

INTEGRATED ANNUAL REPORT

for the year ended 31 March 2024



About this report	3
Group overview	4
Group structure	4
Core mining operations	5
Risk management and material risks	6
Chairman's statement	8
Group chief executive officer's report	10
Post year-end events	12
Acting chief financial officer's report	13
Corporate governance report	15
Board of directors	16
Remuneration committee report	22
Remuneration policy and implementation report	23
Nomination committee report	25
Social and ethics committee report	26
Resources and Reserves summary	27

Level of assurance

These consolidated and separate financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa, 71 of 2008, as amended ("Companies Act").

The external auditor SizweNtsalubaGobodo Grant Thornton Inc ("SNG Grant Thornton")* has reviewed the Integrated Annual Report to ensure consistency with the audited annual financial statements, however, an opinion is not issued on the Integrated Annual Report.

Preparer

The consolidated annual financial statements were compiled by Khodani Luvhengo under the supervision of the acting chief financial officer ("CFO"), Mr Jannie Muller CA(SA).

Published

4 November 2025

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* KPMG, resigned as the company's auditor with effect from 28 May 2024, and SNG Grant Thornton was appointed as the company's auditor with effect from 25 July 2024.

ABOUT THIS REPORT

This annual report is compiled and presented in accordance with:

- IFRS® Accounting Standards;
- Companies Act of South Africa, 71 of 2008 ("Companies Act");
- Companies Regulations, 2011 ("Companies Regulations");
- Johannesburg Stock Exchange ("JSE") Listings Requirements; and
- King IV Report on Corporate Governance for South Africa, 2016™ ("King IV™").

In the section "Group overview" we introduce Salungano Group Limited and its subsidiaries, and an overview of our operations. The chairman's statement and chief executive officer's report outline Salungano's performance for the reporting period and provide further information on Salungano's approach to its challenges and outlook.

The acting chief financial officer's report provides more detail on the company's financial performance during the period under review.

The corporate governance section is presented in line with King IV™.

Materiality

We determined which issues could influence the decisions, actions and performance of the group. All material issues have been included in this annual report, and management is not aware of any information that was unavailable or any legal prohibitions against the publication of any information.

Forward-looking statements

Any forward-looking statements contained in this annual report about Salungano's operations and financial position were prepared based on information available to us at the time of writing.

No warranty is provided in relation to the fairness, accuracy, correctness, completeness or reliability of the information, opinions or conclusions expressed herein.

This annual report is not intended to be relied upon as advice to investors, whose needs should be considered in consultation with a professional advisor. We do not undertake to update or revise these forward-looking statements after the date of the annual report. Some assumptions will not materialise. Unanticipated events and circumstances may affect the ultimate financial results. Projections are inherently subject to substantial and numerous uncertainties and, therefore, the actual results achieved may vary significantly from the forecasts and the variations may be material.

We have removed all signatures from this document to protect the security and privacy of all our signatories.

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Assurance

SNG Grant Thornton, our external auditor, audited the consolidated and separate annual financial statements and issued a disclaimer of opinion thereon. (refer to page 50 for the audit opinion thereon).

The external auditor also read the annual report and considered whether any information is materially inconsistent with the consolidated and separate annual financial statements or their knowledge obtained during their audit or otherwise appears to be materially misstated. However, due to the disclaimer of opinion in terms of the International Standards on Auditing ("ISA") 705 (Revised), Modifications to the Opinion in the Independent Auditor's Report, the external auditor is unable to report further on the annual report.

The group's Broad-Based Black Economic Empowerment ("B-BBEE") rating and scorecard have been verified by an accredited rating agency.

The audit, risk and compliance committee had oversight of the preparation of the annual report, including the consolidated and separate annual financial statements, and recommended it for approval by Salungano's board of directors (board).

Responsibility for this annual report

The board is ultimately responsible for ensuring the integrity of the annual report, assisted by the audit, risk and compliance committee and further supported by management, which convened and contracted the relevant skills and experience to undertake the reporting process and provide management oversight.

The board, after applying its collective mind to the preparation and presentation of the annual report, approved it for publication.

This annual report is signed on behalf of the board by:

Dr Humphrey Mathe
Chairperson
4 November 2025

Robinson Ramaite
Group chief executive officer ("CEO")
4 November 2025

GROUP STRUCTURE



* Entity in Business Rescue
** S.155 Compromise

CORE MINING OPERATIONS

Elandspruit Colliery (“Elandspruit”)
Elandspruit is an opencast coal mine that formed part of Salungano’s core asset base. The mine is designed for efficient rehabilitation, with a slight slope from the high wall to the initial box cut position, facilitating free-draining rehabilitation profiles.

Elandspruit’s contribution to the group’s overall production only resumed recently as it was brought back into production under business rescue (process initiated on 23 August 2023).

After year-end, activities to restart production began, following adoption of the business rescue plan on 12 July 2024.

Khanyisa Colliery (“Khanyisa”)
The Khanyisa Complex comprises the historical Khanyisa mining area (now mined out), as well as the Catwalk and Triangle areas. Located near Ogies, Khanyisa operates both pillar and roof coal mining (Catwalk) and virgin ground mining (Triangle).

While the mine is currently in care and maintenance there, is an opportunity to extend its life of mine (“LOM”) pending the necessary approvals to mine near the Transnet servitude.

Moabsvelden Colliery (“Moabsvelden”)
Moabsvelden is a strip mining operation that began production in 2020 and is a key contributor to Salungano’s output. The mine operates under a mining right valid until 2031, with all regulatory approvals in place. Production averages around 250 000 of tons per month, with coal supplied primarily to Eskom under a

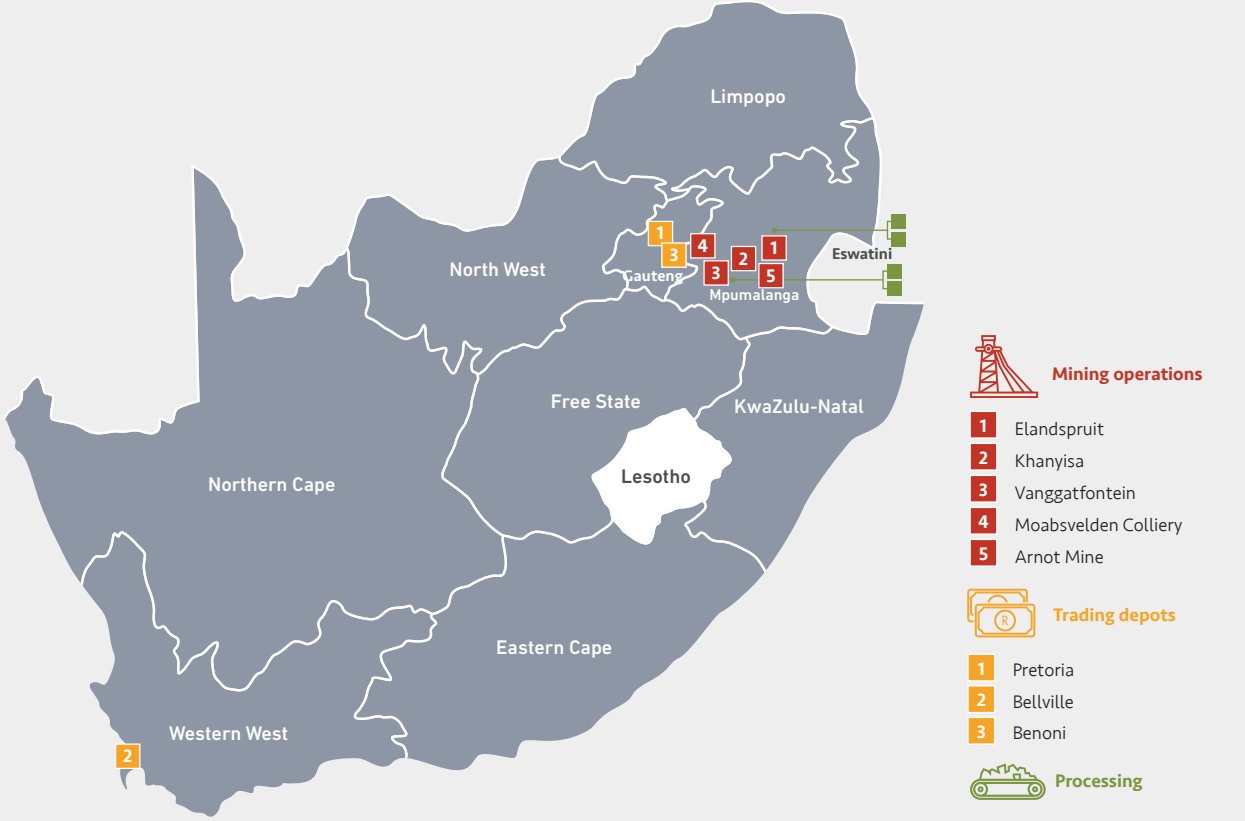
long-term coal supply agreement. The mine is well-equipped with infrastructure and has a remaining life of approximately eight years.

Vanggatfontein Colliery (“Vanggatfontein”)
Vanggatfontein is an established opencast mine, mining the No. 5, No. 4 and No. 2 coal seams using truck-and-shovel rollover methods. Supported by two coal processing plants, Vanggatfontein supplies coal to Eskom and other domestic markets. The mine is currently in a ramp-up production phase under a section 155 creditors compromise arrangement, with a focus on securing new offtake agreements and ramping up output. Plans are in place to develop the VG6 underground section to extend the mine life.

Arnot Mine (“Arnot”)
Arnot is a strategic asset within the group, with a focus on supplying coal to Eskom’s Arnot power station. The operation is part of Salungano’s broader strategy to maintain a strong presence in the domestic energy supply chain and to leverage synergies across its mining portfolio.

Salungano Trading
Salungano Trading is the group’s coal trading arm, responsible for the marketing and distribution of coal products to domestic markets. The Trading division plays a critical role in optimising the group’s sales mix, managing logistics and ensuring market access for all mining operations.

Operations



RISK MANAGEMENT AND MATERIAL RISKS

Extreme	High	Medium	Low
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Risk management

Salungano is exposed to a diverse range of risks that arise from both the external and internal environment. To achieve our strategic goal of creating shareholder value, Salungano is committed to effective risk management. Our risk management processes are dynamic and iterative processes of identifying and assessing risks within our risk appetite. Our risk management framework guides the continuous process of recognising existing and new hazards that hamper the business from achieving its strategic objectives. Our structured approach to risk management encompasses risk identification, analysis and prioritisation. Our systematic risk evaluation helps us to develop appropriate risk strategies or responses, and mitigation plans to minimise potential impacts. By effectively managing risk, we retain value and safeguard all our capitals.



Risk appetite and tolerance

The risk management approach at Salungano aims to strike the right balance between minimising business risks and maximising the possible return. In this framework, all uncertainties that potentially affect one or more of our objectives at various levels can be assessed from both an upside (opportunity) and a downside (risk) perspective. Our risk appetite and tolerance framework guides our assessment of these risks and opportunities, enabling management to deal with uncertainty, respond timeously to risks that approach our limits and improve the company’s ability to create shared value. Salungano's board of directors controls risk management through the audit, risk and compliance committee, and senior management is responsible for executing risk management in accordance with the enterprise risk management policy and framework.

Top risks

Risk	2024 ranking	2023 ranking	Risk description	Strategic objective pillar	Q1. residual risk	Q2. residual risk	Q3. residual risk	Q4. residual risk
Funding and liquidity risk	1	2	Inability to secure refinancing and inability repay lenders	Stabilise operations and reduce balance sheet risk				
Liquidation of a subsidiary	2	N/A	Inability to generate adequate cash flows to repay creditors	Stabilise operations and reduce balance sheet risk	N/A	N/A	N/A	
Failure of business rescue	3	N/A	Inability to implement the business rescue plan of Wescoal Mining	Stabilise operations and reduce balance sheet risk	N/A	N/A		
Customer concentration risk	4	N/A	Inability to diversify and secure supply for our mining reserves	Stabilise operations				
Inability to achieve strategic objectives	5	5	Failure to achieve strategic objectives due to decreased future market opportunities	Reduce balance sheet risk				
Rising mining costs	6	N/A	Higher than expected inflation leading to higher costs of sales and operating costs	Stabilise operations				
Loss of social licence to operate	7	7	Risk of social licence to operate driven by inability to achieve social and labour plan ("SLP") targets as approved	Stabilise operations				
Loss of key personnel and critical skills	8	3	Loss of skills due to instability of industry and company outlook	Stabilise operations and rationalise the business				
Inability to rehabilitate our mines	9	11	Inability to rehabilitate mines due to insufficient funds	Reduce balance sheet risk				
Decarbonisation risks	10	13	Inability to reduce fossil fuel exposure and Scope 1, 2 and 3 emissions	Stabilise operations				

CHAIRMAN'S STATEMENT



THE FOCUS FOR
THE BOARD AND
MANAGEMENT IS
A TURNAROUND
IN PERFORMANCE
AND TO INCREASE
PRODUCTION
ACROSS THE GROUP.

The financial year under review (FY24) was one of the most challenging in Salungano's history. We faced significant governance and operational hurdles which tested the resilience of our board and management. During the year, three independent non-executive directors resigned at the end of June 2023, leaving several board committees without the necessary quorum or leadership. The remaining board took interim measures to maintain oversight during this period, and I am pleased to report that by 1 March 2024, we appointed three new independent non-executive directors, restoring the proper functioning of the audit, risk and compliance, nomination, remuneration and social and ethics committees. Strengthening our governance structures in this manner was a critical step towards stabilising the group.

The board also remained focused on compliance and transparency amid unprecedented difficulties. Our company's listing on the JSE was suspended on 21 August 2023 after we failed to publish the FY23 audited financial results within the prescribed timeframe. In response, the board ensured that shareholders were kept informed through quarterly progress updates on the Stock Exchange News Service ("SENS"). These updates detailed the actions management was taking to remedy the delays in financial reporting and address operational challenges. Throughout the year, the board closely monitored management's progress on finalising overdue financial statements, implementing turnaround plans at our subsidiaries and resolving audit issues. We worked diligently with our external auditor to complete the FY23 audit, which was eventually published on 21 May 2024. Notably, that audit was issued with a disclaimer of opinion, reflecting the challenging issues facing the group. Shortly thereafter, our auditor resigned, prompting the board to swiftly initiate the appointment of a new audit firm to ensure continuity in financial oversight.

SNC Grant Thornton was appointed as Salungano's external auditor with effect from 25 July 2024.

In navigating this tumultuous period, leadership continuity was paramount. The board took the decision to extend the contract of the group CEO to maintain stability at the helm on 29 April 2024. This extension reflected our confidence in management's ability to steer the group through the crisis and provided much-needed reassurance to employees and stakeholders that the strategic direction and day-to-day leadership would remain consistent. We remain committed to ensuring that the company has the right skills and oversight in place to meet our compliance obligations and rebuild stakeholder confidence.

The FY24 audited financial results were published on 7 October 2025. The FY24 audit was published with a disclaimer of opinion, as detailed in the auditor's report (page 50).

The board has evaluated the appropriateness of the going concern assumptions used in the preparation of the consolidated annual financial statements (discussed in detail later in this report) and remains satisfied that the company can continue to operate as a going concern. The FY24 consolidated annual financial statements were therefore prepared on this basis. All aspects to the going concern status of the company are addressed in note 39 to the annual financial statements.

The board has also noted the two reportable irregularities referred to the Independent Regulatory Board for Auditors by SNG Grant Thornton (as set out in more detail in note 46, page 142 of the annual financial statements).

These irregularities related to the late publication of the FY24 annual financial statements and the late appointment of the new independent non-executive directors comprising the audit, risk and compliance committee, which appointment did not occur within 40 business days, as required by the Companies Act. The reportable irregularity related to the late publication of the FY24 annual financial statements will no longer be applicable, following the publication of these statements on 7 October 2025 and again in conjunction with this integrated annual report. The reportable irregularity pertaining to the appointment of the audit, risk and compliance committee members had been addressed by their appointment on 1 March 2024.

Trading in the company's shares remains suspended as at the date of this report. Looking ahead, the board's priority remains to work exhaustively to rectify all outstanding compliance issues. We are working closely with regulators, our new auditor and management to expedite the completion of the FY25 interim results and FY25 audit. Throughout this process, our guiding principles remain transparency, accountability and preservation of value for shareholders and creditors. We acknowledge the patience and support of our stakeholders during this difficult journey.

The board acknowledges with appreciation the favourable developments subsequent to the financial year-end, notably the successful conclusion of a standstill agreement with the group's lenders in August 2025. In addition, the company has materially reduced its revolving credit facility ("RCF") and implemented a structured repayment plan, under which full settlement of all lender facilities is anticipated by mid-2026. These advancements affirm the board's confidence in the group's continued operational improvement and its ability to sustain operations on a going concern basis.

On behalf of the board, I thank our shareholders for their understanding, our employees for their perseverance and our management team for their tireless efforts under extraordinary pressure. The detailed financial results of the year under review are presented in the chief financial officer's report, which follows.

In summary, the board has sought to uphold corporate governance and compliance rigour under challenging conditions. We believe the measures taken during and after the financial year, from boardroom changes to operational restructurings, have been necessary steps to stabilise Salungano. While significant risks remain, we will continue to focus on disciplined execution of our recovery plan and open communication with all stakeholders. It is our hope that these efforts will enable the company to regain compliance and move forward on a stronger footing.

Dr Humphrey Mathe
Independent non-executive chairman
4 November 2025

GROUP CHIEF EXECUTIVE OFFICER'S REPORT



WE ACKNOWLEDGE
THE INCONVENIENCES
THAT OUR
SHAREHOLDERS HAVE
ENDURED AS A RESULT OF
THE PROLONGED DELAYS
IN PUBLISHING OUR
FINANCIAL RESULTS.

We understand the importance of timely and transparent communication, and we deeply regret any frustrations that may have arisen. We are pleased to finally publish our annual financial results for FY24. We remain committed to upholding the highest standards of accountability and will continue to strive for improved communication and transparency in the future.

A year of resilience and restructuring

FY24 was a defining period for Salungano, marked by intense operational and financial headwinds that tested the resilience of our business. It was a year in which our core coal mining and trading operations faced severe strain, necessitating urgent interventions to safeguard the group's future. From production disruptions and liquidity constraints to governance breakdowns, the challenges were multifaceted – yet they galvanised a comprehensive restructuring effort to stabilise and refocus the business. I am deeply proud of the fortitude shown by our management team and employees in navigating these difficulties, and I commend the collective effort that has positioned Salungano for recovery.

