Sakari

Audited Results for FY'11

Unaudited Results for Q4'11

Dividend Announcement

14 February 2012

Media Release

Sakari doubles Net Profit
Q4 result caps an outstanding year

- **Full Year Revenue exceeds $1 billion for the first time**
- **$73.0m Q4'11 NPAT ~ strongest ever for Sakari up 139% (***Q4'10: $30.5m***)**
- **$190.3m FY'11 NPAT ~ up 116% (***FY'10: $88.2m***)**
- **ASP of $100/t in Q4'11 driven by strong marketing performance**
- **First coal shipments from Northern Leases transform margins and profits in Q4'11**
- **60% of FY'11 Net Profits payable as dividends (***proposed final dividend of 5.83 cents brings 2011 total to 10.07 cents per share***)**

	Q4			Full Year		
	2011	2010	*Change*	**2011**	2010	*Change*
Revenue *($'000)*	**312,647**	219,487	*51%*	**1,013,574**	781,918	*30%*
Net Profit after Tax *($'000)*	**72,980**	30,540	*139%*	**190,275**	88,198	*116%*
EPS *(US dollars)*	**0.06**	0.03	*100%*	**0.17**	0.08	*113%*
Average Selling Price *($/t)*	**99.77**	75.53	*32%*	**92.93**	72.81	*28%*
Group Cash Costs *($/t)*	**54.28**	43.82	*24%*	**54.54**	46.90	*16%*

For the first time Sakari's annual sales exceeded $1 billion as the Group produced an outstanding year end Net Profit after Tax of $190 million, more than double that of 2010. Q4'11 NPAT alone, at $73 million, was a record profit for any previous quarter for Sakari as sales of higher value coal from Sebuku's Northern Leases helped to lift average selling prices to $100/t in the final quarter of 2011.

"It's a hard won and very satisfying result for that reason," said CEO of Sakari Resources Martin Purvis. "It's a result that reflects the substantial effort from every employee in the team to overcome the challenges we faced in 2010 and exceed the far-reaching targets we set at the beginning of 2011."

"Without wanting to focus on just one area of endeavour within so many positive contributions, it's clear that the performance of the Sebuku team over the past 12 months, in finally realising the latent potential of the Northern Leases project area, has shown enormous dedication and commitment."

The Sebuku team surpassed many expectations by completing the first coal shipment from the Northern Leases just 5 months after mobilising operations in the area and pushing Sebuku’s coal production to 758Kt in Q4’11 from an average of 338Kt in the first 3 quarters of the year. The positives from Sebuku, which is now on track to reclaim its position as one of the highest margin producers in the region, highlight the advances in 2011 and demonstrate just how strong Sakari’s earnings and production platforms have become.

A key driver of the increased profit was higher average international coal prices in 2011 compared to 2010. Aside from the margins improving through higher average selling prices from Sebuku coal, the lowering of costs at Sebuku as volumes increased set the foundation for a reduction in overall Group cash costs in the quarter to $54.3/t (*Q3’11 $58.23*). Notwithstanding this achievement, the Group is aware that during the year costs across the industry were under pressure and has started a process of examining operational efficiency now that both Jembayan and Sebuku mines have completed their infrastructure capital expenditure programmes.

2011 was also a very successful year for exploration. Sakari’s programmes have delineated over 1 billion tonnes of resources over the past 4 years that are now flowing into reserve numbers. In this vein, 2011 showed a strong improvement in Jembayan’s JORC marketable reserves to 142Mt in October 2011. Work in the Northern Leases has progressed favourably since May 2011 and this programme is scheduled to reach completion in H2’12 when a further JORC statement can be expected to show a further increase in marketable reserves.

Against the backdrop of these results, Sakari’s team has not lost sight of its wider responsibilities in maintaining sustainable operations. Once again the safety record achieved in 2011 was commendable with both mine sites receiving awards from the Indonesian government acknowledging their advances in safety management, environment and community development programmes.

Sakari’s policy of paying 60% of its net profit to shareholders has again been confirmed with the final proposed 2011 dividend recommended at 5.83 US cents per share, bringing the 2011 total to 10.07 US cents per share. The 2011 dividend total is a yield of over 5% on Sakari’s current share price.

