the nearest thousand.

4. Estimates and judgements

The preparation of the condensed consolidated 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 for 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 significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 30 June 2010.

5. Review of results

The results of the Group as set out above have been reviewed by the Group's auditors, KPMG Inc. The unqualified review report is available for inspection at the Group's registered offices.

6. Earnings per share

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

	Reviewed	
	Six months ended	
	31 December 2010	
Profit for the period	Number of shares in	Earnings per share

	R'000	thousands	in cents
Basic earnings per share	47 275	576 908	8.19
Share options	-	3 559	(0.05)
Diluted EPS	47 275	580 467	8.14
Headline earnings per share			
Headline earnings per share is based on the Group's headline earnings divided by the weighted average number of shares in issue during the year.			
Reconciliation between earnings and headline earnings per share			
Basic EPS	47 275	576 908	8.19
Adjustments:			
Headline EPS	47 275	576 908	8.19
Share options	-	3 559	(0.05)
Diluted headline EPS	47 275	580 467	8.14

	Reviewed Six months ended 31 December 2009		
	Profit for the period R'000	Number of shares in thousands	Earnings per share in cents
Basic earnings per share	46 375	560 285	8.28
Share options	-	7 424	(0.11)
Diluted EPS	46 375	567 709	8.17
Headline earnings per share			
Headline earnings per share is based on the Group's headline earnings divided by the weighted average number of shares in issue during the year.			
Reconciliation between earnings and headline earnings per share			
Basic EPS	46 375	560 285	8.28
Adjustments:			
Headline EPS	46 375	560 285	8.28
Share options	-	7 424	(0.11)
Diluted headline EPS	46 375	567 709	8.17

	Audited Year ended 30 June 2010		
	Profit for the year R'000	Number of shares in thousands	Earnings per share in cents
Basic earnings per share	107 717	564 135	19.09
Share options	-	3 559	(0.12)
Diluted EPS	107 717	567 694	18.97

Headline earnings per share
Headline earnings per share is based on the Group's headline earnings divided by the weighted average number of shares in issue during the year.
Reconciliation between earnings and headline earnings per share

Basic EPS	107 717	564 135	19.09
Adjustments:			
Headline EPS	107 717	564 135	19.09
Share options	-	3 559	(0.12)
Diluted headline EPS	107 717	567 694	18.97

7. Investment in Joint Venture

During the period under review, Petmin acquired a 5% interest in an exploration company in Canada ("Exploration Co.") for an amount of US\$1.5 million.

Exploration Co. is jointly controlled by Petmin and its Canadian partners from inception.

In terms of the transaction Petmin has the option to acquire a maximum of 40% of Exploration Co. for a total investment of USD25 million, exercisable at its sole discretion. The investment is made on the condition of a properly certified SAMREC Code and CIM Standards compliant resource statement that defines a Measured Resource of magnetite for 20 years, based on the production of 500,000 tons of pig iron per annum.

Petmin will, once it is a 40% shareholder, have a further option to acquire an additional 9,9% (taking Petmin to 49.9%) at Petmin's discretion, at a value to be determined in terms of a NI 43-101 compliant report.

8. Related parties

Dark Capital (Pty) Limited ("Dark Capital") Petmin's anchor black economic empowerment shareholder is a material shareholder in Petmin and is therefore a related party as defined by Section 10 of the JSE Listings Requirements.

8.1 Loan to and transactions with Dark Capital

Other than as previously disclosed in the annual financial statements for the year ended 30 June 2010, there have been no further related party transactions with Dark Capital.

8.2 Executive remuneration and share option scheme

As previously announced, at the AGM held on 13 December 2010, shareholders approved the terms of the new Executive Share Option Scheme, the Executive Incentive Scheme and the subscription for 5.4 million shares at R2.84 per share to Ian Cockerill. For more information on these items, please refer to Annexure 1 in the Petmin Limited Annual Financial Statements for the year ended 30 June 2010. As per previous years, P Nel has been paid consulting fees for advisory services to the Group.

8.3 Other transactions with related parties

No other related party transactions were entered into.