Our coal mining subsidiaries bore the brunt of financial distress and inefficiencies, with Wescoal Mining (housing the Elandspruit and Khanyisa Collieries) entering voluntary business rescue in late 2023 due to unsustainable obligations. Through close collaboration with business rescue practitioners, we secured creditor approval for a rescue plan by July 2024, averting liquidation and preserving these operations for stakeholders. Similarly, Keaton Mining faced liquidation threats but reached a creditor compromise under section 155 of the Companies Act, culminating in court sanctioning by October 2024. These post-year-end milestones – critical to stabilising our operations – were direct outcomes of the crises that emerged during FY2024.

Production performance was severely impacted, with group run of mine ("ROM") output declining 27% year-to-year to just over 4mt. Wescoal Mining's contribution plummeted from 35% of group production in FY23 to 13%, as Elandspruit's opencast operations halted post-business rescue, leaving only underground production (averaging 20kt/month). Khanyisa remained under care and maintenance, while Keaton Mining's Vanggatfontein Colliery faced repeated disruptions, producing less than 300kt. In contrast, Moabsvelden Colliery delivered a standout performance, exceeding 3mt (a 28% increase), underscoring its role as a pillar of stability.

Financially, the group's results reflected these operational upheavals. Revenue and profitability were hit by production halts and restructuring costs, leading to a substantial loss. Liquidity pressures demanded rigorous cash management, with non-critical expenditures deferred to prioritise safety and asset preservation. Transparent stakeholder engagement proved vital: creditor support for rescue plans and compromise arrangements were instrumental to our survival.

The second half brought modest relief through higher buy-in sales, easing cash flow pressures and supporting recovery efforts. However, Salungano Trading struggled with reduced volumes following the loss of a major customer, highlighting the need to diversify our client base in the industrial market.

Addressing audit and reporting delays was a priority. After publishing long-overdue FY23 results in May 2024 (with a disclaimed audit opinion), we appointed SNG Grant Thornton as the new auditor, accelerating efforts to clear the backlog. Timely financial reporting remains a top focus to restore stakeholder confidence.

Management continuity was critical. I am grateful for the board's extended mandate, enabling me to lead the turnaround post-FY24. Strengthening the finance team with an acting CFO in early 2025 ensured momentum in financial recovery. Eskom's growing demand signals alignment with national energy stability goals, offering optimism as we ramp up production.

My deepest thanks to our employees, whose dedication upheld operations under extraordinary strain; to the board for its steadfast guidance; and to stakeholders for their patience. While FY24 was a year of tough decisions, the groundwork laid – through restructuring, creditor partnerships and operational recalibration – has set Salungano on a path to stability. The road ahead demands disciplined execution, including finalising FY25 results and pursuing sustainable growth.

For detailed financial analysis, I refer stakeholders to the annual financial statements – pages 52 to 142 and the acting CFO's report – pages 10 and 11. Together with my team, I remain unwavering in our commitment to navigating remaining challenges and exploring every strategic avenue to restore and enhance stakeholder value.

As highlighted in the chairman's report, several positive post-year-end developments, including the conclusion of the standstill agreement with the group's lenders in August 2025 and a material reduction in lenders' debt, signal a positive turnaround in the group's affairs and support the sustainability of its operations.

Robinson Ramaite

Group chief executive officer

4 November 2025

POST YEAR-END EVENTS

Key developments that occurred after the 31 March 2024 financial year-end, which have a bearing on the group's situation, are discussed here to provide shareholders with a complete view of material occurrences up to the date of this report.

Extended tenure of the group chief executive officer (April 2024)

On 29 April 2024, the board announced the extension of the group CEO contract beyond its original term. This decision was made to ensure stable leadership continuity as the company entered a critical phase of its turnaround and compliance efforts after year-end.

Finalisation of the FY23 results (May 2024)

The audited annual financial statements for the year ended 31 March 2023 were published on 21 May 2024. The audit report for FY23 carried a disclaimer of opinion from the external auditor, reflecting unresolved uncertainties. The publication of these much-delayed results allowed the company to move forward on subsequent reporting periods.

Change of the external auditor (May – July 2024)

Following the issuance of the FY23 results, KPMG Inc. resigned as Salungano's external auditor with effect from 28 May 2024. The board's audit, risk and compliance committee immediately commenced a search for a new auditor. On 25 July 2024, Salungano announced the appointment of SNG Grant Thornton as the new external auditor (with the appointment ratified by shareholders at the annual general meeting ("AGM") held on 17 September 2024). This change aimed to facilitate the completion of outstanding audits and restore confidence in our financial reporting processes.

Wescoal Mining business rescue plan (July 2024)

The business rescue process for our wholly owned subsidiary, Wescoal Mining Proprietary Limited, was ongoing during the year and reached a crucial milestone post year-end. On 16 July 2024, at a creditors' meeting, the business rescue plan for Wescoal Mining was formally approved by the requisite majority of creditors. The business rescue practitioners have proceeded to implement the plan, allowing the Elandspruit and Khanyisa operations to continue operating under the agreed restructuring for the benefit of all affected parties. This outcome helped preserve asset value and jobs that might otherwise have been lost in a liquidation.

Keaton Mining creditor compromise (August – October 2024)

Another subsidiary, Keaton Mining Proprietary Limited, avoided liquidation through a court-sanctioned compromise with its creditors. On 22 August 2024, 100% of Keaton Mining's creditors (by value) adopted a section 155 compromise proposal to settle outstanding claims. This proposal was subsequently sanctioned by the High Court on 25 September 2024. As a result, at a hearing on 11 October 2024, the provisional liquidation order against Keaton Mining was discharged. Operations at the Vanggatfontein Colliery (held by Keaton Mining) were able to resume under this compromise arrangement. The successful implementation of this plan post year-end has removed the immediate threat of collapse of Keaton Mining and stabilised its contribution to the group.

Change in chief financial officer (February 2025)

On 19 February 2025, the company announced that Ms Kabela Maroga resigned as CFO and executive director, effective 18 February 2025. To ensure continuity, Mr Jannie Muller – previously acting CFO of a key subsidiary – was appointed as acting group CFO with immediate effect. Ms Maroga agreed to remain with the company until 31 March 2025 to facilitate a smooth handover of financial responsibilities. The board has initiated the process to recruit a permanent CFO. This change in leadership of the finance function is aimed at strengthening financial management as the group finalises its turnaround initiatives.

The JSE has granted the company's request from the requirement of an executive financial director employed on a full-time basis in accordance with paragraph 3.84(f) of the JSE Listings Requirements until 30 September 2025, to allow sufficient time to appoint a permanent CFO and executive director.

The JSE has subsequently granted a further extension of this date to 31 March 2026.

Delay in the publication of the financial results

Despite intentions to publish the outstanding FY24 results promptly, continued delays have occurred, as regularly shared with the market via SENS announcements. The audited results for the year ended 31 March 2024 were released on 7 October 2025, while the FY25 interim and full-year statements remain outstanding. The board and management continue to work diligently toward finalising these reports and regaining compliance with the JSE Listings Requirements to enable the upliftment of the company's share trading suspension. The company remains committed to doing so as soon as possible and to keeping the market informed of further progress through SENS announcements.

ACTING CHIEF FINANCIAL OFFICER'S REPORT

Salient features of the FY24 financial results

REVENUE DECREASED TO
R3.65 billion
(FY23: R4.79 billion)

OPERATING LOSS DECREASED TO
R309 million
(FY23: R745 million loss)

HEADLINE LOSS PER SHARE INCREASED TO
111.91 CENTS PER SHARE
(FY23: 58.65 cents loss per share)

GROSS PROFIT INCREASED TO
R292 million
(FY23: R129 million)

LOSS PER SHARE DECREASED TO
34.89 cents
(FY23: 168.52 cents loss per share)

NO DIVIDEND DECLARED FOR THE PERIOD
(FY23: nil cents per share)

Financial performance

The Moabsvelden operation continued to perform well, contributing R3.29 billion in revenue, which represents approximately 90% of the group's total revenue of R3.65 billion.

Operational challenges experienced during the first half of the year at Elandspruit resulted in Wescoal Mining being placed in business rescue, while Vanggatfontein experienced further difficulties, leading to creditors applying for its liquidation in the second half of the year. These developments had a negative impact on the group's overall financial performance for the year.

Sales volumes declined during the period. Elandspruit and Khanyisa together contributed R428 million towards revenue, while Vanggatfontein and the Trading business contributed R204 million and R364 million, respectively.

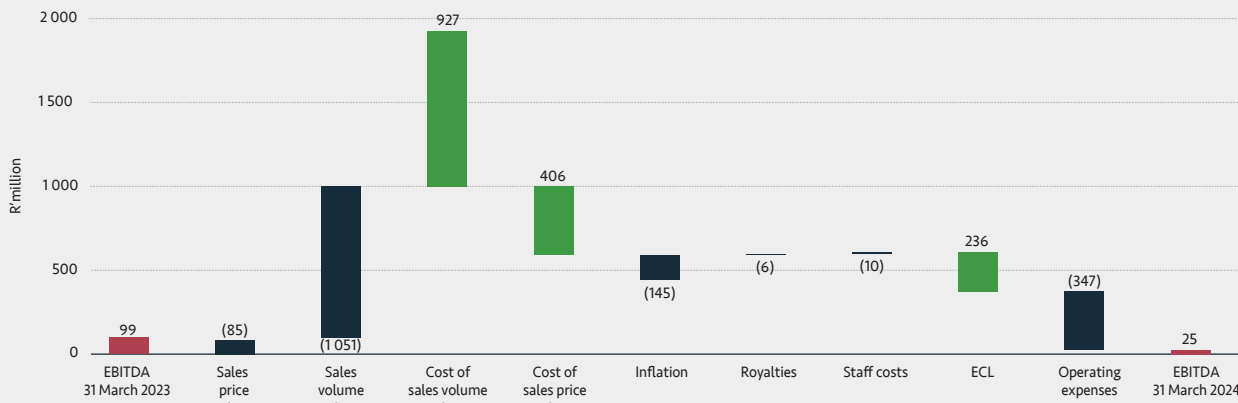
The group did not export coal in FY24 due to unfavourable market conditions. This, combined with the decline in sales volumes, resulted in an overall reduction in revenue of 24% to R3.65 billion (FY23: R4.78 billion).

A gross profit of R292 million was achieved, reflecting a gross profit margin of 8%, compared with 2.7% in the prior year. The improvement was mainly due to lower production costs at Moabsvelden and a significant decrease in fuel and other input costs. The operating loss reduced from R745 million in FY23 to R309 million, which includes depreciation and amortisation of R245 million, a movement in credit loss allowance of R282 million, an impairment of Labohlano's property, plant and equipment of R37.4 million, and an impairment of Salungano Trading's goodwill of R49.6 million.

EBITDA decreased from R99 million in FY23 to R24 million, primarily as a result of poor cash generation at Elandspruit and Vanggatfontein.

Movement in the EBITDA can be summarised as follows:

EBITDA variance analysis



Acting chief financial officer’s report continued

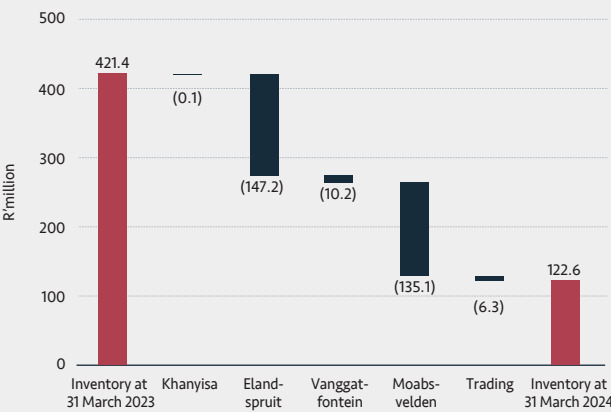
Cash generation and capital allocation

Cash generated from operations increased to R485 million, compared with R260 million in the prior year. Capital expenditure amounted to R82 million, primarily directed toward Elandspruit and Vanggatfontein, compared with R146 million in the prior year, which was mainly invested at Vanggatfontein. The group paid income tax of R98 million and royalty taxes amounting to R28 million during the year.

Inventory movement

Inventory decreased significantly from R426 million to R128 million, primarily due to the deconsolidation of Wescoal Mining (comprising Khanyisa and Elandspruit Mines) and an additional write-off of stock affected by spontaneous combustion. The breakdown of inventory by operation is presented in the graph below.

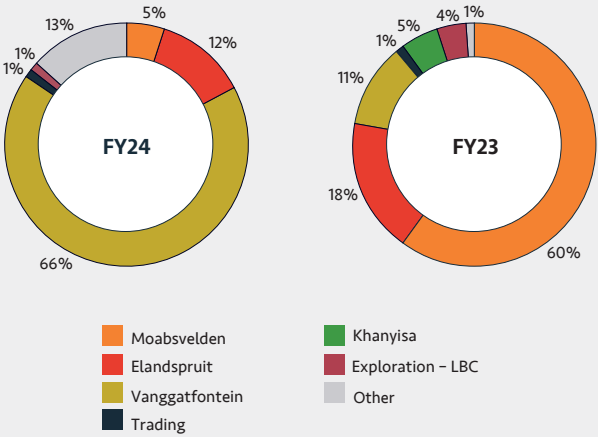
Inventory movement



Debt and covenants

Net debt for the year ended 31 March 2024 amounted to R536 million, compared with R694 million in the prior year – a reduction of 23%. During the year, a total of R162 million was

Capital expenditure per operation



paid toward interest-bearing borrowings, including related interest charges.

As indicated in note 19 to the annual financial statements (pages 92 and 93) Interest-bearing borrowings, covenants attached to the RCF are no longer applicable following the lapsing of the RCF loan agreement in the current period.

Dividends

The board did not declare any dividends for the financial year ended 31 March 2024.

In closing, the group remains focused on strengthening its financial position, restoring profitability and completing the outstanding financial reporting processes to support a sustainable turnaround and long-term value creation for all stakeholders.

Jannie Muller
Group chief financial officer
4 November 2025

CORPORATE GOVERNANCE REPORT



BOARD OF DIRECTORS

At the date of publication of this report

Dr Mbendeni Humphrey Mathe (Born 1950)
(Independent non-executive chairman)

Chair: Nomination committee
Member: Remuneration committee

Appointed: 1 August 2013

Qualifications: MSc (Rhodes), PhD (University of Natal)

Skills and experience: A veteran geologist with more than four decades at the sharp edge of South Africa’s mining industry, Dr Mathe couples deep scientific expertise with proven boardroom acumen. Dr Mathe began his career as a senior geologist at Shell’s Minerals Division and went on to lead some of the country’s most significant coal businesses, including serving as chief operating officer of Eyesizwe Coal, executive general manager: corporate services at Exxaro Resources and CEO of Scinta South Africa.

Celebrated for pairing technical rigour with strategic vision, he has driven large-scale operations, transformative B-BBEE transactions and complex turn-arounds – earning a reputation as a trusted steward of sustainable value creation.

Themba Theophilus Tshikovhi (Born 1958)
(Independent non-executive director)

Chair: Audit, risk and compliance committee
Member: Nomination committee

Appointed: 1 March 2024

Qualification: CA(SA)

Skills and experience: A seasoned chartered accountant with four decades of leadership across assurance, finance and governance, Mr Tshikovhi blends technical mastery with an unfailingly independent mindset.

He is a former audit manager, Deloitte, and projects manager, Standard Bank; founding partner of KMMT, the black-owned audit firm that merged into KPMG in 2000; chair or member of audit, risk and remuneration committees for entities such as the Wholesale and Retail SETA, SRHR Trust, South African Qualifications Authority and Royal Energy Proprietary Limited.

Renowned for rigorous oversight and pragmatic risk management, he brings invaluable depth to Salungano’s board – championing transparency, stakeholder confidence and disciplined capital stewardship.

Sinesipho Nothemba Maninjwa (Born 1988)
(Independent non-executive director)

Chair: Remuneration committee
Member: Audit, risk and compliance and nomination committees

Appointed: 1 March 2024

Qualification: CA(SA)

Skills and experience: A dynamic chartered accountant with over 10 years’ post-qualification success across South Africa’s financial services landscape, Ms Maninjwa brings a rare blend of deal-making insight and rigorous governance to Salungano.

Previous positions included: operational due diligence manager – STANLIB Multi-Manager and INN8 Invest (current role, leading portfolio oversight and manager selection); former commercial credit manager – FirstRand; post-investment associate – National Empowerment Fund; corporate finance and principal investment analyst – Tamela Holdings; executive associate – Lebashe Investment Group; and senior associate – Cresco Group.

Her track record spans corporate and project finance, development funding, private equity deployment and asset management optimisation – equipping the board with sharp analytical depth and a forward-looking view on remuneration strategy, risk and capital allocation.

Mzimkulu (“Mzi”) Malunga (Born 1966)
(Independent non-executive director)

Chair: Social and ethics committee
Member: Audit, risk and compliance and remuneration committees

Appointed: 1 March 2024

Qualifications: Diploma Journalism (Union College)
Cert Econ Sciences (RAU), Exec MBA (UCT)

Skills and experience: With 35 years at the helm of South Africa’s leading newsrooms and boards, Mr Malunga combines incisive stakeholder engagement skills with seasoned governance oversight.

Previous positions include: former group CEO – Arena Holdings (until August 2023); past non-executive director – Brand South Africa (chairman: human resources, remuneration and social and ethics committees); past non-executive director – South African Airways (chairman: ad hoc stakeholder and communications committee); executive director and publisher – UMA Media (to 2021); and former director and chairman – D Group. He is currently a director of Raoha Afrika Proprietary Limited, where he owns and operates two PostNet franchises in Johannesburg. He has also held senior editorial posts at Business Day, Financial Mail and The Sowetan.

Renowned for strategic communication, reputation stewardship and people-centred leadership, Mr Malunga brings a powerful socio-ethical lens to Salungano’s board deliberations.

Cecil Maswanganyi (Born 1965)
(Non-executive director)

Member: Social and ethics committee

Appointed: 17 November 2017

Qualifications: MBL, FCMA, CGMA, Executive Program (Harvard)

Skills and experience: A finance professional with more than three decades’ experience spanning audit, taxation, public sector oversight and private equity deal-making, Mr Maswanganyi blends rigorous financial discipline with strategic investment insight. He is currently the CEO of Simeka Capital Holdings. He has 33 years of experience in assurance and tax advisory roles across diverse industries and provincial government initiatives and is well-versed in governance and value creation. He provides the board with seasoned judgement on risk, ethics and capital deployment.