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REVIEW OF OPERATIONS

Coal Production

Kt	Q4		Full Year	
Sebuku	**2011**	2010	**2011**	2010
Coal mined	**833**	584	**2,050**	1,268
Product coal	**758**	495	**1,772**	1,104
Sales	**862**	481	**1,825**	1,092
Jembayan				
Coal mined	**1,925**	2,595	**8,514**	9,287
Product coal	**1,674**	2,333	**8,892**	9,446
Sales	**2,215**	2,419	**8,901**	9,621
Total				
Coal mined	**2,758**	3,179	**10,564**	10,555
Product coal	**2,432**	2,828	**10,664**	10,550
Sales	**3,077**	2,900	**10,726**	10,712

Sebuku's Q4'11 production of 758Kt was the result of excellent mine management and planning by the Sebuku team coupled with a favorable run in the weather. The focus of the management team is concentrated on the Northern Leases, which alone contributed 350Kt of product in Q4'11.

Coal production at Jembayan slowed during Q4'11 due to torrential rain - including 423mm in December vs. the 5-year monthly average of 177mm - and the adverse effects on barging down the Mahakam River arising from the collapse of the public Tenggarong Bridge. As announced in mid-December 2011, the Mahakam River has since reopened to upstream barge traffic.

Strip Ratios and Cash Costs

Strip Ratio	**Q4 11**	**Q4 10**	**FY 11**	**FY 10**
Sebuku	**5.25**	3.42	**5.95**	4.93
Jembayan	**11.38**	9.33	**10.76**	10.29

Cash Costs /t	**Q4 11**	**Q4 10**	**FY 11**	**FY 10**
Sebuku	**34.11**	38.08	**40.10**	45.75
Jembayan	**62.09**	44.96	**57.49**	47.03

Cash costs for FY'11 are higher than FY'10 levels, but remain consistent with market guidance, having increased to $54.54/tonne (FY'*11 $46.90*). The key drivers of higher cash costs were increased fuel prices, higher strip ratio and general inflationary pressures. Fuel prices were the most significant of these factors, having increased by 39% year-on-year, although prices did ease by 2 cents/litre in Q4'11 to 107 cents/litre (*Q4'10: 81 cents/litre*).

Outlook

The Sebuku mine is now on track to reclaim its position as one of the highest margin mines in the seaborne thermal coal market from a combination of low cash costs and high quality coal product. Sebuku’s superior margin and increasing production profile is expected to leverage Sakari’s earnings in the years ahead, as foreshadowed in the surge in Q4 earnings. Developing Sebuku’s production base is therefore central to management’s plans for 2012.

Whilst the torrential rainfall in the Separi region at the end of 2011 has eased, Jembayan mine continued to face high rainfall in January 2012 and this has influenced some sequences in Jembayan’s mine plan schedule for the start of the year. As a result the mining fleet is currently focused on the movement of overburden as part of operations to open new pits in H2 2012. This means that production for 2012 will have a slow start in H1, and particularly Q1, with elevated strip levels over the first few months of the year. The strip ratios will trend lower as the year progresses and as the new pits come online. The next phase of growth for Jembayan will therefore begin in H2 2012, which will also follow completion of a cost and logistics review. In this way the mine can be geared for its next major production push with confidence that it will be operating at optimum efficiency.

The global economy continues on an uncertain path with shifts in sentiment having the potential to impact commodity prices, which in turn impact the performance of the Company. A number of smaller market trends are also becoming more noticeable in their potential to influence the outlook for prices, such as increasing levels of swing production from South Africa and the Americas coming into Asia, cheaper natural gas, improved mining efficiencies through operational consolidation in China, increased Indonesian domestic market consumption and continually evolving Indonesian regulations. None of these factors alone is dominant, but the combined impact could exert an influence on current and future prices.

At a macro level the coal price outlook remains dominated by events in China and India, with the added prospect of supply-side shocks generating short-term pricing pressures. Thermal coal demand looks set for continued growth, which will keep producers under pressure to keep pace. Accordingly, energy prices are expected to remain relatively high, including input fuel costs.

Rising fuel prices and wider costs were highlighted by Sakari as areas of concern for the industry early in 2011. The outlook is not dissimilar today, with a shortage of skills pushing salary expectations higher at all levels and competition for experienced managers and management teams adding to competitive pressures.

With the opportunities from Sebuku’s high margin, strong cash generating growth now manifest alongside Jembayan’s position as a world class mine, Sakari is well positioned to respond to market changes and achieve targets that are aimed at continuing its record of strong returns to stakeholders.

FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income for the 4th Quarter and Full Year ended 31 December 2011

	Notes	3 Months Ended 31 December (Unaudited) 2011 $'000	2010 $'000	% change	Full Year Ended 31 December (Audited) 2011 $'000	2010 $'000	% change
Sales volume (kt)		*3,077*	2,900	*6%*	***10,726***	10,712	*0%*
Revenue		312,647	219,487	*42%*	**1,013,574**	781,918	*30%*
Cost of sales		(206,450)	(159,896)	*29%*	**(696,749)**	(598,451)	*16%*
Gross profit		106,197	59,591	*78%*	**316,825**	183,467	*73%*
Gross profit margin *(%)*		*34%*	27%		***31%***	23%	
Other revenue		177	150	*18%*	**646**	670	*(4%)*
Other gains/(losses) – net		13,892	(4,284)	*(424%)*	**12,485**	(8,256)	*(251%)*
Expenses *Corporate & technical support*		(20,091)	(9,505)	*111%*	**(57,183)**	(36,534)	*57%*
Finance costs		(3,507)	(3,845)	*(9%)*	**(13,385)**	(13,676)	*(2%)*
Profit before income tax expense	1	96,668	42,107	*130%*	**259,388**	125,671	*106%*
Income tax expense		(23,688)	(11,567)	*105%*	**(69,113)**	(37,473)	*84%*
Net profit after tax		72,980	30,540	*139%*	**190,275**	88,198	*116%*

Consolidated Statement of Comprehensive Income for the 4th Quarter and Full Year ended 31 December 2011

	Notes	3 Months Ended 31 December (Unaudited) 2011 $'000	2010 $'000	% change	Full Year Ended 31 December (Audited) 2011 $'000	2010 $'000	% change
Profit for the year		72,980	30,540	*139%*	**190,275**	88,198	*116%*
Other comprehensive income Available for sale financial assets fair value (loss)/gain		(1,160)	5,650	*(121%)*	**(5,626)**	5,650	*(200%)*
Other comprehensive income		(1,160)	5,650	*(121%)*	**(5,626)**	5,650	*(200%)*
Total comprehensive income		71,820	36,190	*98%*	**184,649**	93,848	*97%*
Attributable to:							
Shareholders of the Company	2	71,820	36,190	*98%*	**184,649**	93,848	*97%*

Notes:

1. Total profit is derived after recognising:

	3 Months Ended 31 December		Full Year Ended 31 December	
	2011 *$'000*	2010 *$'000*	**2011 *$'000***	2010 *$'000*
Other income including interest income	**177**	150	**646**	670
Interest on borrowings	**(3,207)**	(3,589)	**(12,578)**	(12,810)
Depreciation and amortisation	**(13,817)**	(10,652)	**(47,311)**	(38,274)
Allowance for doubtful debts and write-offs	**-**	(1,629)	**-**	(1,828)
Foreign exchange loss	**(158)**	(955)	**(933)**	(3,655)
Impairment of goodwill	**(763)**	(374)	**(1,724)**	(1,057)
Gain/ (Loss) on disposal of property, plant and equipment	**4**	(44)	**141**	155
Fair value gains	**14,054**	1,207	**13,559**	1,207

2. Earnings per share of the Group.

	3 Months Ended 31 December		Full Year Ended 31 December	
	2011	2010	**2011**	2010
Basic EPS (US$)	**0.06**	0.03	**0.17**	0.08
Weighted average number of shares on issue for basic EPS *('000)*	**1,134,116**	1,128,811	**1,133,624**	1,128,777
Diluted EPS (US$)	**0.06**	0.03	**0.17**	0.08
Weighted average number of shares on issue for diluted EPS *('000)*	**1,134,201**	1,128,811	**1,133,708**	1,128,777

Consolidated Statement of Cash flows (Unaudited)

	3 Months Ended 31 December		Full Year Ended 31 December	
	2011 *$'000*	2010 *$'000*	**2011 *$'000* *(Audited)***	2010 *$'000* *(Audited)*
Cash flows from operating activities				
Receipts from customers	**307,856**	192,056	**1,015,137**	768,049
Payments to suppliers and employees	**(201,627)**	(144,916)	**(688,231)**	(567,991)
Interest received	**168**	232	**637**	743
Interest paid	**(1,334)**	(1,059)	**(12,297)**	(8,774)
Income taxes paid	**(11,027)**	(19,468)	**(48,477)**	(116,869)
Net cash inflow from operating activities	**94,036**	26,845	**266,769**	75,158
Cash flows from investing activities				
Payments for property, plant and equipment and exploration and evaluation	**(10,460)**	(51,241)	**(83,988)**	(113,212)
Proceeds from property, plant and equipment	**(2)**	(17)	**33**	9
Payments for available-for-sale financial assets	**-**	-	**(807)**	(1,896)
Proceeds from derivative financial instruments	**1,660**	-	**2,189**	-
Net cash outflow from investing activities	**(8,802)**	(51,258)	**(82,573)**	(115,099)
Cash flows from financing activities				
Proceeds from issue of shares to employees	**19**	(1,547)	**904**	2,021
Proceeds from borrowings	**-**	45,000	**-**	321,000
Repayment of borrowings	**(20,000)**	-	**(30,000)**	(214,410)
Dividends paid to shareholders	**-**	-	**(80,406)**	(43,570)
Payments to restricted cash	**-**	(400)	**-**	24,600
Payments for lease liabilities	**-**	-	**-**	(67)
Net cash (outflow)/inflow from financing activities	**(19,981)**	43,053	**(109,502)**	89,174
Net increase in cash and cash equivalents	**65,253**	18,640	**74,694**	49,233
Cash and cash equivalents at the beginning of the period	**90,013**	62,236	**80,743**	31,779
Effect of exchange rate movements on cash	**(78)**	(133)	**(249)**	(269)
Cash and cash equivalents at end of period	**155,188**	80,743	**155,188**	80,743