9. Subsequent events

9.1 Investment in Iron Bird Resources Inc.

As previously announced, on 24 January 2011, Petmin entered into an agreement with Hummingbird Resources Plc (Hummingbird; AIM: HUM) and Hummingbird's wholly owned subsidiary, Iron Bird Resources Inc (Iron Bird), relating to Hummingbird's Mount Ginka licence for the exploration of iron ore in Liberia. For more information on this investment, please refer to the press release.

9.2 Mining right conversion over Somkhele Areas 2 and 3 approved

On 1 February 2011, the Department of Mineral Resources confirmed that Tendele Coal Mining's application for the conversion of an old order right over its Areas 2 and 3 at its Somkhele Anthracite Mine has been successful ("Successful Conversion"). Petmin previously secured a new order mining right over Area 1 which, together with the Successful Conversion now paves the way for an application for a new order mining right over additional resources adjacent to Area 2 included in an expanded mining right. These resources will provide additional high quality anthracite in close proximity to the expanding coal wash plant complex.

9.3 Change in directors

In line with the recommendations of King III, and to assist Petmin in its global expansion strategy, Petmin has commenced the process of sourcing suitably qualified independent non-executive directors.

Petmin is pleased to announce the appointment of two experienced independent non-executive directors, Ms Koosum Kalyan and Mr Millard Arnold with effect from 1 March 2011.

Ms Kalyan (54) is chairman of EdgoMerap (Pty) Ltd in London and holds amongst others, the following directorships: Standard Bank Group and the MTN Group. From 2000 to 2008, Ms Kalyan was Senior Business Development Manager: African Exploration Oil and Gas of Shell International Exploration.

Ms Kalyan holds a B.Com (Hons) in Economics and completed the Senior Executive Management Programme at the London Business School.

Mr Arnold (64), who holds a Jurist Doctorate from the University of Notre Dame in Indiana, has practiced law and was Professor of Law at Touro Law School in New York.

Mr Arnold is a senior Fellow of the Gordon Institute of Business Science and a member of the Council of the University of South Africa and member of the University of South Africa Foundation.

He was previously Executive Chairman of Black and Veatch Africa and served the

government of the United States as its first Minister Counsellor of Commercial Affairs for the South Africa region.

In order to enhance risk management processes and in line with the recommendations of the King III report, Petmin has established a Technical Advisory Committee. The committee is tasked with providing Petmin with independent technical advisory and operational audit services. Mr Nel has taken up the position as chairman of Petmin's Technical Advisory Committee and has announced his resignation as a director of Petmin with effect from 28 February 2011. Petmin is pleased to retain Piet's invaluable knowledge and experience via this advisory body. Petmin extends its thanks to Piet, who guided Petmin through its formative years.

Mr Johan Strijdom has indicated that it is his intention to offer his resignation as a director of Petmin Limited at the next Annual General Meeting of the company, Mr Strijdom remains a significant shareholder of Petmin.

9.4 Other

There have been no other events that have occurred subsequent to 31 December 2010 which require adjustment of, or disclosure in the financial statements or notes thereto in accordance with IAS 10 - Events After the Reporting Date.

(i) General Overview of Performance

Earnings have been maintained, despite a stronger rand and as previously indicated, higher strip ratios at Somkhele. The Group's conservative marketing and sales strategy of locking in long term supply agreements and protecting the balance sheet, as implemented prior to the "Financial Crisis" of 2008 and 2009, assisted Petmin to survive and thrive during difficult times.

During these difficult times Petmin continued to grow earnings and remained cash positive with virtually no gearing. However, as result of this policy to protect earnings and to ensure visibility of cash flows and earnings, Petmin has been unable to benefit from the substantial increase in local demand for anthracite (as a coke replacement), export demand in the iron-ore sintering market and a resultant material increase in price.

Tonnes sold by the Group increased by 30%, resulting in revenue of R321 million for the six months ended 31 December 2010 (2009: R215 million), an increase of 49% despite the negative impact on revenues from a stronger Rand/Dollar exchange rate.

The weighted average Rand/Dollar for the six months ended 31 December 2010 of R6.79/\$1.00 (2009: R7.44/\$1.00) had a R11 million negative impact on revenue at Somkhele and a negative impact on earnings per share of 1.37 cents.