Eric Thuthukani Mzimela (Born 1957)
(Non-executive director)

Member: Remuneration and social and ethics committees

Appointed: 17 November 2017

Qualifications: Dipl Analytical Chemistry; MDP (UNISA); Cert Industrial Relations (Wits)

Skills and experience: A seasoned entrepreneur and former banker, Mr Mzimela brings 40 years of hands-on business leadership to the board – underpinned by deep expertise in analytical chemistry and industrial relations. His broad commercial perspective and stakeholder-savvy approach enrich Salungano’s deliberations on people, performance and ethics.

Muthanyi Robinson Ramaite (Born 1969)
(Executive director, group chief executive officer)

Member: Social and ethics committee

Appointed: Board 20 November 2007, group CEO from 1 April 2022

Qualifications: MM (Public and Development Management, Wits), BJuris (University of the North)

Skills and experience: A seasoned public sector reformer turned mining executive, Mr Ramaite blends policy acumen with commercial drive. He has over 15+ years in mining leadership, serving on the boards of several listed and private companies.

He was the former Director-General, Department of Public Service and Administration, and advisor to multiple cabinet ministers. He is a proven strategist with deep insight into governance, stakeholder management and socio-economic development.

With a track record of steering complex organisations and aligning public interest mandates with profitable growth, he provides Salungano with decisive strategic leadership and an unflinching focus on sustainable value creation.

Thivha Tshithavhane (Born 1978)
(Executive director, chief executive officer: mining)

Appointed: 4 April 2016

Qualifications: BSc Chem Eng (UCT), MDP (Unisa)

Skills and experience: A chemical engineer turned mining operator, Mr Tshithavhane brings 13 years of hands-on expertise in mineral processing, project delivery and large-scale production. He was the former general manager – United Manganese of Kalahari, overseeing an opencast mine and processing plant and is a proven leader of multidisciplinary teams across project development, plant design, construction and steady-state operations.

Known for marrying operational rigour with agile project execution, he drives Salungano’s mining portfolio toward safe, efficient and growth-oriented performance.

Johannes Frederick Jacobus (“Jannie”) Muller (Born 1969)
(Non-executive director, Acting chief financial officer)

Member: Social and ethics committee

Appointed: 19 February 2025

Qualifications: BCompt MBL Adv Prog Tax (Unisa), ACMA, CGMA

Skills and experience: A chartered accountant and Chartered Financial Analyst with 25 years of cross-sector finance leadership, Mr Muller pairs disciplined treasury and reporting expertise with capital markets flair.

He was the former CFO of Investicore Asset Management (R2 billion property portfolio) and International Ferro Metals London Stock Exchange (“LSE”) listed chrome producer).

Senior finance roles include at Glencore’s Kamoto Copper, Consolidated Infrastructure Group and NOSA (Carlyle Group).

Seasoned in LSE and JSE compliance, debt and equity raisings, complex modelling and turnaround execution, he brings hands-on experience in mining, infrastructure and real estate financing – underpinned by a collaborative, people-centred leadership style that drives transparency and value creation to Salungano.

The JSE has granted a dispensation allowing Mr Muller to serve as CFO without being appointed as a director of the company until the earlier of either September 2025 or the completion of the permanent appointment process.

Board of directors continued

Board of directors

For the reporting period 1 April 2023 to 31 March 2024

Effective 30 June 2023, the following non-executive directors resigned from the board of directors:

Mr Andile Mabizela resigned as an independent non-executive director, chairman of the social and ethics committee and member of the audit, risk and compliance committee.

Ms Nomavuso Mnxasana resigned as an independent non-executive director, as chairperson of the remuneration committee, member of the nomination committee and member of the audit, risk and compliance committee.

Ms Nonzukiso Siyotula resigned as the lead independent director, as chairperson of the audit, risk and compliance committee and member of the remuneration, nomination and project and investment committees.

The directors who resigned with effect from 30 June 2023 were replaced, with effect from 1 March 2024, with three independent non-executive directors – **Mr Themba Theophilus Tshikovi** (chairman of the audit, risk and compliance committee and member of the nomination committee), **Ms Sinesipho Nothemba Maninjwa** (chairperson of the remuneration committee and member of the audit, risk and compliance and nomination committees) and **Ms Mzimkulu Malunga** (chairman of the social and ethics committee and member of the audit, risk and compliance and remuneration committees).

In the absence of sufficient non-executive directors, and until 1 March 2024, the board took over the functions of the board committees.

Financial director expertise and experience (JSE Listing Requirement 3.84(g)(i))

For the period 1 July 2023 to 28 February 2024, while the audit, risk and compliance committee was not constituted, the board considered and satisfied itself of the appropriateness of the financial director’s expertise and experience in accordance with JSE Listings Requirement 3.84(g)(i)). From 1 March 2024, the reconstituted audit, risk and compliance committee discharged this responsibility for the remainder of the financial year.

Financial reporting procedures (JSE Listing Requirement 3.84(g)(ii))

For the period 1 July 2023 to 28 February 2024, while the audit, risk and compliance committee was not constituted, the board considered and satisfied itself that the group had established appropriate financial reporting procedures and that those procedures were operating, including for all entities included in the consolidated annual financial statements, to ensure access to all financial information required to prepare and report the group’s consolidated financial statements. From 1 March 2024, the reconstituted audit, risk and compliance committee discharged this responsibility.

External auditor: suitability and (re)appointment (JSE Listing Requirement 3.84(g)(iii))

For the period 1 July 2023 to 28 February 2024, the board assessed the suitability of the external audit firm and the designated individual auditor, including independence, quality control and regulatory inspection outcomes, partner rotation, and JSE accreditation considerations, and addressed reappointment matters as required. From 1 March 2024, the reconstituted audit, risk and compliance committee performed this assessment and recommended the new auditor’s appointment to shareholders, in line with JSE Listings Requirement 3.84(g)(iii)).

Ms Kabela Maroga resigned from the company as CFO and executive director with effect from 18 February 2025.

Diversity table

As at the date of publication of this report:

Board diversity	Diversity of age	Independence
Black – 100%	35 to 50 years – 25%	Independent non-executive directors – 50%
Black female – 12.5%	51 to 65 years – 37.5%	Non-executive directors – 37.5%
Female – 12.5%	66 to 80 years – 37.5%	Executive directors – 25%

Governance structure and ethical leadership

The board of directors remains firmly committed to upholding ethical leadership and the highest standards of corporate governance in line with the JSE Listings Requirements, the Companies Act and the principles outlined in King IV™. The board recognises that sound governance practices are essential to safeguard stakeholder interests and sustain long-term value creation.

Our governance structure (confirmed in the board charter) ensures clear separation between the roles of the chairman and the CEO, thereby maintaining balanced oversight and management accountability. The board comprises a sufficient number of independent non-executive directors, ensuring impartiality and robust oversight of the company’s strategic direction and performance. A balance of power and authority therefore exists at board level to ensure that no one director has unfettered powers of decision-making.

The board delegates specific responsibilities and authority to its committees to ensure focused oversight, enhance decision-making efficiency and uphold robust governance practices.

Application of King IV™

For a comprehensive overview of our application of the King IV™ principles, please refer to our King™ application register, available at: <https://salunganogroup.com/sustainability/governance/>.

Independence of directors

The board evaluates director independence by considering the guidelines provided in King IV™, applying a holistic and substance-over-form approach for accurate categorisation. A majority of the directors currently serving on the board are classified as independent, having no material interest, position, association or relationship that could unduly influence or bias their decision-making. The board is confident that these directors consistently exercise independent judgement and act in the best interests of the company.

Appointment of directors, changes to the board and diversity

Directors are appointed through a formal and transparent process. The nomination committee identifies suitable candidates who possess the necessary skills, business experience, qualifications, and ethical integrity required to effectively contribute to the company’s strategic goals and performance. Candidates are assessed according to the board’s formally adopted policy on promoting broader diversity. Although the voluntary targets outlined in the policy concerning 100% Black representation, as well as diversity in skills and culture, have been successfully achieved, the board remains committed to enhancing female representation, aiming to reach its established target of 50%. When opportunities arise to replace or appoint directors, consideration is given to maintaining an appropriate balance of skills, experience, independence, knowledge, culture and age, in alignment with the diversity policy.

The board recommends director appointments to shareholders based on recommendations from the nomination committee. Shareholders formally appoint directors at the AGM. Details regarding board composition changes during FY24 are set out on page 18.

In compliance with the Companies Act and Salungano’s Memorandum of Incorporation (“Mol”), one-third of the non-executive directors retire by rotation at each AGM. Information about directors eligible for re-election is included in the AGM notice provided to shareholders. The board fully supports the re-election of these directors.

Compliance

Notwithstanding the current suspension of its listing on the JSE, Salungano remains fully committed to complying with the Companies Act, its Mol, the JSE Listings Requirements, the principles outlined in King IV™ and all other relevant laws and regulations.

Induction and continuous development

Newly appointed directors participate in a structured induction programme designed to familiarise them with their rights, duties and responsibilities. The programme also ensures that they gain a meaningful understanding of the company’s business model, operations and industry context, thereby enabling them to make effective contributions to the board from the outset.

As part of this induction, directors receive key insights into the company’s strategy, risk landscape, operational structure and industry outlook. Directors appointed with effect from 1 March 2024 undertook a site visit to the company’s coal mining operations, providing valuable exposure to the operational environment. This visit, along with direct engagement with management, enabled new directors to gain a deeper appreciation of the business and its markets.

Ongoing development is integral to the governance framework at Salungano. Directors receive regular presentations and guidance documents during the year that provide insights into governance, regulatory and strategic matters. In FY24, training included updates on amendments to the JSE Listings Requirements and guidance on committee roles and fiduciary responsibilities. Such development initiatives continue in FY25 to support directors in the effective discharge of their duties.

Self-evaluation

In the prior reporting period, the external evaluation of the board was conducted by the Institute of Directors South Africa. Following the end of FY24, the board and its committees undertook internal self-assessments using comprehensive questionnaires. These evaluations form the basis for identifying potential areas of improvement and inform a 12-month action plan aimed at strengthening governance practices.

The positive results of the self-assessments reflected that the board and its committees continue to function effectively and maintain a high standard of oversight.

Performance evaluations are an essential component of sound corporate governance. Through regular assessments, the board affirms its commitment to continuous improvement, enhanced effectiveness and adherence to the principles of transparency and accountability.

Board of directors continued

Directors’ disclosure of contractual interests

In accordance with section 75 of the Companies Act, directors are required to declare any material financial interest in contracts or matters involving the company or its subsidiaries. Directors are reminded at every board meeting to make such declarations, ensuring transparency and alignment with governance best practices.

Directors must promptly disclose any new financial or contractual interests to the company secretary as they arise. These disclosures are formally recorded in the company’s register of directors’ interests, which is maintained and updated by the company secretary. This process promotes integrity and accountability in the board’s decision-making and oversight functions.

Board committee composition

The composition of board committees and the allocation of roles and responsibilities are considered holistically to ensure effective collaboration, minimise duplication of duties and achieve a balanced distribution of authority. These delegation arrangements are designed to promote independent judgement, reinforce a balanced governance structure and support the board in effectively discharging its oversight responsibilities.

Each committee operates under formal terms of reference, which are reviewed and approved by the board annually. These documents provide a clear and accurate outline of each committee’s mandate and responsibilities and serve as the foundation for the committee’s annual work plan.

Members of executive and senior management attend committee meetings by standing invitation or on an ad hoc basis, as appropriate, to provide relevant information and insights within their respective areas of responsibility.

Board and committee meetings – FY24 attendance

		Board	Audit, risk and compliance committee	Nomination, remuneration and social and ethics committees
Number of meetings		17		
Independent non-executive directors	Dr Humphrey Mathe ¹	17		With effect from 30 June 2023, the nomination, remuneration, and social and ethics committees were not properly constituted due to the resignation of three independent non-executive directors on that date. These committees last met in March 2023 and resumed their activities in April 2024, following the appointment of three new non-executive directors with effect from 1 March 2024.
	Nonzukiso Siyotula ²	2	1	
	Nomavuso Mnxasana ³	2	1	
	Andile Mabizela ⁴	2	1	
	Sinesipho Maninjwa ⁵	1		
	Mzimkulu Malunga ⁶	1		
Non-executive directors	Themba Tshikovhi ⁷	1		During the interim period, while the committees were not duly constituted, the board assumed responsibility for executing their respective functions to ensure continued governance oversight and compliance.
	Cecil Maswanganyi ⁸			
Executive directors	Eric Mzimela ⁹			Following the appointment of new non-executive directors with effect from 1 March 2024, the board reconstituted its committees. As currently constituted, the committees comply with the membership requirements set out in King IV™.
	Robinson Ramaite ¹⁰	17		
	Thivha Tshithavhane ¹¹	17		
	Kabela Maroga ¹²	17		

¹ Chairman of the board.

² Lead independent director, chairman of the audit, risk and compliance committee, member of the nomination and remuneration committees, resigned with effect from 30 June 2023.

³ Chairperson of the remuneration committee, member of the audit, risk and compliance and nomination committees, resigned with effect from 30 June 2023.

⁴ Chairman of the social and ethics committee, member of audit, risk and compliance and remuneration committees, resigned with effect from 30 June 2023.

⁵ Appointed with effect from 1 March 2024, chairman of the remuneration committee, member of the audit, risk and compliance and nomination committees.

⁶ Appointed with effect from 1 March 2024, chair of the social and ethics committee, member of the audit, risk and compliance and remuneration committees.

⁷ Appointed with effect from 1 March 2024, chairman of audit, risk and compliance committee, member of nomination committee.

⁸ Member of the social and ethics committee.

⁹ Member of the social and ethics and remuneration committees.

¹⁰ Group CEO.

¹¹ CEO: Mining.

¹² CFO, resigned with effect from 18 February 2025.

Dealings in securities

The company has adopted an information policy that, among other matters, governs dealings in its securities. This policy is aligned with the Financial Markets Act, No. 19 of 2012, and the JSE Listings Requirements. In terms of the policy, directors, prescribed officers and the company secretary are prohibited from trading in Salungano securities during any prohibited period. This includes any time when a director is in possession of unpublished price-sensitive information and/or when clearance to deal has been denied.

All dealings in securities must be preceded by formal clearance in accordance with a clearly defined and regularly communicated internal process.

During the reporting period, the company remained in a closed period due to the ongoing suspension of trading in its shares by the JSE. Consequently, no dealings in securities were requested or permitted.

Directors’ shareholdings are detailed on page 46.

Company secretary

Ms Yolande Lemmer serves as the group company secretary. The board has assessed her independence and confirms that she is not a director of the company or any of its subsidiaries, nor is she related or connected to any member of the board.

The company secretary plays a pivotal role in ensuring effective governance processes and systems are in place, thereby embedding good corporate governance into the company’s culture. She is responsible for monitoring developments in governance and regularly updating the board and executive management on relevant changes.

The board is satisfied that the company secretary maintains an arm’s-length relationship with the board and its directors, and that she is suitably qualified, experienced and competent to fulfil the duties of a company secretary of a public company. The board further confirms that all directors have unrestricted access to the company secretary for guidance on governance-related matters.

Code of business conduct and ethics

All directors and employees are expected to uphold the highest ethical standards to reinforce Salungano’s commitment to integrity and good faith in all stakeholder engagements.

The company has adopted a formal code of business conduct and ethics, which outlines a broad range of statutory obligations and best practice principles that guide ethical behaviour across the organisation.

Going concern

As detailed in the directors' report to the FY24 statements (pages 42 and 43), the audit, risk and compliance committee report, accompanying the FY24 statements (pages 48 and 49) and note 39 to the FY24 statements (pages 128 and 129), the directors are satisfied that the group will continue as a going concern in the financial year ahead.

REMUNERATION COMMITTEE REPORT

Composition of the committee as at the reporting date:

Chairman:	Sinesipho Maninjwa
Members:	Dr Humphrey Mathe, Eric Mzimela, Mzimkulu Malunga

Mandate

The remuneration committee is constituted in terms of section 72 of the Companies Act to assist the board in overseeing and guiding the group’s remuneration philosophy, policies and practices. The committee ensures that executive and non-executive remuneration is fair, responsible and aligned with the company’s strategic objectives, stakeholder expectations and applicable regulatory requirements. It operates independently of management and is accountable to the board.

Focus areas

Remuneration governance

With regard to its remuneration governance duties, overseeing the development of and reviewing remuneration policies and practices for executive directors, senior management, and the broader employee base to ensure alignment with company strategy and performance.

Executive and non-executive remuneration

Determining the remuneration of executive directors and senior executives and recommending non-executive director fees to the board.

Performance-linked incentives

Establishing clear performance metrics linked to short- and long-term incentives and aligned with shareholder interests.

Compliance and disclosure

Ensuring adherence to the Companies Act, King IV™ and JSE Listings Requirements, and overseeing the preparation of the remuneration report and policy disclosures for inclusion in the annual report.

Stakeholder engagement

Facilitating engagement with shareholders on remuneration matters and submitting the remuneration policy and implementation report for non-binding advisory votes at the AGM.

Benchmarking and trends

Reviewing remuneration trends and benchmarking company practices against industry standards.

Talent retention and succession

Supporting succession planning by aligning remuneration structures with retention strategies for key talent and overseeing the development of succession management plans.

Post-reporting period events

Following its reconstitution in March 2024, the remuneration committee, under the chairmanship of Ms Sinesipho Maninjwa, met regularly and addressed several salient matters, including:

- Reviewing and recommending salary increases for FY25 for board approval;
- Overseeing the development of a forward-looking executive incentive compact;
- Reviewing the group’s succession planning and talent management framework;
- Updating the committee’s terms of reference, which were subsequently approved by the board;
- Guiding the preparation of remuneration-related disclosures for the integrated annual report, including the remuneration policy and implementation report, to be tabled for non-binding advisory votes at the forthcoming AGM; and
- Considering a proposed 4.5% increase in non-executive director fees for shareholder approval at the AGM, noting that no increase has been applied since 2022.

REMUNERATION POLICY AND IMPLEMENTATION REPORT

The remuneration committee is tasked by the board with developing and maintaining a remuneration policy that supports Salungano’s strategic objectives, incentivises performance and ensures alignment with shareholder expectations. In determining annual increases, the committee applies the principle of fair and responsible remuneration, taking into account a range of internal and external factors.