Balance Sheets

	Group		Company	
	31 December 2011 *$'000* (Audited)	31 December 2010 *$'000* (Audited)	**31 December 2011 *$'000* (Audited)**	31 December 2010 *$'000* (Audited)
ASSETS				
Current Assets				
Cash and cash equivalents	**155,188**	80,743	**23,394**	42,400
Trade and other receivables	**100,289**	113,437	**566,553**	570,372
Inventories	**18,287**	21,315	**-**	-
Financial assets at fair value through profit or loss	**-**	1,207	**-**	-
Derivative financial assets	**10,551**	-	**-**	-
Current tax receivables	**33,276**	42,361	**-**	-
Non-current assets				
Restricted cash	**800**	800	**-**	-
Other receivables	**2,310**	2,670	**-**	-
Financial assets, available-for-sale	**8,580**	12,182	**-**	-
Property, plant and equipment	**769,874**	734,703	**1,661**	376
Exploration and evaluation expenditure	**8,143**	6,627	**-**	-
Deferred income tax	**3,589**	3,867	**1,431**	-
Intangible assets	**76,367**	78,092	**-**	-
Investment in subsidiaries	**-**	-	**42,208**	42,208
TOTAL ASSETS	**1,187,254**	1,098,004	**635,247**	655,356
LIABILITIES				
Current liabilities				
Trade and other payables	**155,263**	160,046	**7,016**	7,411
Derivative financial liabilities	**80**	-	**-**	-
Current income tax liabilities	**12,645**	4,984	**1,646**	1,133
Provisions	**10,647**	2,894	**8,043**	1,154
Non-current liabilities				
Borrowings	**283,779**	313,202	**283,779**	313,202
Deferred income tax liabilities	**87,106**	87,854	**-**	50
Provisions	**6,766**	5,242	**-**	-
TOTAL LIABILITIES	**556,286**	574,222	**300,484**	322,950
NET ASSETS	**630,968**	523,782	**334,763**	332,406
EQUITY				
Capital and reserves attributable to the Company's shareholders				
Share capital	**326,832**	325,758	**326,832**	325,758
Other reserves	**(16,631)**	(12,874)	**4,294**	2,425
Retained earnings	**320,767**	210,898	**3,637**	4,223
TOTAL EQUITY	**630,968**	523,782	**334,763**	332,406

Consolidated Statement of Changes in Equity

Company

For the year ended 31 December 2011

	Share capital $'000	Retained earnings $'000	Other reserves $'000	Total $'000
Total at 1 January 2011	**325,758**	**4,223**	**2,425**	**332,406**
Total comprehensive income for the period	**-**	**79,820**	**-**	**79,820**
Transferred from/ (to) share capital	**850**	**-**	**(850)**	**-**
Share issue on exercise of option	**224**	**-**	**-**	**224**
Share plan loan repayment	**-**	**-**	**680**	**680**
Share-based payment expense	**-**	**-**	**2,039**	**2,039**
Dividends paid	**-**	**(80,406)**	**-**	**(80,406)**
Total equity at 31 December 2011	**326,832**	**3,637**	**4,294**	**334,763**

For the year ended 31 December 2010

	Share capital $'000	Retained earnings $'000	Other reserves $'000	Total $'000
Total at 1 January 2010	322,093	1,165	4,740	327,998
Total comprehensive income for the period	-	46,628	-	46,628
Transferred from/ (to) share capital	3,487	-	(3,487)	-
Share issue on exercise of option	178	-	-	178
Share plan loan repayment	-	-	2,155	2,155
Share-based payment expense	-	-	(983)	(983)
Dividends paid	-	(43,570)	-	(43,570)
Total equity at 31 December 2010	325,758	4,223	2,425	332,406