Consolidated Profit before tax was R73 million (2009: R66 million), an increase of 11%, while profit after tax only increased by 2% as secondary tax on companies of R3.5 million was paid on the inaugural dividend declared in the six months ended 31 December 2010 (2009: Nil).

Gross profit margin reduced to 29% (2009: 41%) as a result of the stronger rand and as mining commenced in the deeper reserves in Area 1 at Somkhele.

Operations remained strongly cash generative with cash of R194 million (2009: R119 million) being generated by operations after inflows from changes in working capital of R45 million (2009: R6 million).

Capital expenditure of R138 million (2009: R56 million) was incurred in the six months to 31 December 2010, of which R72 million spent on pre-stripping of the open pits at Somkhele in anticipation of doubling production by the first quarter of 2012 in order to feed the Second Plant. R60 million was spent to expand operations (2009: R24 million) and R7 million to maintain operations (2009: R5 million).

The ratio of interest bearing debt to equity at 31 December 2010 was 6.63% (30 June 2010: 7.55%).

Anthracite Division Somkhele anthracite mine

In the six months to 31 December 2010, production increased by 21% to 245,791 tonnes (2009: 202,800 tonnes) and tonnes sold increased by 80% to 309,347 tonnes (2009: 171,867 tonnes).

Additional tonnes were bought-in from third party producers to supplement export cargoes as finished product stockpiles were depleted.

Gross profit margins of 30% were achieved in the anthracite division during the six months ended 31 December 2010 (2009: 42%). The reduction in margins was as a result of the stronger Rand against the Dollar and due to mining commencing in the deeper reserves situated in Area 1.

85 exploration and evaluation holes amounting to 8,893 metres were drilled in the six months to 31 December 2010. The drilling has been focused on Somkhele's Areas 4 and 5. Drill results have been positive and management is confident that the drill programme will yield significant additional resources to increase the life of mine at Somkhele to approximately 40 years at double the current production rates.

Capital expenditure (excluding pre-stripping of the open-pits) for the six months ended 31 December 2010 was R22 million (2009: R20 million). The expenditure on mining pre-strip of R72 million (2009: R27 million) is reflective of the additional pre-stripping required as mining commenced in Area 1.

Silica Division

SamQuarz silica mine

SamQuarz produced 647,088 tonnes (2009: 607,140 tonnes) of silica and chert in

the six months ended 31 December 2010. Sales volumes increased by 14% to 622,927 tonnes (2009: 547,359 tonnes).

Net profit margin reduced 34% to 20% (2009: 30%) due to "margin squeeze" as the average selling price per tonne increased by only 0.37% to R134.24 per tonne (2009: R133.74 per tonne). Cost of production, including depreciation but before interest and tax, increased by 14.8% due to difficult mining conditions and lack of pit-room. Management is negotiating revised off-take agreements where appropriate and has initiated a plant and pit improvement programme. A 40 year life of mine mine plan has been finalized.

The pit improvement programme has resulted in the decision to relocate the admin buildings and to mine previously sterilised glass-grade silica reserves close to surface. The office move is expected to be completed before 30 June 2011.

Capital expenditure totalling R31 million (2009: R5 million) was incurred in the six months ended 31 December 2010 and was focused on mine development and processing plant upgrades.

(ii) Iron Ore Division

Veremo

Petmin is a 25 percent shareholder in Veremo Holdings (Pty) Limited and 75 percent is ultimately controlled by Kermas Limited ("Kermas"). Veremo is the owner of the Stoffberg magnetite project containing iron ore and titanium ("the Project").

During the period under review, Veremo submitted an application for a mining licence and the application has been accepted by the DMR. Significant progress has been made on the pre-feasibility study commissioned by Kermas and the report is expected to be completed by mid-2011.

Exploration Co. - Canada

In the period to 31 December 2010, Petmin, together with its joint venture partners, approved an exploration programme with the aim of defining a 40-year inferred magnetite resource based on the production of 500,000 tonnes of pig-iron per annum.

Mount Ginka

In terms of the Mount Ginka Project the first phase of the exploration program has been approved which is focused on demonstrating whether a commercially saleable magnetite concentrate can be produced.