In line with the JSE Listings Requirements and the principles of King IV™, should 25% or more of Salungano’s shareholders vote against either the remuneration policy or the implementation report, the committee must engage with dissenting shareholders to understand and respond to their concerns. At the 2023 AGM, less than 25% of shareholders opposed these resolutions, and as such, formal engagement with dissenting shareholders was not required.

Overview of the remuneration policy

Salungano’s remuneration policy aims to reflect the complexity, responsibilities and required competencies associated with each role, as well as the reporting structures applicable to each position. The Paterson grading system is used to determine job levels, titles and remuneration benchmarks, supporting consistent and competitive compensation across the group.

The policy is designed to align employee remuneration with the company’s strategic, financial and operational priorities. This alignment is essential for attracting, retaining and motivating individuals with the capabilities and technical expertise required to drive long-term value creation for all stakeholders.

Implementation report

The remuneration policy which determines the **structure of the remuneration packages** remained unchanged during the year.

Guaranteed remuneration

Salungano’s remuneration policy is designed to ensure that all employees are fairly and competitively compensated for their contribution to the group’s operational and financial performance. Guaranteed remuneration is reviewed and benchmarked annually to ensure alignment with market norms and to retain competitiveness within the industry.

Guaranteed remuneration refers to an employee’s fixed salary and excludes additional benefits that form part of the total cost-to-company package, such as medical aid and pension and/or provident fund contributions.

Employee benefits

In addition to guaranteed remuneration, Salungano offers a comprehensive range of employee benefits aimed at enhancing overall well-being and fostering a high-performance culture.

These include:

- Short-term incentive schemes;
- Variable remuneration (including a 13th cheque);
- Compulsory and discretionary benefits and allowances aligned with market standards;
- Employee wellness initiatives that support work-life balance;
- A professional and stimulating work environment;
- A participative management culture; and
- A performance-driven ethos supported by a growth mindset.

These offerings form an integral part of Salungano’s strategy to attract and retain talent, reward performance, and support the continued growth and success of its operations.

Short-term incentives

- Salungano’s performance management process is directly linked to annual increases in total cost to company and annual short-term incentive bonuses;
- The board approved the annual salary increase percentage and the short term incentives (“STI”) pool through the budgeting process and recommendation by the remuneration committee and audit, risk and compliance committee; and
- The STI is 15% and 25% for bargaining and management staff, respectively. This was approved as part of the budget.

Long-term incentive schemes

- The Incentive Trust had been established a few years ago to provide employees with incentives based on a share option scheme. Share options allocated to employees remained valid for a certain period, whereafter they vested and/or expired;
- Due to the financial performance of the company, the shares had remained “under water” for the last couple of years, and eventually all options expired on 28 September 2023;
- The Trust was therefore technically dormant and no longer functioned as a share incentive scheme, but the approximately 9 500 000 shares in Salungano were still being held in the Trust’s name, and the Trust could not be deregistered until the shares had been sold or expired; and
- It has been agreed that the remuneration committee would at the appropriate time provide direction on an alternative long-term incentive scheme for employees.

Measuring executive performance

The results for the year ended 31 March 2024 are measured against the set 2024 performance targets. The applicable weighting was applied to the categories achieved.

Remuneration policy and implementation report continued

Key performance indicators for short-term incentives to executives, as determined from time to time, include financial and non-financial aspects, with one of the main financial gatekeepers being the achievement of a financial EBITDA target of 100%, measured against approved budget.

In FY24, the financial EBITDA target, among others, has not been achieved, and therefore no short-term incentives were paid.

Non-financial aspects of key performance indicators include measures such as operational achievements, compliance and governance requirements, safety and environmental standards, and a zero-fatality rate at operations.

CEO key performance indicators

The board chairman oversees the performance assessment of the CEO and the increases, incentives and approval of the incentive payout are recommended by the remuneration committee to the board.

Performance targets for 2024

The performance targets for FY24 were approved by the board as part of the budget.

Payments to executive directors in respect of the FY24

The payment of incentives is approved by the board for both executive directors and other senior executives. See page 46.

Non-executive directors

Non-executive directors are remunerated by way of a fixed annual fee and a per-meeting attendance fee. They do not participate in any short-term or long-term incentive schemes and do not receive shares, pension benefits or other forms of financial assistance. Higher fee levels are applied to the chairpersons of the board and its committees, in recognition of the increased responsibilities and preparation time associated with these roles.

At the AGM held on 17 September 2024, no increase in non-executive directors’ fees was proposed. A proposed increase of 4.5% (excluding value added tax) in non-executive director fees will be tabled for shareholder consideration at the upcoming AGM.

Non-executive directors’ fees paid for the FY23 and FY24 financial years (See page 40)

Salungano remains committed to fair and responsible remuneration practices across the group. In instances where potential disparities arise, these are investigated and addressed appropriately to ensure internal equity and alignment with the company’s values.

The remuneration committee confirms that it has discharged its responsibilities in accordance with its terms of reference during the reporting period and that there were no deviations from the approved remuneration policy.

Should 25% or more of shareholders vote against either the remuneration policy or the implementation report at the forthcoming AGM, Salungano will initiate engagement with dissenting shareholders to understand their concerns. Where appropriate, the company will consider amending its remuneration policy or clarifying aspects of its remuneration governance and implementation processes to address legitimate and reasonable concerns.

Sinesipho Maninjwa

Chairman of the remuneration committee

4 November 2025

NOMINATION COMMITTEE REPORT

Composition of the committee as at the reporting date:

Chairman:	Dr Humphrey Mathe
Members:	Sinesipho Maninjwa, Themba Tshikovhi

Mandate

The nomination committee is constituted in terms of section 72 of the Companies Act to assist the board in fulfilling its responsibilities relating to board composition, director appointments, succession planning and governance practices. It operates independently of management and ensures alignment with the company’s strategic objectives, legal obligations and governance best practices.

Focus areas

Board composition and appointments

Reviewing the structure, size, and composition of the board and its committee and identifying and nominating suitable candidates to fill vacancies.

During the period under review, and in the absence of a functioning nomination committee, the board assumed responsibility for overseeing the nomination process to fill the vacancies arising from the resignation of three independent non-executive directors with effect from 30 June 2023. In line with a rigorous and considered process (guided by the company’s diversity and skills requirements), the board successfully identified and appointed three suitably qualified independent non-executive directors, as detailed earlier in this report.

Succession planning

Recommending succession plans for board and committee members, including the rotation of directors and chairpersons.

Performance evaluation

Overseeing evaluations of the board, its committees and individual directors and assessing directors up for re-election and their independence where applicable.

Diversity and skills

Recommending diversity targets in respect of race, gender and other attributes and ensuring alignment with the company’s skills and transformation needs.

Director induction and development

Supporting the onboarding, training and continuous development of directors.

Subsidiary governance

Overseeing the nomination and appointment of directors to subsidiary boards.

Post-reporting period events

Following its reconstitution in March 2024, the nomination committee, under the chairmanship of Dr Humphry Mathe, has convened regularly and attended to key governance matters, including:

- Reviewing directors retiring by rotation and assessing their eligibility for re-election at the upcoming AGM;
- Recommending the reappointment of members to the audit, risk and compliance committee and the social and ethics committee at the AGM;
- Updating the succession planning policy, with specific emphasis on executive director succession;
- Overseeing the process for the annual self-evaluation of the board and its committees through an online questionnaire;
- Conducting the annual assessment of the independence of directors classified as independent;
- Defining criteria for the appointment of directors to subsidiary boards; and
- Reviewing and recommending updated terms of reference, subsequently approved by the board.

Dr Humphrey Mathe

Chairman of the nomination committee

4 November 2025

SOCIAL AND ETHICS COMMITTEE REPORT

Composition of the committee as at the reporting date:

Chairman:	Mzimkulu Malunga
Members:	Cecil Maswanganyi, Eric Mzimela, Robinson Ramaite, Thivha Tshithavhane

Mandate

The social and ethics committee is constituted in terms of section 72(4) of the Companies Act, read with Regulation 43, to assist the board in overseeing and guiding the company’s approach to social responsibility, ethics, transformation and sustainable development. It acts independently, without assuming management functions, and reports directly to the board. The committee is also required to provide a report to shareholders at the AGM.

Focus areas

Social responsibility

Monitoring compliance with the United Nations Global Compact Principles, Organisation for Economic Co-operation and Development anti-corruption guidelines, the Employment Equity Act and B-BBEE Act, oversight of corporate social investment programmes and labour practices, promotion of equality and corporate citizenship and monitoring implementation of SLPs in accordance with mining legislation and regulatory expectations.

With regard to employee wellness, the committee supports management’s commitment to fostering a supportive and healthy work environment and a strong emphasis on employee wellness initiatives.

Established Salungano employee forums continued to meet monthly and reinforced a culture of open communication and collaboration within the group.

Ethics

Endorsing the code of ethics, reviewing ethics training and ethics risks, and promoting ethical behaviour across all stakeholders.

The committee oversees the whistle-blowers reporting line and the diligent addressing of whistle-blower concerns.

Sustainability

Overseeing sustainability goals, policies, and procedures, reviewing health and safety reports and monitoring stakeholder relationships, advertising and public relations.

Transformation

Ensuring alignment with transformation targets and legislation (Employment Equity) Act, B-BBEE Act, Mining Charter) and recommending strategies to the board.

During the reporting period, Salungano achieved Level 1 B-BBEE status, underscoring its sustained dedication to transformation and empowerment throughout the group. The company maintained a strong focus on employment equity.

Governance

Liaising with other board committees and maintaining oversight of governance compliance, and reporting requirements, of the governance areas within the committee’s remit.

The committee’s terms of reference are annually reviewed and recommended to the board for approval, ensuring that the committee’s activities remain aligned with its mandate and the overall governance framework of Salungano.

During the period while the committee was not duly constituted between 30 June 2023 and 1 March 2024, the board assumed responsibility for executing its functions and is satisfied that material compliance with the committee’s terms of reference was achieved.

Post-reporting period events

Since 1 March 2024, under the leadership of Mr Mzimkulu Malunga, the social and ethics committee has met quarterly and actively discharged its responsibilities in line with its annual work plan and terms of reference. Key areas of focus during the post-reporting period include:

- Ongoing oversight of mine safety practices, including alcohol testing, speed control and on-the-job training, aligned with statutory and Mining Charter requirements;
- Reviewing of security risks at operational sites, such as these pertaining to diesel theft, and evaluation of enhanced security measures to safeguard company assets;
- Monitoring adherence to environmental legislation, including findings from Department of Mineral and Petroleum Resources (“DMPR”) compliance inspections, and preparation for licence and authorisation renewals. KPIs include particulate emissions, water use and management, waste disposal, energy efficiency, and greenhouse gas emissions;
- Oversight of environmental, social and governance activities aligned with applicable regulatory frameworks and industry obligations; and
- Regular review of SLP implementation across the group’s mining operations (including Elandspruit, Khanyisa, Vanggatfontein and Moabsvelden Collieries) in collaboration with the DMPR. Projects include asbestos infrastructure removal housing development, community farming initiatives, and a collaborative mine-funded fire station project.

Mzimkulu Malunga

Chairman of the social and ethics committee

4 November 2025

RESOURCES AND RESERVES SUMMARY



ABRIDGED COAL RESOURCE AND RESERVE STATEMENT

This Abridged Coal Resource and Reserves statement should be read with the full consolidated Resource and Reserve document, which is available on the company’s website at <https://salunganogroup.com/investors/annual-reports-and-results/>.

Introduction

Salungano Group Limited’s (“Salungano”) coal portfolio consists of both operating and exploration properties, located in two broad geographical regions:

- The Witbank Coalfield hosts the Moabsvelden and Vanggatfontein Collieries, located approximately 15km west of the town of Ogies, the Khanyisa Colliery, located around 7km east of the town of Ogies, the Elandspruit Colliery, located 8km west of the town of Middelburg, and Arnot Colliery, located approximately 20km east of the town of Middelburg. The company’s Sterkfontein Project is located near the town of Bethal.
- The Klip River Coalfield hosts the Leeuw Braakfontein Colliery (“LBC”) Project.

The locality of the Salungano coal assets is shown in Figure 1.

Material notes:

- Coal Resources and Reserves are SAMREC-compliant;
- Coal Resources are estimated inclusive of Coal Reserves and net of depletion;
- Rounding could present minor computational discrepancies;
- All Coal Resources are reported on an air-dried basis (metric tonnes);
- Coal Reserves are reported on an as received basis (metric tonnes);
- Estimations are as at the effective date and will be affected by markets, permitting changes, cost and operational factors; and
- At the effective date, Arnot Colliery continues to operate under business rescue proceedings, the same for the Wescoal assets (Elandspruit, Khanyisa and Wescoal Processing), which entered into the business rescue process in August 2023. In addition, Vanggatfontein (Keaton Mining) was also in distress; business rescue followed a liquidation application, and finally, post the effective date, a section 155 compromise was finalised.

The abridged Coal Resource and Coal Reserve statement was compiled from relevant data extracted from the respective contributing CP reports by Mr Leon Raaths. Mr Raaths is the lead CP, registered with the South African Institute of Mining and Metallurgy (SAIMM, PO Box 61127, Marshalltown, 2107), registration number 702015. Mr Raaths holds a BTech Mining degree from UJ, a BSc in Operations Research from Unisa and an MBL from Unisa SBL. In addition, he holds Mine Manager’s certificates of competency (both fiery and non-fiery mines). He is a mining engineer with more than 30 years’ experience in coal mining and project development. Mr Raaths is currently a director of Miptec Consulting Proprietary Limited (PO Box 40084, Reyno Ridge, 1049). He has provided written consent to the inclusion in this report of the SAMREC-compliant Coal Resource and Coal Reserve estimates in the form and context in which they appear.

Competent persons

The Coal Resource estimations for Arnot, Sterkfontein and LBC were prepared under the supervision of Dr Philip John Hancox of Caracle Creek International Consulting Coal Proprietary Limited (CCIC Coal, PO Box 9062, Devon Valley, 1715). Dr Hancox is a member in good standing of the South African Council for Natural Scientific Professions (SACNASP: Private Bag X450, Silverton, 0127, registration number 400224/04) as well as a Member and Fellow of the Geological Society of South Africa and the Society of Economic Geologists. He holds a PhD from the University of the Witwatersrand.

The Vanggatfontein, Moabsvelden, Khanyisa and Elandspruit Coal Resource estimates were prepared by Mrs Katherine Black of KJB GeoServices (KJB, 29a Douglas Avenue, Johannesburg, 2194). Mrs Black holds a BSc Honours degree in Geology from the University of KwaZulu-Natal and is a member in good standing of SACNASP (registration number 400295/12). Mrs Black has over 17 years’ experience in the mining industry, mainly on coal geology. The respective estimates are extracts of CPs’ reports authored by Mrs Black in compliance with the recommendations and guidelines set out in the SAMREC Code.

The Vanggatfontein, Moabsvelden and Elandspruit Collieries Coal Reserve Estimates were prepared by Mr Leon Raaths of Miptec Consulting Proprietary Limited (PO Box 40084, Reyno Ridge, 1049). Mr Raaths holds a BTech Mining degree from the University of Johannesburg, a BSc in Operations Research from Unisa and an MBL from Unisa SBL. Mr Raaths is registered with the SAIMM (registration number 702015). Mr Raaths has more than 30 years’ experience in coal mining, the largest portion of which was on technical and project disciplines, where the determination of Coal Reserves was part of his responsibility. This was largely for BHP’s South African collieries, Xstrata South Africa, CIC Energy and now as an independent consultant.

Compliance and reporting basis

This Coal Resource and Coal Reserve Statement has been compiled in alignment with the terms and conditions as set out in the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (the SAMREC Code, 2016 edition). Under the SAMREC Code, particular reference is made to the South African Guide to the Systematic Evaluation of Coal Resources and Coal Reserves South African National Standard (SANS 10320:2016). Reporting is also in accordance with section 12.13 of the JSE Listings Requirements.

The respective Coal Resource and Coal Reserve estimate tables are compiled from independent statements received from appointed competent persons (“CPs”). Each CP has sufficient, relevant experience in the style of mineralisation, type of deposit, mining method and activity for which they have taken responsibility, to qualify as a CP as defined in section 9 of the SAMREC Code. All CPs signed their respective estimates and consent to the inclusion of information into this report in the form and context in which they appear. Each CP is independent of the issuer and does not have a material interest capable of affecting their ability to give an unbiased opinion in the projects for which they take responsibility, and have not received, and will not receive, any pecuniary or other benefits in connection with the estimates presented, other than normal consulting fees.

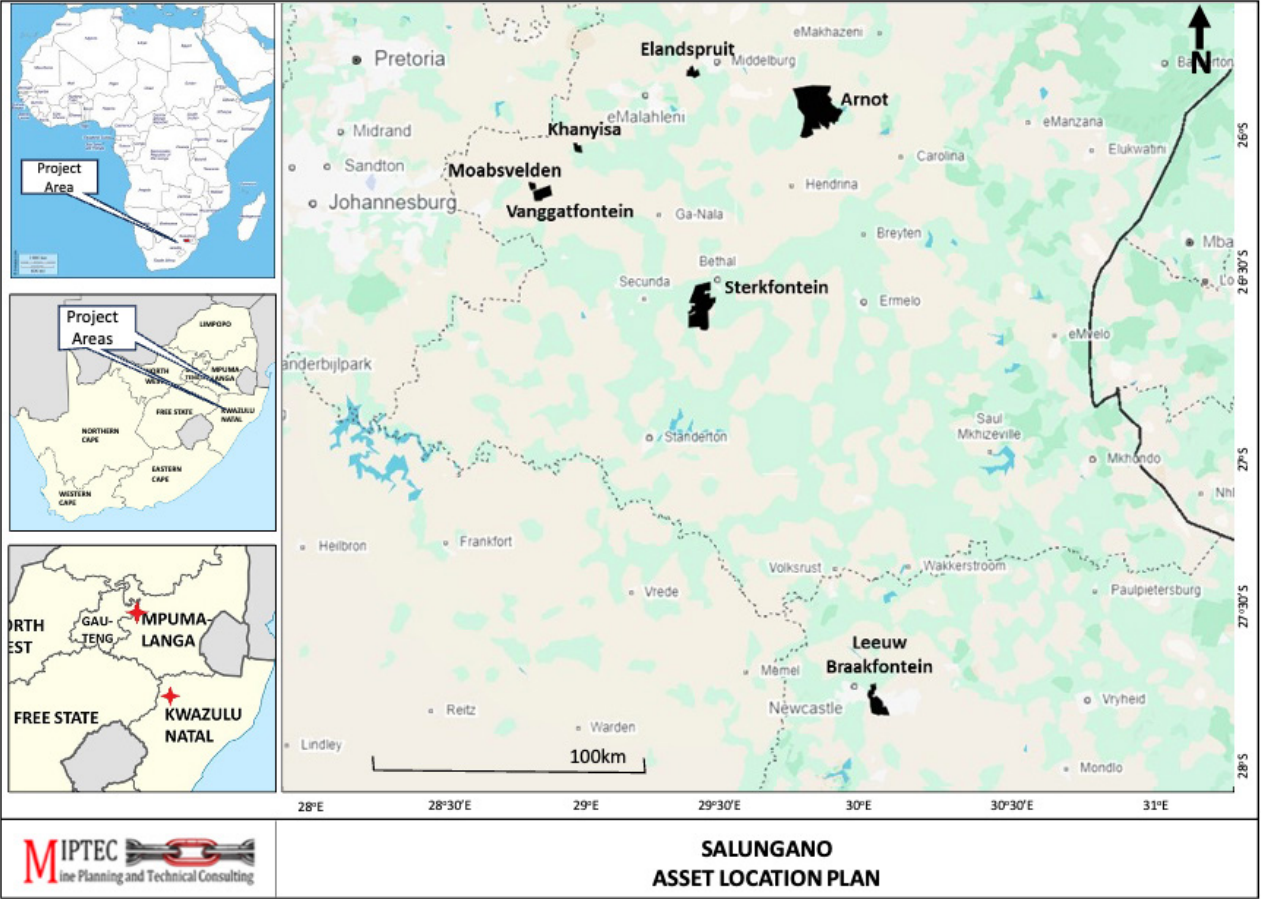


Figure 1. Location of the Salungano coal assets.