Group

For the year ended 31 December 2011

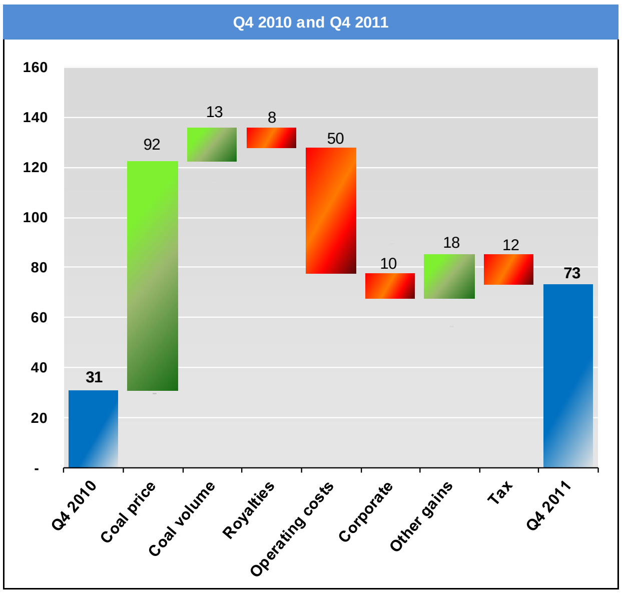
	Share capital $'000	Retained earnings $'000	Other reserves $'000	Total $'000
Total at 1 January 2011	**325,758**	**210,898**	**(12,874)**	**523,782**
Total comprehensive income for the period	**-**	**190,275**	**(5,626)**	**184,649**
Transferred from/ (to) share capital	**850**	**-**	**(850)**	**-**
Share issue on exercise of option	**224**			**224**
Share plan loan repayment	**-**	**-**	**680**	**680**
Share-based payment expense	**-**	**-**	**2,039**	**2,039**
Dividends paid	**-**	**(80,406)**	**-**	**(80,406)**
Total equity at 30 December 2011	**326,832**	**320,767**	**(16,631)**	**630,968**

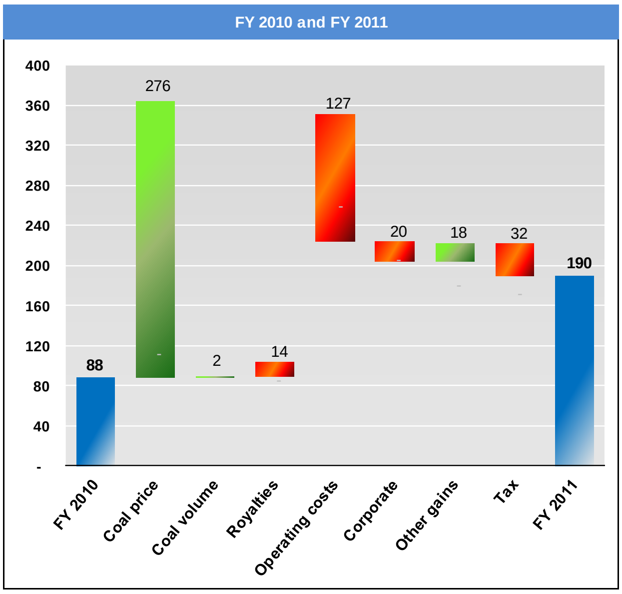
For the year ended 31 December 2010

	Share capital $'000	Retained earnings $'000	Other reserves $'000	Total $'000
Total at 1 January 2010	322,093	166,270	(16,239)	472,124
Total comprehensive income for the period	-	88,198	5,650	93,848
Transferred from/ (to) share capital	3,487	-	(3,487)	-
Share issue on exercise of option	178	-	-	178
Share plan loan repayment	-	-	2,155	2,155
Share-based payment expense	-	-	(983)	(983)
General reserves	-	-	30	30
Dividends paid	-	(43,570)	-	(43,570)
Total equity at 31 December 2010	325,758	210,898	(12,874)	523,782

MD&A

Net profit after tax increased by 116% for FY'11 to $190.3m (*FY'10: $88.2m*) and for Q4'11 by 139% to $72.98m (*Q4'10: $30.54m*). The following charts show the movements in coal volumes, income and expenses and resultant increase in profits during the period referred to:





The increase in ASP due to stronger demand for thermal coal was the primary driver of the increased profit in FY'11 and Q4'11. The higher volume contribution from Sebuku also increased margins and profits at all levels because Sebuku commands higher prices than Jembayan coal and the mine operates on a substantially smaller cost base.