(iii) Prospects

Anthracite division

Existing business

Current production and sales levels are expected to be maintained for calendar 2011. Market conditions are expected to remain favourable and all production for the balance of the year has been committed.

The local anthracite market is buoyant, shored up by increased demand from the ferrochrome producers. In line with our medium term view of the steel sector, we see this demand trend continuing for the balance of the 2011 financial year and into 2012.

In addition to steel growth, two other key factors support this demand trend; namely the increase in the intensity of use of quality, low-sulphur anthracite as a reductant of choice for the ferrochrome producers and their need to secure long term reliable supply for this expansion.

On the export market, the trend is similar with prices moving to pre-2009 levels. We are currently contracted at \$119 FOB on a take-or-pay agreement for 200,000 tonnes per annum until 2013.

Demand from South America remains solid and we are also seeing demand for sized export cargoes to Europe and India. We will however only be in a position to benefit from this demand once our Second Plant is in production.

Expansion

Our focus during the 2011 calendar year will be on mine development to ensure that there is adequate pit-room to supply the quantity of anthracite that will be required to feed the new and existing coal wash plants, and the acceleration of the exploration programme with the intention to double our reserves in order to secure a "40 year life of mine" at double current production rates.

The doubling of volume as a result of the commissioning of the Second Plant in quarter 1, 2012, will significantly reduce the unit cost and will have a material impact on earnings. Long lead items for the second coal wash plant have been procured and management are confident that the wash plant will be commissioned by the end of the first quarter of 2012.

Management have received a term sheet from financiers for an asset based loan of R80 million to Tendele Coal Mining (Pty) Ltd. The loan will have a fixed interest rate of 6.3% until 1 April 2015, where-after the interest rate will be 0.7% below prime. The loan will be used to part finance the construction of the second wash plant.

The exploration drilling programme and reserve and resource verification process are progressing well and management expects to report on updated reserves and resources in the latter part of calendar 2011. Initial drill results in targets identified in Areas 4 and 5 at Somkhele have been positive with good coal intersections being reported.

In terms of the expanded production profile, post-commissioning of the second

plant, negotiations are underway to ensure we lock up some 65% to 70% of our sales on price/volume related medium term contracts (3 years), the balance will be used to feed the spot market demand from 2012 onwards.

Silica division

In the six months to 30 June 2011, we anticipate a small improvement in profit margins at SamQuarz as production and sales tonnages increase and the average selling price increases slightly. Demand from both the glass making and metallurgical sectors is expected to remain steady for the balance of the year. Capital expenditure is expected to be maintained at the rate of spend incurred in the six months ended 31 December 2010, with the main expenditure being focused on mining development and the movement of the office block.

Iron ore projects division

With the injection of funds from Petmin's investment in Exploration Co. and the Mt. Ginka project, the project teams on the ground will continue with their respective exploration and resource evaluation programmes. It is anticipated that the initial exploration results of Exploration Co. will be available and will be published towards the second half of the 2011 calendar year.

At Veremo, a pre-feasibility study is in the process of being finalised and the initial indications are positive. The project has applied for a mining licence and awaits final adjudication from the DMR.

(iv) General

With the operations at full production and an anticipated strong Rand, Petmin expects a similar operational and financial performance for the six months ending 30 June 2011. With organic expansion at Somkhele on track to double the plant capacity and double the Life of Mine, and an exciting pipeline of prospective iron ore projects in place, Petmin remains well positioned for growth with low gearing and significant cash resources.

Petmin will continue to actively evaluate new opportunities which meet its stated highly focused commodity and geographic diversification growth strategy in order to maximize shareholder wealth in the short to medium term.

More details on Petmin can be found on our website www.petmin.co.za.

By order of the Board
I D Cockerill
Executive Chairman

J C du Preez
Chief Executive Officer

Pretoria
2 March 2011

Sponsor
River Group

Directors: I Cockerill# (Executive Chairman) L Mogotsi (Deputy Chairman)
J du Preez (Chief Executive Officer) B Doig (Chief Operating Officer)
B Tanner (Financial Director) M Arnold*+ E de V Greyling* K Kalyan*
A Martin* P Nel*^ J Strijdom* J Taylor*

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Limited AIM: Computershare Investor Services PLC

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