Salungano’s fundamental principles are to ensure compliance with regulatory requirements through transparency and materiality reporting, to inform stakeholders on the status of the group’s asset base. The principals of realistic prospects for the eventual economic extraction, formed the underlying basis for the reporting of Coal Resource and Coal Reserve estimates.

This abridged report should be read in conjunction with the technical summary report which provides additional information regarding the company’s projects and operations.

As of 31 March 2024, Salungano holds a total Coal Resource base (operations and projects) of 385.5mt (attributable 281.0mt), net of depletions. In terms of the managed Coal Reserve base (100%-owned operations), Salungano holds 42.6mt, net of depletion.

Abridged Coal Resource and Reserve statement continued

Coal Resources and Coal Reserves

The following Coal Resource and Coal Reserve definitions are extracts from the SAMREC Code:

An **"Inferred Coal Resource"** is that part of a Coal Resource for which volume or tonnage and coal quality can be estimated only with a low level of confidence. It is inferred from geological evidence and sampling and assumed physical continuity with or without coal quality continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, information that is limited or of uncertain quality and reliability.

An Inferred Coal Resource is defined by the coal in the full seam above the minimum thickness cut-off and relevant coal quality cut-offs, as defined by the CP, which meets the criteria for reasonable and realistic prospects of eventual economic extraction. An Inferred Coal Resource is quantified by a minimum of one (1) cored borehole with coal quality data per 100ha (approximately 1km spacing) for multiple seam deposit types which categorises all of Salungano's coal deposit types.

An **"Indicated Coal Resource"** is that part of a Coal Resource for which tonnage, densities, shape, physical characteristics and coal quality can be estimated with a moderate level of confidence. It is based on information from exploration, sampling and testing of material gathered from locations such as outcrops, trenches, pits, workings and drill holes. The locations are appropriate to confirm physical continuity, while the locations are too widely or inappropriately spaced to confirm the continuity of the coal quality. However, such locations are spaced closely enough for such continuity to be assumed.

An Indicated Coal Resource is defined by the coal in the full seam above the minimum thickness cut-off and relevant coal quality cut-offs, as defined by the CP, which meets the criteria for reasonable and realistic prospects of eventual economic extraction. An Indicated Coal Resource is quantified by a minimum of four cored boreholes with coal quality data per 100ha (approximately 500m spacing) for multiple seam deposit types.

A **"Measured Coal Resource"** is that part of a Coal Resource for which tonnage, densities, shape, physical characteristics and coal quality can be estimated with a high level of confidence. It is based on detailed and reliable information from exploration, sampling and testing of material gathered from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm physical and coal quality continuity.

A Measured Coal Resource is defined by coal in the full seam above the minimum thickness cut-off and relevant coal quality cut-offs, as defined by the CP, which meets the criteria for reasonable and realistic prospects of eventual economic extraction. A Measured Coal Resource is quantified by a minimum of eight cored boreholes with coal quality data per 100ha (approximately 350m spacing) for all deposit types.

The classification of Coal Resources into Inferred, Indicated and Measured categories is therefore a function of increasing geological confidence in the estimate based on the density of points of observation, the physical continuity of the coal seams, the distribution and the reliability of the coal sampling data, the coal quality continuity, the reliability of the geological model and the evaluation method. Factors that contribute to the uncertainty in Coal Resource estimation include the key constraints used to construct the geological model, seam thickness variations and coal quality distribution within the geological model.

A **"Probable Coal Reserve"** is the economically mineable material derived from a Measured or Indicated Coal Resource or both. It is estimated with a lower level of confidence than a Proved Coal Reserve. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a pre-feasibility study for a project or a life-of-mine plan for an operation must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed.

A **"Proved Coal Reserve"** is the economically mineable material derived from a Measured Coal Resource. It is estimated with a high level of confidence. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a pre-feasibility study for a project or a life-of-mine plan for an operation must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed.

A **"Mineable In Situ Coal Reserve"** is the tonnage and coal quality, at specified moisture content, contained in coal seams, or sections of seams, that are proposed for mining, adjusted by the application of the geological loss factors. Sufficient information must be available to enable conceptual or detailed mine planning, and such mine planning must have been undertaken.

A **"ROM"** is the tonnage and coal quality of Mineable In Situ Coal Reserves that are expected after all geological losses, mining losses, mining dilution, contamination and moisture-content factors have been applied.

A **"Saleable Coal Reserve"** is the tonnage and coal quality that will be available for sale, either in the raw ROM state at a specified moisture content or after beneficiation of the ROM Coal Reserves has produced materials at specified qualities, moisture contents and size ranges.

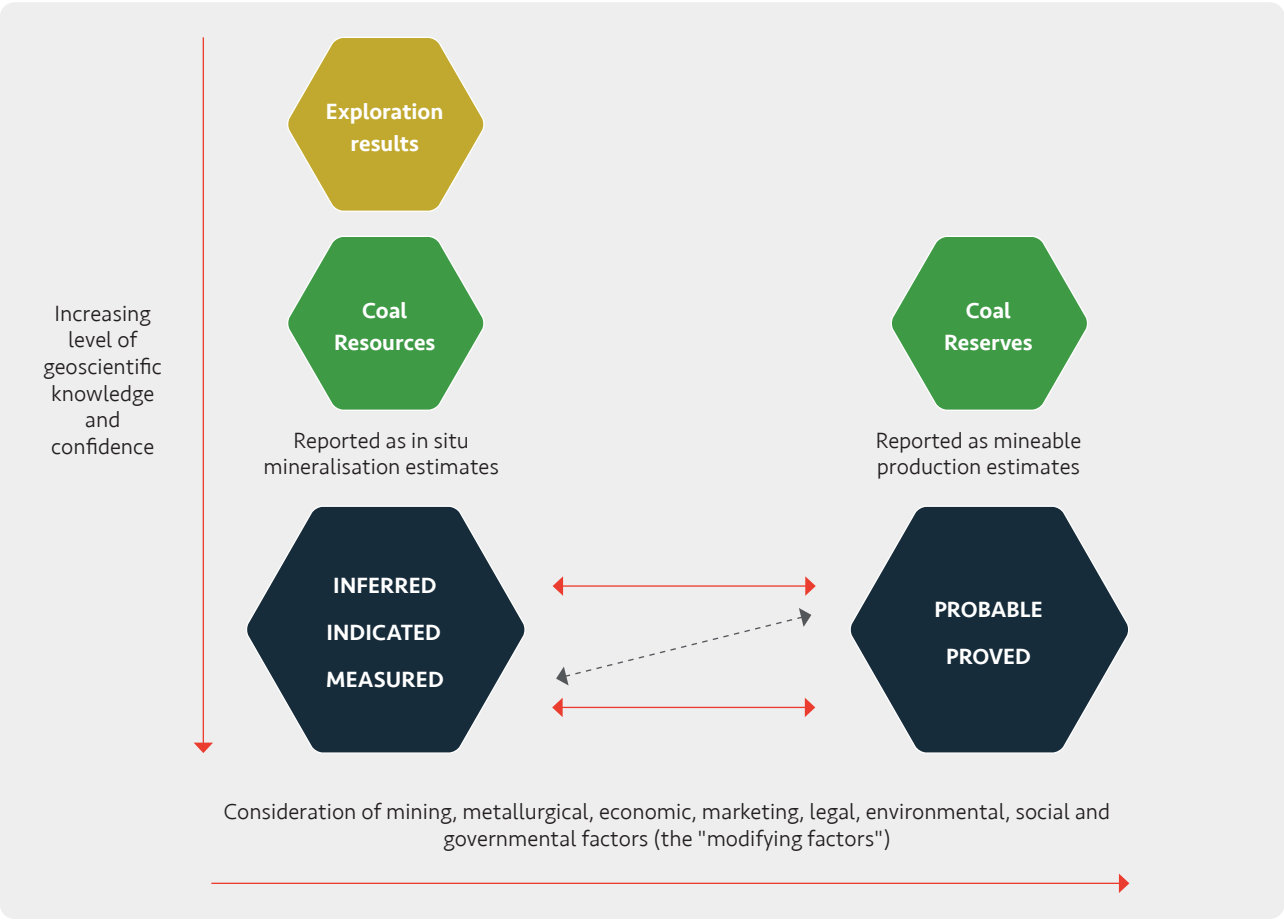


Figure 2. The relationship between Coal Resources and Coal Reserves (SAMREC Code, 2016)

Abridged Coal Resource and Reserve statement continued

Coal Resource estimation methodology
Moabsvelden, Vanggatfontein, Elandspruit and Khanyisa Collieries

Geological models were updated or maintained during FY23 by Ms K Black. All the geological models were created using Datamine’s MineScape™ Geological Modelling Software. No models were updated during FY24; the FY23 models were used as a base for the FY24 depletion process.

Proven geological modelling processes were followed to ensure that source data is correct, interpretations are accurate, and that software error checking is adhered to. The modelled resource adheres to mineral right boundaries, surface structure constraints, including environmental boundaries, structural constraints such as limit of weathering, known geological structures, seam limits and quality cut-offs.

In assessing the status of classifiable Coal Resources, the main criterion is based on the number of boreholes intersecting a particular coal seam(s) within a specified area. The confidence in projecting the coal quality across each seam is based on analysis from samples taken from the borehole cores of the individual intersections. Classification was guided by the following:

- Borehole density;
- Geological and grade continuity;
- Geological structure and its influence on mining; and
- Complexity of the geology.

The borehole density and spatial distribution of cored boreholes, sampled and analysed, should be sufficient to allow for confident extrapolation of physical and quality parameters between boreholes. It also allows for the Coal Resources to be adequately categorised into Inferred, Indicated and Measured Coal Resources as per the SAMREC Code.

Only valid points of observation were used to determine the Coal Resource classification categories. This is based on the number of cored boreholes which have appropriate quality data, and is assessed on a per seam, per project basis.

During the estimation process, provision was made for a geological loss factor (discount). Losses may occur mainly as a result of the intersection of dolerite dykes, small-scale faulting and other unforeseen geological losses. The losses are also assessed on a per seam, per project basis.

Sterkfontein, LBC and Arnot

The geological models for Sterkfontein, LBC and Arnot were created by Dr E A Schneiderhan of CCIC, using Datamine’s Studio RM Modelling Software. All data provided by Salungano for the generation of the relevant geological model and Coal Resource estimates were validated and verified by CCIC.

The Coal Resource blocks and classifications were defined within the boundaries of the various project areas. Firstly, a number of cut-off parameters were applied, and then resource blocks were identified per resource category as defined in SANS 10320:2020 using the average borehole spacing of borehole intersections with acceptable raw quality data.

Model interrogation on a per project basis analysed the borehole spacing to confirm physical continuity, and that the tonnage, density, shape, physical characteristics and coal quality for the seams being reported can be estimated with a high to low level of confidence.

Such resources were classified as Measured, Inferred and Indicated Coal Resources, respectively, following the guidelines laid out in the SAMREC Code and SANS 10320:2020.

The classification of the Coal Resources was also based on the degree of understanding of the local geology, and the confidence in the historical exploration work carried out on the project.

No models were updated during FY24. The project areas, LBC and Sterkfontein, maintain their previous status. The current Arnot resource estimation was based on a depletion of the FY23 estimate using the survey statistics provided by Arnot OpCo’s appointed chief surveyor.

Coal Reserve estimation methodology

The Coal Reserve estimates for FY23 were compiled by Mr Leon Raaths of Miptec for the operating assets, Elandspruit, Vanggatfontein and Moabsvelden, based on full evaluations of the assets, as detailed in the FY23 technical reports. For FY24, the Coal Reserve estimates for Moabsvelden and Vanggatfontein were calculated based on the inclusion of the 31 March 2024 survey face positions into the existing (FY23) mining models and re-estimating the remaining Coal Reserves and associated qualities. Elandspruit was, however, estimated by a straight depletion approach, whereby the FY23 Coal Reserve estimates were depleted with the 31 March 2024 survey statistics as received from the company’s registered surveyors, African Soil. As such, there was no recalculation of Coal Reserves from the mining model.

Coal Reserve estimation methodology is described below.

Geological information is imported into the XPac mining model and verified for correctness through a physical data and qualitative data comparison process. The mining model applies modifying factors that stood the test of reconciliation to convert from gross tonnes in situ to a mineable ROM and saleable coal model. The mining model replicates the mining processes, coal flow model as well as the required product quality and plant model.

For the FY23 reporting period, Miptec completed plans for each of the 100%-owned operating mines (Elandspruit, Vanggatfontein and Moabsvelden). These LOM plans form the basis of the FY24 estimates as well.

Only Indicated and Measured Coal Resources are included for LOM scheduling purposes. In general, resource blocks for which an Indicated Coal Resource categorisation has been applied qualify as a Probable Coal Reserve, and blocks for which a Measured Coal Resource categorisation has been applied, qualify as Proven Coal Reserve. In addition, current operations that are successfully operated and the long-term reserve with mine life clearly defined, qualified as a Proven Coal Reserves (even if some areas are in the Indicated category). Areas like the VG6 underground project, that is in the advanced project phase and in the Measured category for resources, were classified, in terms of reserves, in the Probable category. This was based on VG6 having an offtake agreement with Eskom and no clear timing on implementation.

Group Coal Resource and Reserve summary

Coal Resources and Coal Reserves reported for the period ended 31 March 2024 and 31 March 2023 are shown in Table 1 and Table 2, respectively. In summary, the total managed Coal Resources reduced by 1% from 389.5mt to 385.46mt, and the total managed ROM Coal Reserve reduced 8.5% from 46.54mt to 42.57mt mainly due to the FY24 mining depletion, predominantly from Moabsvelden, with much lesser contributions from the Vanggatfontein and Elandspruit Collieries.

Operations

The Coal Resource and Reserve estimates for Moabsvelden were analysed, and the ROM depletion for the period amounted to 3.26mt from the S5, S4 and S2 Seams. The combined mineable tonnes in situ (“MTS”) Coal Resource reduced by 13% from 25.32mt to 22.0mt, net of depletion. The Moabsvelden ROM Coal Reserve essentially reduced by depletion, with a slight gain, of less than 10 000t.

Analysis of the Vanggatfontein Coal Resource and Reserve estimates, indicated the ROM depletion surveyed at 0.28mt on the 4 and 2 Seam horizons. Resource comparison provided for a zero loss/gain between the reporting periods. Resources reduced from 23.16mt for FY23 to 22.88mt as at 31 March 2024. The Reserve estimation process, based on FY23 footprint and FY24 updated survey face positions, resulted in a 60 000 ton coal loss, opencast reserves reduced from 13.02mt to 10.74mt as at the end of March 2024. The underground project, VG6, remained unchanged at 3.6mt Vanggatfontein had no sales contract and was providing into opportunistic markets. The mine was in distress and commenced rescue procedures.

Elandspruit and Khanyisa Collieries, as part of the Wescoal assets under Salungano, were in distress and under business rescue as at the current effective date. Elandspruit, for the reporting period, produced 0.25mt from the opencast S4, S2 and S1 operation, and 0.26mt from the underground S1 operation. The Coal Resource estimation reduced from 7.65mt to 7.17mt. Reserves for the same period changed from 6.51mt to 6.0mt.

Khanyisa is currently under care and maintenance with no economical Coal Reserves remaining. However, in terms of Coal Resources, within the Catwalk area of the complex, S2 pillars remaining from previous mining have been included as the S4 and S2 Coal Resources within 50m of the Transnet Pipeline. As no mining took place, the estimation remained unchanged at 2.67mt.

Arnot Colliery, also under business rescue and in distress, mined 0.53mt for FY23 and 0.3mt for FY24. The latest competent person’s report (“CPR”) for Arnot was issued by MSA GeoServices in 2019; due to lack of finance and planning, no coal reserves were declared. For both FY23 and FY24, Coal Resource estimates were updated based on a depletion approach, with the mined-out statistics provided by a mine surveyor. The total Coal Resources reduced from 154.43mt FY23 to 153.95mt as at 31 March 2024.

Growth projects

Salungano holds two projects; the Sterkfontein Project close to Bethal in Mpumalanga and LBC, close to Newcastle in KwaZulu-Natal.

The Sterkfontein Project’s prospecting rights expired in 2017, after which the company filed applications for two mining rights. A parallel application, submitted under section 102, sought to consolidate the two new rights. To date, the DMPR has failed to provide a response. The Coal Resource Estimate for Sterkfontein remains as per the Venmyn 2017 estimate. Sterkfontein comprises underground resources on the S4 and S2 Seams, totalling 90.93mt, of which 40.64mt are in the Inferred category.