During 2011, Sakari implemented its Treasury Risk Management Policy, which provides the framework for the management of financial risk. The establishment of a coal derivatives trading desk, as authorized under the policy, has enabled Sakari to improve its management of coal price risk and reduce the impact that price volatility has on earnings. In 2011 Sakari reported a net gain of $12.5m (*FY'10: $8.3m loss*) in **Other gains/ (losses** that included fair value gains from hedging instruments of $13.5m. The net gain in Q4'11 was $13.9m (*Q4'10: $4.3m loss*) again driven by fair value gains from hedging instruments.

Corporate & technical support costs increased to $57.2m in FY'11 (*FY'10: $36.5m*) and in Q4'11 to $20.1m (*Q4'10: $9.5m*). The increases are mainly attributable to employee benefits, higher legal, IT, travel and permit expenses and (other than in Q4'11) fair value expense for awards under Sakari's Employee Share Award and Option plans.

Finance costs for FY'11 decreased to $13.4m (*FY'10: $13.7m*) and for Q4'11 to $3.5m (Q4'10: $3.8m). The reduction was mainly driven by lower debt levels due to repayments. As at 31 December 2011 the average interest rate on borrowings was 3.75% (2010: 3.62%).

Income tax expense increased to $69.1m for FY'11 (*FY'10: $37.5m*) and in Q4'11 to $23.7m (*Q4'10: $11.6m*). The increase is attributable to higher profits in the current year. The 2011 full year effective tax rate was 27% *(FY'10: 30%)*.

Commentary on cash flow

Cash inflow from operating activities increased to $266.8m for FY’11 (*FY’10: inflow of $75.2m*) and for Q4’11 to $94.0m (*Q4’10: inflow of $26.8m*) due mainly to higher average selling prices and a higher proportion of higher margin Sebuku coal.

Cash outflow from investing activities decreased to $82.6m for FY’11 (*FY’10: outflow of $115.1m*). In Q4’11 the outflow reduced to $8.8m (*Q4’10: outflow of $51.3m*). The reduction in both cases is due to lower capital expenditure requirements in 2011.

Net cash outflow from financing activities was $109.5m in FY’11 (*FY’10: inflow of $89.2m*). The 2011 outflow is a result of a $30.0m repayment of borrowings (*2010: borrowings increased by $104m*) and $80.4m of dividend payments (*2010: $43.6m*). The Q4’11 outflow of $20.0m (*Q4’10: inflow of $43.0m*) was a result of a borrowings’ repayment as against borrowings’ drawdown in Q4’10.

Commentary on the Balance Sheet

(References to the “Period” are the period between 1 January 2011 and 31 December 2011)

Cash and cash equivalents increased during the Period from collections arising from higher sales offset by higher dividend payments, borrowings’ repayments and payments for property, plant and equipment.

Restricted cash under Non-Current assets represents security for bid bonds and performance bonds.

Financial assets at fair value through profit or loss in the prior year represents the fair value of 3.425 million share options in Xanadu, which is listed on the ASX. During the year these options were exercised and transferred into Available-for-sale financial assets.

Trade and other receivables decreased by $13.1m in the period reflecting normal collection patterns. At the Company level, the decrease of $3.8m over the Period was due to repayments of loans to subsidiaries.

Inventories decreased by $3.0m in the Period representing production and sale patterns in December 2011. Coal stocks as at 31 December 2011 were 270Kt (*635Kt at 31 December 2010*).

Current tax receivables represent taxation refunds due and tax instalments paid in advance.

Non-current other receivables represent amounts receivable from the sale of a coal fired power station in May 2010 that are scheduled for payment over a 5-year period.

Property, plant and equipment increased by $35.1m during the Period representing capital additions net of depreciation and amortisation charges for the Period.

Intangible assets include goodwill as part of the Jembayan coal mine and the Sebuku Northern Leases’ acquisitions.

Exploration and evaluation asset represents exploration expenditure on the Western Leases, Northern Leases and exploration phase assets.

Available-for-sale financial asset decreased by $3.6m during the Period, representing the Group's shareholding in Xanadu following reductions in the fair value of the shares offset by the exercise of options that increased the number of shares held.

Current trade and other payables decreased by $4.8m to $155.0m during the Period, representing normal activity and payment terms.

Current income tax payable increased by $7.6m in the Period, due to increased profitability within the Group.

