

Report of the Independent Auditors to the Members of
MANOKA MINING (PROPRIETARY) LIMITED

Report on the financial statements

We have audited the annual financial statements of Manoka Mining (Proprietary) Limited which comprise the directors' report, the statement of financial position at 31 December 2010, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 1 to 5.

Management responsibility for the financial statements

Management is 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 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.

Auditors' 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 of material misstatement.

An audit involves performing procedures to obtain audit evidences 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 controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the financial statements fairly present, in all material aspects, the financial position of the company at 31 December 2010, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), and in the manner required by the Companies Act of South Africa.

Report on other legal and regulatory requirements

With the written consent of the members, we have performed certain accounting and secretarial duties.

NEXIA LEVITT KIRSON

Per AS Lewis
Chartered Accountant (SA)
Registered Auditor
Johannesburg
30 March 2011

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MANOKA MINING (PTY) LTD

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

		2010	2009
	Notes	R	R
EQUITY AND LIABILITIES			
Equity		-	-
Issued capital	2	100	100
Retained earnings		(100)	(100)
Total equity		<u>-</u>	<u>-</u>

MANOKA MINING (PTY) LTD

**STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2010**

	Issued capital R	Retained earnings R	Total R
Balance 1 January 2008	100	(100)	-
Net profit for the period		-	-
Balance at 31 December 2009	<u>100</u>	<u>(100)</u>	<u>-</u>
Net profit for the period		-	-
Balance at 31 December 2010	<u><u>100</u></u>	<u><u>(100)</u></u>	<u><u>-</u></u>

MANOKA MINING (PTY) LTD

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2010

1. Accounting policies

The financial statement of the company have been prepared in accordance with International Financial Reporting Standards (IFRSs). The principal accounting policies adopted in the preparation of these financial statements are set out below.

1.1 Basis of presentation

The financial statements are presented in South African rands, rounded to the nearest rand and are prepared on the historical cost basis.

1.2 Taxation

Current taxation is comprises of normal tax payable calculated on the basis of the estimated taxable income for the year, using the tax rates enacted at the balance sheet date.

Deferred taxation is based on temporary differences. Temporary differences arise when the carrying amounts of assets and liabilities for financial reporting purposes differs to the tax base of those assets and liabilities. Deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred taxation assets are reduced to the extent that it is not longer probable that the related tax benefit will be realised.

The effect on deferred taxation of a change in tax rate is recognised in income statement in the period the change in tax rate was enacted.

	2010 R	2009 R
2. Issued capital		
<i>Share capital</i>		
Authorised		
1000 Ordinary shares of R1 each	<u>1 000</u>	<u>1 000</u>
<i>Issued</i>		
100 Ordinary shares of R1 each	<u>100</u>	<u>100</u>

The unissued shares of the company are under the control of the directors until the forthcoming annual general meeting.

3. Events after balance sheet date

There have been no material fact or circumstance which has occurred between the accounting date and the date of this report.

4. Cash flow statement

No cash flow statement has been prepared as the company does not have cash and cash equivalence and no transaction were made during the year.

MANOKA MINING (PTY) LTD

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
31 DECEMBER 2010**

5. Related party disclosure

The parent company - Ferret Coal Holdings (Pty) Ltd

No transactions took place between the company and the holding company.

The ultimate parent company - GMR Energy Limited, incorporated in India.

No transactions took place between the company and the ultimate parent company.

The ultimate intermediate parent company - Homeland Mining & Energy SA (Pty) Ltd

No transactions took place between the company and the intermediate parent company.

Fellow Subsidiaries

Name	Country of incorporation
Ferret Coal Holdings (Pty) Ltd	South Africa
Ferret Coal (Kendal) (Pty) Ltd	South Africa
Corpco 331 (Pty) Ltd	South Africa
Tshedza Mining Resources (Pty) Ltd	South Africa
Nhlalala Mining (Pty) Ltd	South Africa
Homeland Energy (Swaziland) (Pty) Ltd	Swaziland
Homeland Energy (Botswana) (Pty) Ltd	Botswana

No transactions took place between company and the fellow subsidiaries