LBC within the Klip River Coal Field has a mining right, awarded in 2007. Although recent mining studies are in progress, Coal Reserves cannot be declared due to insufficient detail. The current Coal Resource estimate is as per the CCIC CPR (2023), with an opencast Coal Resource estimate of 3.84mt, and an underground Coal Resource estimate of 45.58mt, for a total of 49.42mt.

Abridged Coal Resource and Reserve statement continued

Table 1. 31 March 2024 Resource and Reserve summary

	Coal Resource (MTIS) (AD), FY24 depletion estimate							ROM Coal Reserve (AR), FY24 depletion estimate				
	Inferred mt	Indicated mt	Measured mt	Total Coal Resource mt	Depletion FY24	Depletion estimate FY24		Probable mt	Proved mt	Total ROM Coal Reserve mt	Depletion FY24	Depletion estimate FY24
Elandspruit Colliery	–	–	7.65	7.65	0.48	7.17		0.52	6.00	6.51	0.51	6.00
Elandspruit opencast	–	–	6.62	6.62	0.23	6.39		–	6.00	6.00	0.25	5.75
4 Seam			0.50	0.50	0.02	0.49			0.39	0.39	0.02	0.38
3 Seam			–	–				–	–	–		–
2U Seam			1.55	1.55	0.05	1.50		–	1.31	1.31	0.05	1.25
2L Seam			1.93	1.93	0.07	1.86		–	1.82	1.82	0.08	1.74
1 Seam			2.63	2.63	0.10	2.54		–	2.48	2.48	0.10	2.38
Elandspruit underground	–	–	1.03	1.03	0.25	0.79		0.52	–	0.52	0.26	0.25
1 Seam			1.03	1.03	0.25	0.79		0.52		0.52	0.26	0.25
Khanyisa Colliery	–	–	2.67	2.67		2.67		–	–	–		
Triangle opencast	–	–	2.67	2.67		2.67		–	–	–		
4U Seam			0.78	0.78		0.78			–	–		
4L Seam			0.68	0.68		0.68			–	–		
2 Seam			1.22	1.22		1.22			–	–		
Catwalk opencast	–	–	–	–		–		–	–	–		
2 Seam			–	–		–			–	–		
Vanggatfontein Colliery	–	5.14	18.02	23.16	0.26	22.90		5.61	11.02	16.63	0.28	16.35
Vanggatfontein opencast	–	5.14	9.39	14.52	0.26	14.26		2.00	11.02	13.02	0.28	12.74
5 Seam		0.36		0.36	0.01	0.35			0.30	0.30	0.01	0.29
4U Seam			1.74	1.74	–	1.74		2.00		2.00		2.00
4 Seam		2.61	1.91	4.51	0.12	4.40			4.21	4.21	0.12	4.08
2 Seam		2.17	5.74	7.91	0.14	7.78			6.51	6.51	0.15	6.37
Vanggatfontein underground	–	–	8.64	8.64		8.64		3.61	–	3.61		3.61
4 Seam			6.03	6.03		6.03		3.61		3.61		3.61
2 Seam			2.60	2.60		2.60				–		
Moabsvelden Colliery	–	1.99	23.33	25.32	2.99	22.33		–	23.40	23.40	3.18	20.22
Moabsvelden opencast	–	1.99	23.33	25.32	2.99	22.33		–	23.40	23.40	3.18	20.22
5 Seam		0.16	2.06	2.22	0.11	2.11			2.16	2.16	0.12	2.04
4 Seam		0.86	9.60	10.46	1.38	9.08			10.09	10.09	1.47	8.62
2 Seam		0.97	11.67	12.64	1.50	11.14			11.16	11.16	1.60	9.56
Leeuw Braakfontein Project	20.92	9.74	18.76	49.42		49.42		–	–	–		
Braakfontein opencast	–	–	3.84	3.84		3.84						
Top Seam			2.15	2.15		2.15				–		
Bottom Seam			1.69	1.69		1.69				–		
Braakfontein underground	20.92	9.74	14.92	45.58		45.58						
Top Seam	13.84	6.03	8.63	28.50		28.50				–		
Bottom Seam	7.08	3.71	6.29	17.08		17.08				–		

Abridged Coal Resource and Reserve statement continued

Table 1. 31 March 2024 Resource and Reserve summary continued

	Coal Resource (MTIS) (AD), FY24 depletion estimate							ROM Coal Reserve (AR), FY24 depletion estimate				
	Inferred mt	Indicated mt	Measured mt	Total Coal Resource mt	Depletion FY24	Depletion estimate FY24		Probable mt	Proved mt	Total ROM Coal Reserve mt	Depletion FY24	Depletion estimate FY24
Sterkfontein Project	40.64	50.29	–	90.93		90.93						
Sterkfontein underground	40.64	50.29	–	90.93		90.93						
4U Seam	0.12	0.99		1.11		1.11				–		
4L Seam	40.52	49.30		89.82		89.82				–		
Arnot Colliery (45% Attributable)	45.99	69.67	74.68	190.34	0.30	190.04		–	–	–		
Arnot opencast	7.69	13.59	13.75	35.03		35.03		–	–	–		
S2L	6.56	11.87	13.03	31.46		31.46				–		
S1	1.13	1.73	0.72	3.57		3.57				–		
Arnot underground	38.30	56.07	60.94	155.31	0.30	155.01		–	–	–		
S2L	38.30	56.07	60.94	155.31	0.30	155.01				–		
TOTAL (100% basis)	107.55	136.83	145.12	389.50	4.04	385.46		6.12	40.42	46.54	3.98	42.57
TOTAL (attributable basis)	82.26	98.51	104.05	284.81	3.87	280.94		6.12	40.42	46.54		

Table 2. 31 March 2023 Resource and Reserve summary

	Coal Resource (MTIS) (AD)				ROM Coal Reserve (AR)		
	Inferred mt	Indicated mt	Measured mt	Total Coal Resource mt	Probable mt	Proved mt	Total ROM Coal Reserve mt
Elandspruit Colliery	–	–	7.65	7.65	0.52	6.00	6.51
Elandspruit opencast	–	–	6.62	6.62	–	6.00	6.00
4 Seam			0.50	0.50		0.39	0.39
3 Seam			–	–	–	–	–
2U Seam			1.55	1.55	–	1.31	1.31
2L Seam			1.93	1.93	–	1.82	1.82
1 Seam			2.63	2.63	–	2.48	2.48
Elandspruit underground	–	–	1.03	1.03	0.52	–	0.52
1 Seam			1.03	1.03	0.52		0.52
Khanyisa Colliery	–	–	2.67	2.67	–	–	–
Triangle opencast	–	–	2.67	2.67	–	–	–
4U Seam			0.78	0.78		–	–
4L Seam			0.68	0.68		–	–
2 Seam			1.22	1.22		–	–
Catwalk opencast	–	–	–	–	–	–	–
2 Seam			–	–		–	–

Table 2. 31 March 2023 Resource and Reserve summary continued

	Coal Resource (MTIS) (AD)				ROM Coal Reserve (AR)		
	Inferred mt	Indicated mt	Measured mt	Total Coal Resource mt	Probable mt	Proved mt	Total ROM Coal Reserve mt
Vanggatfontein Colliery	–	5.14	18.02	23.16	5.61	11.02	16.63
Vanggatfontein opencast	–	5.14	9.39	14.52	2.00	11.02	13.02
5 Seam		0.36		0.36		0.30	0.30
4U Seam			1.74	1.74	2.00		2.00
4 Seam		2.61	1.91	4.51		4.21	4.21
2 Seam		2.17	5.74	7.91		6.51	6.51
Vanggatfontein underground	–	–	8.64	8.64	3.61	–	3.61
4 Seam			6.03	6.03	3.61		3.61
2 Seam			2.60	2.60			–
Moabsvelden Colliery	–	1.99	23.33	25.32	–	23.40	23.40
Moabsvelden opencast	–	1.99	23.33	25.32	–	23.40	23.40
5 Seam		0.16	2.06	2.22		2.16	2.16
4 Seam		0.86	9.60	10.46		10.09	10.09
2 Seam		0.97	11.67	12.64		11.16	11.16
Leeuw Braakfontein Project	20.92	9.74	18.76	49.42	–	–	–
Braakfontein opencast	–	–	3.84	3.84			
Top Seam			2.15	2.15			–
Bottom Seam			1.69	1.69			–

Abridged Coal Resource and Reserve statement continued

Table 2. 31 March 2023 Resource and Reserve summary continued

	Coal Resource (MTIS) (AD)				ROM Coal Reserve (AR)		
	Inferred mt	Indicated mt	Measured mt	Total Coal Resource mt	Probable mt	Proved mt	Total ROM Coal Reserve mt
Braakfontein underground	20.92	9.74	14.92	45.58			
Top Seam	13.84	6.03	8.63	28.50			-
Bottom Seam	7.08	3.71	6.29	17.08			-
Sterkfontein Project	40.64	50.29	-	90.93			
Sterkfontein underground	40.64	50.29	-	90.93			
4U Seam	0.12	0.99		1.11			-
4L Seam	40.52	49.30		89.82			-
Arnot Colliery (45% Attributable)	45.99	69.67	74.68	190.34	-	-	-
Arnot opencast	7.69	13.59	13.75	35.03	-	-	-
S2L	6.56	11.87	13.03	31.46			-
S1	1.13	1.73	0.72	3.57			-
Arnot underground	38.30	56.07	60.94	155.31	-	-	-
S2L	38.30	56.07	60.94	155.31			-
TOTAL (100% basis)	107.55	136.83	145.12	389.50	6.12	40.42	46.54
TOTAL (attributable basis)	82.26	98.51	104.05	284.81	6.12	40.42	46.54

CONSOLIDATED
AND SEPARATE
ANNUAL
FINANCIAL
STATEMENTS



DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act of South Africa, 71 of 2008 ("Companies Act") to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual financial statements fairly present the state of affairs of the group and company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with IFRS® Accounting Standards. The external auditor is engaged to express an independent opinion on the consolidated and separate financial statements.

The consolidated and separate annual financial statements are prepared in accordance with IFRS Accounting Standards and are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the group and place considerable importance on maintaining a strong control environment to enable the directors to meet these responsibilities. The board sets standards for internal controls aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring that the group's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure,

controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal controls provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate annual financial statements. Any system of internal financial control, however, can provide only reasonable, and not absolute, assurance against material misstatement or loss. It is also the responsibility of the company to maintain controls over the maintenance and integrity of the company's website.

The directors have reviewed the group's cash flow forecast for the year to March 2027 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the group's consolidated financial statements. The consolidated and separate annual financial statements have been examined by the group's external auditor and their report is presented on pages 50 and 51.

The consolidated and separate annual financial statements set out on pages 52 to 142, which have been prepared on the going-concern basis, were approved by the board of directors on 7 October 2025 and were signed on their behalf by:

Robinson Ramaite
Chief executive officer
("CEO")

Jannie Muller
Acting chief financial officer
("CFO")

CHIEF EXECUTIVE OFFICER'S AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

Each of the directors, whose names are stated below, hereby confirm that:

- the annual financial statements set out on pages 52 to 142, fairly present in all material respects the financial position, financial performance, changes in equity and cash flows of the issuer in terms of IFRS Accounting Standards;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries has been provided to effectively prepare the financial statements of the issuer;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the Audit, Risk and Compliance Committee and the auditor any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving directors.

Robinson Ramaite
Chief executive officer
7 October 2025

Jannie Muller
*Acting chief financial officer**

** For clarity: the Acting chief financial officer is not a director and signs this statement pursuant to the JSE's written no-objection/dispensation permitting the acting CFO arrangement until 31 March 2026.*

DECLARATION BY THE COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act, I hereby certify that, to the best of my knowledge and belief, Salungano Group Limited has lodged with the Companies and Intellectual Property Commission, for the financial year ended 31 March 2024, all such returns and notices as required in terms of the Companies Act, and that all such returns and notices are true, correct and up to date.

Yolande Lemmer
Company secretary
7 October 2025

DIRECTORS’ REPORT

The directors herewith submit the consolidated and separate annual financial statements of Salungano for the year ended 31 March 2024 (“the FY24 statements”).

Matters material to shareholders

As previously reported, shareholders are aware that trading in the company’s shares was suspended by the Johannesburg Stock Exchange (“JSE”) on 21 August 2023, as the company did not publish its audited financial results for the year ended 31 March 2023 within the prescribed period stipulated in the JSE Listings Requirements. The suspension has not been uplifted pending the publication of the audited financial results for the year ended 31 March 2025 as these were due by 30 June 2025.

The directors have noted that SizweNtsalubaGobodo Grant Thornton’s (“SNG Grant Thornton”) audit report contains a disclaimer of opinion, based on material uncertainties related to the company’s going concern status as detailed in the auditor’s report (page 50). The directors have evaluated the appropriateness of the going concern assumptions used in the preparation of the consolidated annual financial statements (discussed in detail later in this report) and remain satisfied that the company can continue to operate as a going concern. The consolidated annual financial statements were therefore prepared on this basis.

The board has noted the reportable irregularities referred to the Independent Regulatory Board for Auditors (“IRBA”) by SNG Grant Thornton (as set out in more detail in note 46 to the FY24 financial statements).

Main business and operations

The main business of the company is that of an investment and management company with operating subsidiaries engaged in the mining, processing and trading of coal. The group operates principally in South Africa. The operating results and state of affairs of the group and company are fully set out in the consolidated and separate annual financial statements.

Group results

For the year ended 31 March 2024, the group incurred a loss of R143 million (FY23: R692 million). The EBITDA for the year is R25 million (FY23: R99 million).

The group made an operating loss of R309 million which includes a property, plant and equipment impairment of R37 million (FY23: R450 million) and a goodwill impairment of R49.6 million.

Excluding these impairments, the adjusted operating loss amounts to R222 million compared to a loss of R745 million in the prior year.

The main contributing factors to the poor performance were as follows:

- High fixed costs at the Vanggatfontein (Keaton Mining) and Elandspruit (Wescoal Mining) operations were not sufficiently absorbed due to lower production volumes. As a result, the

fixed overhead costs were allocated over a reduced number of units, leading to an increased cost of sales per unit;

- Eskom coal supply agreements (“CSAs”) were still not concluded for Vanggatfontein and Elandspruit;
- Elandspruit Mine opencast section was on stoppage from July 2023 and Wescoal Mining was placed in business rescue from 25 August 2023;
- Wescoal Mining contributed R168 million of losses prior to the company being deconsolidated from the group as at 30 September 2023; and
- Inventory losses due to burning stock (spontaneous combustion).

Cash generated from operations of R485 million (FY23: R260 million) allowed the group to settle R162 million (FY23: R246 million) towards the term loan and the revolving credit facility (“RCF”) in the current year. The term loan has now been fully settled.

Due to Vanggatfontein operating below capacity, the yellow equipment that was used at the operations and financed under the lenders asset-based finance agreement was voluntarily surrendered to the lenders in November 2023 and equipment was auctioned by the lenders. The outstanding debt to the lenders was settled and excess proceeds of R49 million were realised. The proceeds were used to reduce the outstanding revolving credit facility exposure to the lenders.

Going concern

Significant judgements and estimates were used when assessing the group’s going concern. The following assumptions were applied in the cash flow forecasts:

- Conclusion of the Keaton Mining CSA with Eskom;
- Meeting production and sales targets; and
- Successful implementation of the section 155 plan.

Group

As at 31 March 2024, the group had cash balances of R7 million (FY23: R61 million net overdraft), and the available facilities on the general banking facility (“GBF”) amounted to R51 million (FY23: Rnil).

As at 31 March 2024, the assets exceeded the total liabilities of the group by R4 million (FY23: R121 million) which indicates that the group remains solvent. The solvency position was also affected by R369 million (FY23: R497 million) of impairments relating to goodwill, property, plant and equipment and financial assets recognised in profit or loss and other comprehensive income.

Management is of the view that the solvency position has already been rectified in subsequent periods with the resumption of operations at Vanggatfontein and the subsequent significant reduction in external debt.

While Neosho Trading 86 Proprietary Limited’s (Neosho or Moabsvelden) CSA with Eskom is the only remaining Eskom

contract within the group, Eskom has approved for Keaton Mining to continue supplying additional coal through the Moabsvelden CSA while Keaton Mining’s own CSA is being negotiated.

Wescoal Mining entering into business rescue and the downscaling of operations at Vanggatfontein have reduced the group’s liquidity constraints. Cash generation from Neosho Trading 86 Proprietary Limited (Neosho or Moabsvelden mine) continues to grow with own sales and rectification sales to Eskom. Adequate cash has been generated and is forecast to be generated by Neosho to meet the group and company’s cash requirements. These factors form the basis for the company’s cash flow assumptions for the next 18 months ending March 2027. Further details on solvency and liquidity are set out in note 39.

Company

As at 31 March 2024, the company had an overdraft of R39 million (FY23: R61 million net overdraft), and the available facilities on the GBF amounted to R51 million (FY23: Rnil).

The company’s total liabilities exceeded total assets by R333 million (FY23: total assets exceeded total liabilities by R429 million) which indicates that the company is insolvent. The solvency position was affected by R766 million (FY23: R145 million) of impairment relating to financial assets, and investments in subsidiaries were recognised in profit or loss and other comprehensive.

The negative net current position is largely as a result of the external loan being treated as current. Salungano Group Limited (SLG) had been in default of the loan agreement, but a debt standstill agreement was concluded on 26 August 2025 with the lenders whereunder the facilities are expected to be fully repaid by June 2026 (see post-financial year-end events).

The balance of the negative net position is as a result of the inter-company loans and the impairment of the investments in Keaton Energy Holdings Limited and Salungano Trading.

Adequate cash is expected to be generated from Neosho to sustain SLG and enable it to meet all its commitments with the continued support of the lenders.

Salungano is dependent on its subsidiaries to meet the loan repayment obligations. The subsidiaries are co-obligors to the loan facilities and Salungano expects to meet all its obligations when they fall due.

Based on the above, the consolidated and separate financial statements have been prepared on a going-concern basis. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Post-financial year-end events

Approval of Wescoal Mining’s business rescue plan

The business rescue plan of Wescoal Mining was approved at a creditors meeting held on 12 July 2024 and the business rescue practitioners continue to implement the plan to the benefit of all affected parties.

Keaton Mining section 155 creditors compromise

As previously reported, Keaton Mining was placed under provisional liquidation on 27 February 2024 and Natasha Mary Darnell and Pollock Richard Keay were appointed as provisional liquidators. The creditors compromise proposal was presented to concurrent, secured and preferential creditors at respective meetings held on 22 August 2024 and the compromise proposal was adopted by creditors representing 100% in value of each of the aforementioned class of creditors. The section 155 compromise proposal was sanctioned by the Court on 25 September 2024 and creditors will be settled as per an agreed payment plan contained in the creditors compromise, through cash generated from operating the mine for the remaining life of the reserves. The provisional liquidation was withdrawn on 11 October 2024.