Non-current interest bearing borrowings represents the loan outstanding under the 2009 Facility Agreement. The decrease during the Period was attributable to repayments of $30.0m.

Current and non-current provisions for other liabilities and charges includes amounts provided for in respect of employee benefits and rehabilitation and dismantling costs.

Deferred income tax liabilities of $87.1m are mainly attributed to the fair value recognition of the assets acquired with the Jembayan mine and the Northern Leases.

Derivative financial liabilities and assets represent marked-to-market positions of coal and gas oil hedges.

MISCELLANEOUS INFORMATION

Glossary:	**In this document, the following words have the following meanings:**
Company, Sakari	Sakari Resources Limited
Group	Sakari and its subsidiaries
ASP	Average selling price Average Selling Prices or ASP’s are quoted on a “Free on Board” (FOB) basis to enable a clear comparison with prior period performance and industry reporting standards. The Group sells coal to customers on various shipping terms including Free on Board, Free on Barge, Free alongside and Cost, Insurance and Freight” (CIF) sales. Coal sales revenue reflects the various terms.
ASX	Australian Securities Exchange
Cash costs	All cash costs in the logistics chain from pit face to FOB point of sale (including items such as demurrage, land compensation, non-government royalties) but excluding deferred development, Government royalties, profits tax, rehabilitation, marketing and corporate costs
D & A	Depreciation and amortization
EBITDA	Earnings before interest, tax, depreciation and amortization
EPS	Earnings per share in accordance with Financial Reporting Standard 33 Earnings per Share (FRS 33).
ESOP	Employee Share Option Plan
EXSAP	Executive Share Acquisition Plan
Kbcm	Thousands of bank cubic metres
S$	Singapore Dollars
Strip ratio	The ratio of overburden removed (expressed in bank cubic metres) to gain access to 1 tonne of coal
t	Tonne
YTD	Year-to-date
Xanadu	Xanadu Mines limited
$	United States dollars, unless otherwise stated
2009 Facility Agreement	A Facility Agreement dated 21 December 2009 made with a club of banks

The functional reporting currency of the Group is United States dollars and unless otherwise stated all financial numbers reported are in United States dollars.

Sakari was incorporated on 10 June 1995 with company number 199504024R and was admitted to the official list of the Singapore Exchange on 3 November 2006. The Company has adopted the same accounting policies and method of computation in the financial statements for the current reporting period as for the most recently audited annual financial statements at 31 December 2011.

There are no changes in accounting policies and methods of computation, including any required by an accounting standard, except:

> Revenue has been disclosed gross of government royalties. Government royalties are disclosed as cost of sales. The voluntary change was made to the Group's accounting policies in recognition of changes within relevant industry practices and to present the income statement with more transparency. The reclassifications disclosed and incorporated into the financial statements have been applied in accordance with the Framework and FRS 1 in relation to the overall presentation and enhancement of the financial statements.

The financial report for the year ended 31 December 2011 has been audited by Sakari Resources' auditor, PricewaterhouseCoopers LLP, and is issued without any qualifications or emphasis of matter in accordance with Singapore Standards on Auditing.

The Group has not made any forecast relating specifically to Q4'11.

Group Borrowings

Total Group borrowings as at 31 December 2011 and 31 December 2010 were:

$'000	**31 December 2011 *$'000***	31 December 2010 *$'000*
Borrowings – Current	**-**	-
Borrowings – Non-Current	**283,779**	313,202

The Group's main bank borrowings arise under the 2009 Facility Agreement, which has 3 Tranches:

Tranche	**Tenor, Amortisation**	**Total Facility ($M)**	**Drawn at 31 December 2011 ($M)**
Term Loan	5 years from January 2010, amortising from January 2013	250.00	250.00
Working Capital	5 years from January 2010	100.00	35.00
Letter of Credit & Bank Guarantee	5 years from January 2010	30.00	1.35

The Group's borrowings contain various conditions and undertakings and are principally secured by:

- a charge over certain bank accounts of the Company and certain subsidiaries;
- share charges and pledges by certain subsidiaries;
- main sales contracts assignments; and
- guarantees from certain subsidiaries.

Share capital

The total number of issued shares of the Company excluding treasury shares on	**31 December 2011**	31 December 2010
Ordinary shares	**1,134,136,930**	1,131,469,308

There were no treasury shares held at 31 December 2011 or 31 December 2010. There were no sales, transfers, disposals, cancellations and/or use of treasury shares as at the end of the financial period reported on.

As at 31 December 2011, the number of shares that may be issued on conversion of all outstanding convertible shares of the Company was 1,857,334.

Net Asset Value

US Cents	Group		Company	
	31 December 2011	31 December 2010	**31 December 2011**	31 December 2010
Net Asset Value per share	**55.63**	46.29	**29.52**	29.38

Net asset value per share is based on the Company's issued share capital of 1,134,136,930 shares as at 31 December 2011 and 1,131,469,308 shares as at 31 December 2010.

Analysis of Sales and Profit after tax

($'000s)	**H2 2011**	H2 2010	**% change**	**H1 2011**	H1 2010	**% change**
Sales revenue	**549,143**	414,479	*32%*	**464,431**	367,439	*26%*
Net profit after tax	**109,981**	53,762	*105%*	**80,294**	34,436	*133%*

The Group consolidated segment information for the reportable segment for the years ended 31 December 2010 and 2011 is as follows:

	2011			**2010**		
	Coal US$'000	**All other segments US$'000**	**Total US$'000**	**Coal US$'000**	**All other segments US$'000**	**Total US$'000**
Sales						
Total segments sales	1,013,484	90	1,013,574	781,918	-	781,918
Segment profit after tax	187,774	2,501	190,275	88,091	107	88,198
Depreciation and amortisation	47,311	-	47,311	38,274	-	38,274
Goodwill impairment	1,724	-	1,724	1,057	-	1,057
Interest expense	12,578	-	12,578	12,810	-	12,810
Interest income	(386)	(260)	(646)	(511)	(142)	(653)
Income tax expense	69,113	-	69,113	37,425	48	37,473
Segment assets	1,168,671	18,583	1,187,254	1,073,440	24,564	1,098,004
Segment assets includes:						
Financial asset at fair value through profit and loss	10,551	-	10,551	-	-	-
Financial assets, available-for-sale	-	8,580	8,580	-	12,182	12,182
Additions to:						
- property, plant and equipment	84,638	-	84,638	77,526	-	77,526
- exploration and evaluation	1,549	-	1,549	4,314	-	4,314
Segment liabilities	(533,753)	(22,533)	(556,286)	(551,801)	(22,241)	(574,222)

Dividend

It is Sakari Resources' policy to pay 60% of profit after tax as dividends subject to the Group's capital and other requirements. In line with the policy the Directors have recommended a final tax exempt cash dividend for FY'11 of 5.83 US cents per share (2010: 2.85 US cents per share). Sakari paid an interim dividend for 2011 aggregating 4.24 US cents per share (2010: 1.83 US cents per share). If paid, the proposed final dividend of 5.83 US cents per share (2010: 2.85 US cents per share) will take total dividends paid for FY'11 to 10.07 US cents per share (2010: 4.68 US cents per share), aggregating

$114.17m (2010: $68.07m) which represents 60% of 2011 profit after tax. The dividend, if approved by shareholders at the Annual General Meeting scheduled for 26 April 2012, will be paid on 18 May 2012.

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 8 May 2012 for the preparation of dividend warrants. Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 7 May 2012 will be registered to determine shareholders' entitlements to the said dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 7 May 2012 will be entitled to the proposed final dividend of 5.83 US cents (2010: 2.85 US cents).

Interested person transactions

The aggregate value of all interested person transactions (excluding transactions less than $100,000) for the period ended 31 December 2011 is shown in the table below. The Group has no general mandate for interested person transactions under Rule 920(1)(a)(ii) of the SGX-ST Listing Manual.

Interested Person	Not conducted under Shareholders' Mandate	Conducted under Shareholders' Mandate
PTT Asia Pacific Mining Pty Ltd	$976,078	-
Directors – Martin Purvis[1]	$993,121	-
PT Indo Muro Kencana[2]	$158,175	-

Note:
1. The IPT with the Director related to a loan under EXSAP.
2. As at 30 June 2011, PT Indo Muro Kencana was no longer an interested person as it ceased to be an associate of the controlling shareholder in Q1 2011.

There were no persons occupying a managerial position in the Company or the Group who were a relative of a director, chief executive officer or substantial shareholder of the Company pursuant to Rule 704(13).

Confirmation of the Board

The Board has confirmed and authorised the issue of the following statement for the purposes of Rule 705(5) of the Listing Manual:

> We hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the audited results for the financial year ended 31 December 2011 or the unaudited results for the 3 months ended 31 December 2011 to be false or misleading in any material aspects.

Signatures

The Board has authorized the issue of this Announcement, which is signed by:

Dr. Chitrapongse Kwangsukstith
Chairman

Martin Purvis
Chief Executive Officer

By order of the Board
Graeme Tivey
Company Secretary
14 February 2012