Lending arrangements

The company has been in breach of its loan facilities since 21 June 2023 when it was unable to secure a refinancing agreement with its lenders. On 26 August 2025, the company concluded a standstill agreement with its lenders in terms of which the lenders have agreed to stand still on their legal rights, provided the company complies with the repayment and other terms of the agreement.

As announced on 27 August 2025, the outstanding balance on the RCF was R396 million as at 30 September 2023, and the GBF limit was R90 million. The RCF balance has subsequently reduced to R373 million as at 31 March 2024 (GBF limit R90 million), and further reduced to R153 million at 31 July 2025 (GBF limit R80 million).

The main terms of the standstill agreement provide for a monthly repayment of R20 million and a further repayment of R10 million at the end of each calendar quarter. The facilities are expected to be fully settled around June 2026.

Keaton Mining CSA

A draft agreement was received on 21 August 2025 from Eskom for supplying coal from Keaton Mining to Eskom. Management expects to conclude the agreement before the end of quarter three of FY26.

Keaton Mining fleet of mining machinery

In November 2023, the fleet of mining machinery was surrendered to the lenders to auction. In April 2024, the fleet of mining machinery was auctioned and the proceeds were used to settle the asset-based finance loan with Nedbank and Standard Bank. Excess proceeds of R49 million were realised from the auction and used to reduce the RCF loan.

Directors’ reportcontinued

Directors’ interests in contracts

During the year ended 31 March 2024, the CEO had the following indirect interests in contracts with the company:

- Loan agreements to the company and its subsidiaries;
- A sponsorship agreement with Venda Football Academy; and
- A lease agreement with the Simeka Investment Group.

The directors are not aware of any other material events arising since the end of the reporting period, which could significantly affect the financial position of the group at 31 March 2024 or the results of its operations or cash flows for the year then ended.

Compliance with financial reporting standards

The Salungano consolidated and separate annual financial statements comply with IFRS Accounting Standards, the Companies Act and the JSE Listings Requirements.

Borrowing limitations

In terms of the Memorandum of Incorporation of the company, the directors may exercise all the powers of the company to borrow money as they consider appropriate.

Share capital

Authorised

The authorised share capital of the company is 1 000 000 000. There were no changes in the authorised share capital in the current year.

Issued

The movement of shares during the year was as follows (excluding treasury shares):

	‘000
Reported as at 1 April 2023	410 408
Reported as at 31 March 2024*	410 408

* Shares issued exclude treasury shares of 9 508 000.

Major shareholders of the company

Shareholder	2024		2023	
	Number of shares	% of shares*	Number of shares	% of shares
Beneficial holder				
K2016316243 (SA) Proprietary Limited	213 628 122	50.87	213 628 122	50.87
RBFT Investments Proprietary Limited	86 626 187	20.63	86 626 187	20.63
MR Ramaite	23 193 301	5.52	23 193 301	5.52
Wescoal Share Incentive Trust	9 508 000	2.26	9 508 000	2.26
Rutendo Holdings Proprietary Limited	8 640 396	2.06	8 640 396	2.06
M Marageni	7 016 988	1.67	7 016 988	1.67

* The percentage of the share calculation based on the total shares issued of 419 916 854 (FY23: 419 916 854) including treasury shares of 9 508 000. There has been no movement in the issued share capital in the current year.

Share buy-back

There were no shares repurchased during the financial year.

Corporate governance

The directors acknowledge the importance of sound corporate governance and the guidelines set out in the King IV™ Report on Corporate Governance for South Africa, 2016™ ("King IV™") and recommended practices. The directors therefore embrace King IV™ as far as it is appropriate, having regard for the size and nature of the various companies making up the group. The board will continue to take such measures as are practicable to comply with King IV™. The King IV™ application register is available on the company’s website at www.salunganogroup.com.

Listing

The abbreviated name under which the company is listed on the Main Board of the JSE is Salungano and the short code is “SLG”.

Directors

Name	Designation	Changes	Nationality
Dr HLM Mathe	Chairman, independent non-executive	Appointed 1 August 2013	South African
MR Ramaite	Chief executive officer	Appointed 20 November 2007	South African
A Mabizela	Independent non-executive	Resigned 30 June 2023	South African
M Malunga	Independent non-executive	Appointed 1 March 2024	South African
SN Maninjwa	Independent non-executive	Appointed 1 March 2024	South African
KM Maroga	Chief financial officer	Appointed 1 July 2013	South African
C Maswanganyi	Non-executive	Appointed 17 November 2017	South African
N Mnexasana	Independent non-executive	Resigned 30 June 2023	South African
ET Mzimela	Non-executive	Appointed 17 November 2017	South African
N Siyotula	Lead independent non-executive	Resigned 30 June 2023	South African
TT Tshikovhi	Independent non-executive	Appointed 1 March 2024	South African
T Tshithavhane	Executive	Appointed 4 April 2016	South African

Company secretary

Yolande Lemmer and Computershare Investor Services Proprietary Limited are the company secretary and transfer secretary, respectively.

Resolutions

The following resolutions were approved by shareholders at an annual general meeting (“AGM”) of the company held on 17 September 2024:

Ordinary resolutions

- Retirement and re-election of Dr Humphrey Mathe;
- Retirement and re-election of Mr Cecil Maswanganyi;
- Retirement and re-election of Mr Eric Thuthukani Mzimela;
- Confirmation of the appointment of Mr Themba Tshikovhi;
- Confirmation of the appointment of Ms Sinesipho Maninjwa;
- Confirmation of the appointment of Mr Mzimkulu (Mzi) Malunga;
- Appointment of Mr Themba Tshikovhi as a member and the chairman of the Audit, Risk and Compliance Committee;
- Appointment of Ms Sinesipho Maninjwa as a member of the Audit, Risk and Compliance Committee;
- Appointment of Mr Mzimkulu (Mzi) Malunga as a member of the Audit, Risk and Compliance Committee;
- Appointment of SNG Grant Thornton for the financial year ended 31 March 2024 or until the next AGM (whichever was the later) and the appointment of Jeanine Nellmapius-Clarke as the designated auditor for this period;
- Advisory endorsement of the remuneration policy;
- Advisory endorsement of the remuneration implementation report;
- Directors’ authority to issue ordinary shares, and to sell treasury shares for cash; and
- The authorisation for any director of the company to implement the resolutions taken at the AGM.

Directors’ reportcontinued

Special resolutions

- Approval for the company to grant inter-group financial assistance in terms of sections 44 and 45 of the Companies Act; and
- Approval of the general authority to repurchase or acquire the company’s own shares.

Independent auditor

The company has appointed SNG Grant Thornton for the financial year ended 31 March 2024 and the appointment of Jeanine Nellmapius-Clarke as the designated auditor for this period.

Directors’ interests in the issued share capital (number of shares)

Director	2024		2023	
	Direct shareholding ‘000	Indirect shareholding ‘000	Direct shareholding ‘000	Indirect shareholding ‘000
MR Ramaite	23 193	194 990	23 193	194 990
ET Mzimela	–	33 112	–	33 112
T Tshithavhane	852	–	852	–
KM Maroga	2 451	–	2 451	–
Total	26 496	228 102	26 496	228 102

There have been no changes to the directors’ shareholdings between Salungano’s financial year-end (31 March 2024) and the date of approval of the annual financial statements.

Directors’ remuneration

Executive

	Re-muneration R’000	Medical and provident fund contributions R’000	Annual bonus R’000	Fringe and other benefits R’000	Cash total R’000	IFRS 2 share option expense R’000
2024						
MR Ramaite	4 000	–	333	–	4 333	–
KM Maroga	2 800	400	767	–	3 967	–
T Tshithavhane	4 032	327	363	–	4 722	–
	10 832	727	1 463	–	13 022	–
2023						
MR Ramaite	4 100	–	–	–	4 100	–
JM Speckman*	1 799	165	–	–	1 964	–
T Tshithavhane	3 578	567	–	49	4 194	5
KM Maroga**	1 414	216	1 500	–	3 130	–
	10 891	948	1 500	49	13 388	5

* Resigned as CFO and executive director on 6 April 2022, effective 30 September 2022.

** Appointed as CFO with effect from 1 October 2022. Resigned on 19 February 2025.

Non-executive

	Group	
	2024 R’000	2023 R’000
HLM Mathe	978	707
KM Maroga*	–	236
C Maswanganyi	518	405
ET Mzimela	532	431
N Siyotula**	143	942
N Mnxasana**	103	605
A Mabizela**	103	586
TT Tshikovhi***	47	–
M Malunga***	47	–
SN Maninjwa***	47	–
	2 518	3 912

* KM Maroga was appointed as CFO with effect from 1 October 2022. Resigned on 19 February 2025.

** Resigned on 30 June 2023.

*** Appointed on 1 March 2024.

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT

The Audit, Risk and Compliance Committee is a statutory committee in terms of chapter 3 of the Companies Act and a sub-committee of the board. The committee functions within documented terms of reference and complies with relevant legislation, regulations and governance codes. This report of the Audit, Risk and Compliance Committee is presented to shareholders in compliance with the requirements of the Companies Act and King IV™. The committee's terms of reference were approved by the board and are reviewed annually.

Role of the committee

- The committee has an independent role, and it is accountable to both the board and to shareholders;
- The committee's responsibilities include the statutory duties prescribed by the Companies Act, activities recommended by King IV™ and additional responsibilities assigned by the board;
- The effectiveness of the committee has been assessed via a self-evaluation process in May 2025;
- Reports of the meetings of the committee, except those recording private meetings with the external and internal auditors, are circulated to all directors and supplemented by an update from the committee chairman at each board meeting. Matters requiring action or improvement are identified and appropriate recommendations are made to the board; and
- The chairman of the committee attends all statutory shareholder meetings to answer any questions and report on the committee's activities.

Composition of the committee

The three independent non-executive directors comprising the committee resigned on 30 June 2023. The new committee (appointed 1 March 2024) comprises Mr Tshikovi (*chairman*), Ms Maninjwa and Mr Mzimkulu Malunga. These members are considered suitably skilled with relevant financial experience.

In the absence of a compliant Audit, Risk and Compliance Committee comprising only independent non-executive directors during the period 1 July 2023 to 28 February 2024, the board took over the functions of the committee until the committee was fully constituted with effect from 1 March 2024.

Meeting attendance

- Meeting attendance by committee members for FY24 is set out in the annual report;
- The group CEO and CFO, representatives of the external and internal auditors, the compliance and risk officer and, from time to time, other assurance and professional advisors, ordinarily attend committee meetings as invitees; and
- The committee periodically meets separately with the external and internal auditors, without members of executive management being present.

Responsibilities

The responsibilities of the committee include:

- reviewing the group's financial statements and reporting of interim and final results;
- considering, for recommendation to the board, the consolidated budget for the ensuing financial year;
- overseeing integrated reporting;
- overseeing the internal risk and compliance function;
- overseeing the group's internal auditor function and approving the appointment of the internal auditor;
- approving the annual internal audit plan;
- ensuring the effective implementation of risk, ethics and compliance management plans and overseeing adherence to these plans, encompassing the development and maintenance of comprehensive enterprise risk management as well as compliance management frameworks and policies;
- ensuring that risk disclosure remains comprehensive and relevant;
- ensuring the implementation of the combined assurance model in accordance with the regularly reviewed combined assurance plan;
- reviewing the expertise, resources and experience of the company's finance function;
- considering the expertise and experience of the CFO;
- reviewing and approving the appropriateness of accounting policies and the effectiveness of internal financial controls;
- considering the sustainability disclosure in the integrated annual report to ensure that it does not conflict with financial information;
- considering external assurance of material sustainability issues;
- monitoring of the relationship between external and internal assurance providers and the group;
- nominating the external auditor for appointment by the shareholders, and approving the terms of engagement and fees of the external auditor;
- monitoring and reporting on the independence of the external auditor;
- approving non-audit services in terms of a regularly reviewed non-audit services policy;
- reviewing the quality and effectiveness of the external audit process;
- monitoring of information technology ("IT") governance and controls, supported by appropriate systems and policies; and
- ensuring the existence of adequate and updated mechanisms to safeguard the company's information.

Statutory and other duties discharged

In execution of its duties during the year under review, the committee:

- nominated and recommended to shareholders the appointment of SNG Grant Thornton as independent external auditor, with Jeanine Nellmapius-Clarke as designated audit partner for FY24;
- approved the external audit fees and terms of engagement;
- maintained a non-audit services policy to determine the nature and extent of any non-audit services provided to the group by SNG Grant Thornton;

- submitted matters to the board concerning the company's accounting policies, financial controls, records and reporting, as appropriate;
- monitored compliance with accounting standards and legal requirements and ensured that all regulatory compliance matters had been considered in the preparation of the financial statements;
- reviewed the external auditor's report to the committee and management's responses thereto and made appropriate recommendations to the board in this regard;
- reviewed and commented on the annual financial statements, interim reports and announcements, and recommended these to the board for approval;
- reviewed and recommended to the board for adoption the consolidated budget for the ensuing financial year;
- considered the going concern status of the company and group on the basis of review of the annual financial statements and the information available to the committee and recommended such going concern status for adoption by the board;
- satisfied itself as to the independence of the external auditor, and considered the information detailed in paragraph 3.84(g) of the JSE Listings Requirements provided by the audit firm and individual auditors in the assessment of the suitability of appointment of the auditor;
- appointed SkX Protivity as the internal auditor;
- satisfied itself that the internal auditor was independent and the internal audit function effective;
- reviewed the cooperation between the internal and external audit functions to ensure that duplication of work was minimised and concluded that the combined assurance arrangement was effective;
- examined and reviewed the progress made by the internal auditor against the approved internal audit plan;
- considered internal audit findings and corrective actions taken in response to such findings;
- concluded that the design and implementation of internal controls, including financial controls and risk management, were effective; and
- determined the nature and extent of non-audit services provided by the external auditor and preapproved all non-audit services in accordance with the non-audit services policy.

Key areas of focus during the reporting period

In addition to the execution of the aforesaid duties, the committee paid special attention to the following during FY24:

- Review of the external audit findings from the external auditor;
- Review of key audit findings from the internal auditor;
- Risk and compliance management;
- The company's going concern status, through diligent reviews of financial and operational performance;
- Environmental rehabilitation provisions and progress against the implementation of a comprehensive mine rehabilitation plan;

- Considering risks relating to health and safety performance at the mines, registers of fraud, theft and incidents of dishonesty, crime statistics and asset protection measures, as well as compliance and material litigation matters;
- Close monitoring of all key risks and mitigation measures;
- Review of tax status updates;
- Review of accounting matters for consideration;
- Review of voluntary operational update announcements and trading statements;
- Monitoring of IT governance and controls; and
- Review of internal committee evaluation results, which results were positive.

Financial statements, accounting practices and going concern assessment

- The committee has reviewed the consolidated annual financial statements of the group for the year ended 31 March 2024. The committee is of the opinion that in all material respects, these comply with the relevant provisions of the Companies Act and IFRS Accounting Standards and fairly present the consolidated and separate financial position of the company at that date, and the results of its operations and cash flows for that year;
- The committee is satisfied with the fact that the consolidated annual financial statements were prepared on a going-concern basis following the conclusion of an analysis of quantitative and qualitative measures to this effect; and
- The committee recommended for approval the consolidated and separate annual financial statements on 7 October 2025.

CFO and finance function

The board is satisfied that the acting CFO, Jannie Muller, possesses the qualifications, professional background, and financial acumen required for the role. This conclusion is based on both his credentials and the board's evaluation of his expertise and experience. However, the audit committee has raised concerns about the adequacy of resources within the finance function. While the expertise and experience of senior management are acknowledged, the committee is not satisfied that the current level of resourcing is sufficient to support the group's finance function effectively. Management is actively addressing this matter.

Focus areas for 2025

- Monitoring of risks and opportunities against the group's strategy;
- Monitoring of the company's financial performance; and
- Publication of the FY25 financial statements and integrated annual report.

On behalf of the committee

Themba Tshikovi
Chairman of the Audit, Risk and Compliance Committee
7 October 2025

INDEPENDENT AUDITOR’S REPORT

To the shareholders of Salungano Group Limited

Report on the audit of the consolidated and separate financial statements

Disclaimer of opinion

We were engaged to audit the consolidated and separate financial statements of Salungano Group Limited (the Group and Company) set out on pages 52 to 142, which comprise the consolidated and separate statements of financial position as at 31 March 2024; and the consolidated and separate statements of profit or loss and other comprehensive income; the consolidated and separate statements of changes in equity; and the consolidated and separate statements of cash flows for the year then ended; and notes to the consolidated and separate financial statements, including material accounting policy information.

We do not express an opinion on the consolidated and separate financial statements of Salungano Group Limited. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated and separate financial statements.

Basis for disclaimer of opinion

As indicated in Note 39 the company’s total liabilities exceeded total assets by R333 million which indicates that the company is insolvent.

We note that the company’s current liabilities exceeded current assets by R451 million (2023: R238 million). The company incurred losses of R762 million (2023: R149 million). The group’s current liabilities exceeded current assets by R633 million (2023: R766 million). The group incurred losses of R143 million (2023: R692 million).

The directors have not provided us with sufficient appropriate evidence to support the consolidated and separate financial statements being prepared using the going concern basis of accounting, particularly in respect of the following:

- Note 39 states that the solvency position has already been rectified in subsequent periods and that adequate cash has been generated and is forecast to be generated by Neosho Trading 86 (Pty) Ltd to meet the group and company’s cash requirements, however this is uncertain.
- As indicated in note 23 to the consolidated financial statements, the environmental rehabilitation obligation of R2.5 billion (undiscounted) will be funded from operational cash flows generated by the Group’s normal operations. Given the current financial performance of the Group, it is uncertain how the Group will fund these rehabilitation liabilities.

- As indicated in note 40.1, Keaton Mining (Pty) Ltd was placed under provisional liquidation and subsequently entered into a s155 creditor compromise. Given the current financial performance and position of Keaton Mining (Pty) Ltd at reporting date, it is unclear how realisation of the assets and the settlement of obligations to affected creditors will occur.

Consequently, as a result of the multiple material uncertainties relating to the matters set out above, we were unable to confirm or dispel whether it is appropriate to prepare the consolidated and separate financial statements using the going concern basis of accounting. In addition, sufficient appropriate evidence was not obtained in respect of the following related to the consolidated financial statements:

- Included in the deferred tax asset recognised of R271.3 million, as disclosed in note 13, is a deferred tax asset relating to Keaton Mining (Pty) Ltd of R243,1 million. Given that Keaton Mining (Pty) Ltd is under provisional liquidation as at 31 March 2024, uncertainty exists in respect of the recoverability of these deferred tax assets..

Other matter – Comparative information

The consolidated and separate financial statements of the Group and Company as at and for the year ended 31 March 2023, were audited by another auditor who expressed a disclaimer of opinion on those consolidated and separate financial statements on 21 May 2024.

Other matter – Reports required by the Companies Act of South Africa

The consolidated and separate financial statements include the Directors’ Report, the Audit, Risk and Compliance Committee Report and Declaration by The Company Secretary as required by the Companies Act of South Africa. The directors are responsible for this other information.

We have read the other information and, in doing so, considered whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. However, due to the disclaimer of opinion in terms of the International Standard on Auditing (ISA) 705 (Revised), Modifications to the Opinion in the Independent Auditor’s Report, we are unable to report further on this other information.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the consolidated and separate financial statements

Our responsibility is to conduct an audit of the Group and Company’s consolidated and separate financial statements in accordance with International Standards on Auditing and to issue an auditor’s report.

However, because of the matter described in the Basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated and separate financial statements.

We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors’ Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards).

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that SNG Grant Thornton Inc. has been the auditor of Salungano Group Limited for one year.

In accordance with our responsibilities in terms of Sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified reportable irregularities in terms of the Auditing Profession Act. We have reported such matters to the Independent Regulatory Board for Auditors. The matters pertaining to the reportable irregularities have been described in note 46 to the consolidated and separate financial statements.

SNG Grant Thornton

Registered Auditor

Director

Jeanine Nellmapius-Clarke

7 October 2025

152 14th Road
Noordwyk
Midrand
1687

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2024

		Group		Company	
	Notes	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Asset					
Non-current assets					
Property, plant and equipment	3	2 581 142	2 856 228	407	654
Right-of-use assets	4	5 118	7 803	3 826	5 101
Investment property	5	709	709	–	–
Goodwill	6	–	49 660	–	–
Intangible assets	7	2 985	11 101	587	1 627
Investments in subsidiaries	8	–	–	5 342	590 400
Loan to investee	11	15 957	–	15 957	–
Restricted investments	10	125 016	148 335	–	–
Loans to group companies	11	–	–	3 370	–
Financial asset at amortised cost	12	74 931	71 323	74 931	71 323
Deferred tax asset	13	271 393	316 941	16 539	2 570
Prepaid royalty	14	–	1 187	–	–
Restricted cash	17	9 207	8 979	–	–
		3 086 459	3 472 265	120 959	671 674
Current assets					
Inventories	15	127 674	426 420	–	–
Loans to group companies	11	–	–	293 829	602 717
Trade and other receivables	16	678 322	639 445	72 761	43 623
Prepaid royalty	14	–	1 253	–	–
Current tax receivable		3 656	6 321	3 049	3 618
Cash and cash equivalents	17	46 177	24 078	–	147
		855 829	1 097 516	369 639	650 106
Total assets		3 942 288	4 569 781	490 598	1 321 780
Equity and liabilities					
Equity attributable to equity holders of the parent					
Share capital	18	630 372	630 372	630 372	630 372
Reserves		–	(12 322)	–	14 662
Retained loss		(625 982)	(497 472)	(963 480)	(216 336)
		4 390	120 579	(333 108)	428 699
Liabilities					
Non-current liabilities					
Financial liabilities at amortised cost	20	–	50 164	–	–
Lease liabilities	22	3 267	6 586	3 267	4 512
Deferred tax liability	13	122 319	138 364	–	–
Loan from shareholder	21	8 068	–	–	–
Environmental rehabilitation provision	23	2 109 019	2 390 813	–	–
Loan from investee	25	206 622	–	–	–
		2 449 295	2 585 925	3 267	4 512
Current liabilities					
Trade and other payables	24	858 087	1 151 179	62 065	28 976
Interest-bearing borrowings	19	373 447	481 547	373 447	481 547
Financial liabilities at amortised cost	20	87 844	73 888	–	–
Loan from group companies	25	–	–	278 788	284 438
Lease liabilities	22	3 237	3 138	1 245	1 028
Current tax payable		59 879	51 021	–	121
Loan from shareholder	21	66 874	17 118	65 424	7 100
Bank overdraft	17	39 234	85 385	39 470	85 359
		1 488 603	1 863 277	820 439	888 569
Total liabilities		3 937 898	4 449 202	823 706	893 081
Total equity and liabilities		3 942 288	4 569 781	490 598	1 321 780

STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2024

		Group		Company	
	Notes	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Revenue	26	3 653 498	4 789 450	162 306	106 486
Revenue – Interest income	26	–	–	17 677	67 937
Cost of sales	27	(3 361 085)	(4 660 509)	–	–
Gross profit		292 413	128 941	179 982	174 423
Operating income	28	63 058	30 068	5	11
Movement in credit loss allowances	28	(282 250)	(46 124)	(181 289)	(41 818)
Impairment of property, plant and equipment	3	(37 358)	(450 941)	–	–
Impairment of goodwill	6	(49 660)	–	–	–
Impairment of investments in subsidiaries	8	–	–	(585 058)	(103 162)
Operating expenses		(294 745)	(406 538)	(117 103)	(118 572)
Operating (loss)/profit	28	(308 540)	(744 594)	(703 462)	(89 117)
Interest income	29	4 704	23 737	–	–
Finance costs	30	(287 661)	(210 336)	(73 038)	(59 491)
Gain on loss of control*	45	402 950	–	–	–
Profit/(loss) before taxation		(188 547)	(931 193)	(776 500)	(148 609)
Taxation	31	45 374	239 558	14 691	(195)
Profit/(loss) for the period		(143 173)	(691 635)	(761 809)	(148 804)
Total comprehensive income/(loss) for the period		(143 173)	(691 635)	(761 809)	(148 804)
Earnings per share					
Basic earnings/(loss) per share (cents)		(34.89)	(168.52)	–	–
Diluted earnings/(loss) per share (cents)		(34.89)	(168.52)	–	–

* The group lost control of Wescoal Mining and its subsidiary on 24 August 2023 – see note 45. Subsequently, Wescoal Mining and its subsidiary were deconsolidated.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2024

	Group					
	Share capital R'000	Share-based payment reserve R'000	Other non-distributable reserve R'000	Total reserves R'000	Retained loss R'000	Total equity R'000
Balance as at 1 April 2022	630 372	14 850	(27 113)	(12 263)	194 163	812 272
Loss for the period	-	-	-	-	(691 635)	(691 635)
Employees' share option scheme	-	(59)	-	(59)	-	(59)
Balance as at 1 April 2023	630 372	14 791	(27 113)	(12 322)	(497 472)	120 578
Income for the period	-	-	-	-	(143 173)	(143 173)
Employees' share option scheme	-	(14 791)	-	(14 791)	14 662	(129)
Other reserves	-	-	27 113	27 113	-	27 113
Balance as at 31 March 2024	630 372	-	-	-	(625 983)	4 389
Notes	18	38	38			

	Company					
	Share capital R'000	Share-based payment reserve R'000	Other non-distributable reserve R'000	Total reserves R'000	Retained loss R'000	Total equity R'000
Balance as at 1 April 2022	630 372	14 649	-	14 649	(67 526)	577 495
Loss for the period	-	-	-	-	(148 804)	(148 804)
Employees' share option scheme	-	13	-	13		13
Balance as at 1 April 2023	630 372	14 662	-	14 662	(216 330)	428 704
Loss for the period	-	-	-	-	(761 809)	(761 809)
Employee share option scheme	-	(14 662)	-	(14 662)	14 662	-
Balance as at 31 March 2024	630 372	-	-	-	(963 477)	(333 105)
Notes	18	38				

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2024

	Notes	Group		Company	
		2024 R'000	2023 R'000	2024 R'000	2023 R'000
Cash flows from operating activities					
Cash generated from operations	32	485 402	260 200	6 823	(15 055)
Interest income received	29	784	13 265	13 985	59 388
Finance costs paid	30	(90 034)	(53 675)	(74 366)	(48 976)
Tax (paid)/received	33	(97 934)	(25 752)	1 169	(3 724)
Net cash from operating activities		298 217	194 038	(52 389)	(8 367)
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(82 216)	(146 025)	-	(513)
Proceeds on sale of property, plant and equipment	3	6	-	5	3
Purchase of other intangible assets	7	-	(1 791)	-	(1 123)
Lease payments received	22	-	12 824	-	-
Loans advanced to investee	11	-	-	(76 072)	-
Loans repaid by investee	11	-	-	68 921	-
Purchase of rehabilitation investment	10	(52 169)	(29 347)	-	-
Loans repaid by group companies	11	-	-	260 424	219 110
Loans advanced to group companies	11	-	-	(100 023)	-
Deconsolidation**	45	(7 713)	-	-	-
Net cash from investing activities		(142 092)	(164 339)	153 255	217 478
Cash flows from financing activities					
Proceeds of loans from group companies	25	-	-	1 625	23 842
Repayments of loans from group companies	25	-	-	(7 275)	(18 766)
Proceeds of loan from shareholder	21	50 000	17 118	50 000	7 100
Repayment of long-term borrowings	19	(98 447)	(207 842)	(98 447)	(207 842)
Repayment of financial liabilities	20	(36 208)	-	-	-
Repayment of lease liabilities	22	(3 219)	(68 993)	(1 028)	(837)
Rehabilitation liability	23	-	(3 726)	-	-
Net cash from financing activities		(87 874)	(263 444)	(55 125)	(196 502)
Total cash and cash equivalents movement for the period		68 251	(233 744)	45 742	12 609
Cash and cash equivalents at the beginning of the period*		(61 308)	172 436	(85 212)	(97 821)
Total cash and cash equivalents at the end of the period*	17	6 943	(61 308)	(39 470)	(85 212)

* Cash and cash equivalents include bank overdrafts that are payable on demand and form an integral part of the group and company's cash management; refer to note 17.

** The group lost control of Wescoal Mining and its subsidiary on 24 August 2023 – see note 45. Subsequently, Wescoal Mining and its subsidiary were deconsolidated.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 March 2024

1. Presentation of the consolidated and separate financial statements

The consolidated and separate financial statements have been prepared in accordance with IFRS Accounting Standards, the Companies Act and the JSE Listings Requirements.

The material accounting policies adopted and the methods of computation used in the preparation of these consolidated financial statements are set out below and are consistent in all material respects with those applied during the previous year, except for those changes which have occurred as a result of the adoption of new and amended IFRS Accounting Standards, interpretations and circulars as disclosed in note 2.

The consolidated financial statements have been prepared on the historical cost basis and incorporate the material accounting policies set out below. They are presented in South African rands and are prepared in accordance with the recognition and measurement criteria of IFRS Accounting Standards and the interpretations adopted by the International Accounting Standards Board – IFRS Accounting Standards in issue and effective for the entity as at 31 March 2024, and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

1.1 Consolidation Basis of consolidation

The consolidated financial statements incorporate the consolidated financial statements of the group and all entities, including structured entities, which are controlled by the group.

Control exists when the group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the consolidated and separate financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and

the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The following judgements have been made by the group in the process of applying the group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Mine rehabilitation provision

In applying IAS 37: *Provisions, Contingent Liabilities and Contingent Assets*, estimates of determining the present obligation of environmental and decommissioning provisions are required.

Environmental and decommissioning costs are provided for where either a legal or constructive obligation is recognised as a result of the group's coal mining operation (refer to note 23).

Significant estimates and assumptions are made in determining the present obligation of environmental and decommissioning provisions, which include the actual estimate, the inflation rate, the discount rate used and the expected date of closure of mining activities. Estimates are based on costs that are annually determined by independent environmental specialists in accordance with environmental regulations, and adjusted as appropriate for new circumstances.

Numerous factors will affect the ultimate liability payable. These factors include estimates of the extent and cost of rehabilitation activities, technological changes and environmental legislation changes.

Unwinding of the discount due to the passage of time is included as an element of finance costs in arriving at profit or loss for the year in terms of IAS 37: *Provisions, Contingent Liabilities and Contingent Assets* (refer to note 23).

The present value of environmental disturbances created, as well as changes to estimates, are capitalised to mining assets against an increase in the rehabilitation provision.

Change in estimates for operations in the development and production phase is capitalised and amortised over the life of mine ("LOM") on the units-of-production method. Rehabilitation costs incurred, that are included in the estimates, are charged to the provision. The cost of ongoing current rehabilitation is charged against income as incurred.

1. Presentation of the consolidated financial statements continued

1.2 Significant judgements and sources of estimation uncertainty continued

Taxation

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

The group recognises the net future tax benefit related to the deferred income tax asset to the extent that it is probable that the deductible temporary difference will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to the expectation of future taxable income.

Impairment of property, plant and equipment

The determination of the useful economic life and residual values of property, plant and equipment is subject to management estimation. The company regularly reviews all of its depreciation rates and residual values to take account of any changes in circumstances, and any changes that could affect prospective depreciation charges and asset carrying values. The estimation of reserves impacts the depreciation of property, plant and equipment and the recoverable amount of property, plant and equipment. Furthermore, the valuation and timing of the rehabilitation expenditure are affected by the reserve estimates. Factors impacting the determination of proved and probable reserves are:

- the grade of mineral reserves may vary significantly from time to time (i.e. differences between actual grades mined and resource model grades);
- differences between actual commodity prices and commodity price assumptions;
- unforeseen operational issues at mine sites;
- changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates; and
- expectations regarding future profitability would impact the decision to continue mining and consequently the continued classification as proved and probable mineral reserves, (refer to note 3).

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and

selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward- looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets. (Refer to notes 11, 16 and 36.)

Impairment of goodwill

The recoverable amounts of cash-generating units ("CGU") have been determined based on the value in use valuation method. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact the group's estimations and may then require a material adjustment to the carrying value of goodwill. (Refer to note 6).

Going-concern

In assessing the group and company's going-concern assumption, the directors make significant judgements and estimates when preparing cash flow forecasts. Refer to note 39.

2. New standards and interpretations

2.1 Standards issued but not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 April 2024 or later periods:

Classification of liabilities as current or non-current (amendment to IAS 1)

Under the existing IAS 1 requirement, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional was removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

The amendment is not expected to have a material impact.

Effective date: Periods beginning on or after 1 January 2024.

Lease liability in a sale and leaseback (amendment to IFRS 16)

The narrow scope amendment requires a seller-lessee in a sale and leaseback transaction to determine "lease payments" or "revised lease payments" in a way that the seller-lessee would not recognise any amount of a gain or loss relating to the right of use retained by the seller-lessee. The new requirement does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

The amendment is not expected to have a material impact.

Effective date: Periods beginning on or after 1 January 2024.

Notes to the consolidated and separate financial statements continued

2. New standards and interpretations continued

2.1 Standards issued but not yet effective continued

Disclosure of supplier finance arrangements (IAS 7 and IFRS 7 amendments)

The amendments apply to supplier finance arrangements that have all the following characteristics. A finance provider pays amounts a company (the buyer) owes it suppliers. A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid. The company is provided with extended payment terms or supplier benefit from early payment terms, compared with the related invoice payment due date.

The amendments do not apply to arrangements for financing receivables or inventory.

The amendments introduce two new disclosure objectives – one in IAS 7 and another in IFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users to assess the effects of these arrangements on the company’s liabilities and cash flows, and the company’s exposure to liquidity risk.

The amendments are not expected to have a material impact.

Effective date: Periods beginning on or after 1 January 2024.

IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2: Climate-related Disclosures

The International Sustainability Standards Board’s first two standards are designed to be applied together, supporting entities to identify and report information that investors need for informed decision-making. The general standard provides a framework for entities to report on all relevant sustainability-related topics across the areas of governance, strategy, risk management, metrics and targets. Adopting the standards is dependent on local jurisdictions which will result in a different date of first application for different countries across the world. Voluntary adoption is permitted. The effective date for application in South Africa has not been announced, therefore the group will not apply IFRS S1 and IFRS S2 from 1 January 2024.

Management is in the process of assessing the potential future impact of IFRS S1 and IFRS S2.

Effective date: Periods beginning on or after 1 January 2024.

IFRS 18: Presentation and Disclosure in Financial Statements

IFRS 18 aims to improve how information is communicated in financial statements by requiring an entity to classify income and expenses into categories based on their nature, disclosing management performance measures and introducing principles on aggregation and disaggregation including disclosure requirements for specified expenses by nature.

The amendments are expected to have a material impact.

Effective date: Periods beginning on or after 1 January 2027.

Classification and measurement requirements for financial instruments (amendments to IFRS 7 and IFRS 9)

The amendments aim to enhance the clarity and consistency of accounting practices related to financial instruments with key changes including the recognition and derecognition of financial assets and liabilities, as well as the assessment of contractual cash flow characteristics.

Management is still assessing the impact.

Effective date: Periods beginning on or after 1 January 2026.

IFRS 19: Subsidiaries without Public Accountability: Disclosures

IFRS 19 aims to simplify financial reporting by reducing the disclosure burden to eligible subsidiaries while ensuring that financial statements remain useful to users. A subsidiary must meet this specific criteria:

- It must not have public accountability; and
- It must have a parent company that prepares consolidated financial statements available for public use which are compliant with IFRS Accounting Standards.

- Management is still assessing the impact.

- Effective date: 1 January 2027.

2.2 Standards issued and effective in the current year

Disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2)

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.

The amendments had a significant impact on the consolidated and separate financial statements for the year ended 31 March 2024. Only material accounting policies have been disclosed.

Definition of accounting estimate (amendments to IAS 8)

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The requirements for recognising the effect of change in accounting prospectively remain unchanged.

The amendments did not have a material impact on the consolidated and separate financial statements for the year ended 31 March 2024.

2. New standards and interpretations continued

2.2 Standards issued and effective in the current year continued

Deferred tax related to assets and liabilities arising from a single transaction (amendment to IAS 12: Income Taxes)

The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendment is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items.

The amendment did not have a material impact on the consolidated and separate financial statements for the year ended 31 March 2024.

3. Property, plant and equipment

Accounting policies relating to property, plant and equipment

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably. Property, plant and equipment are initially measured at cost. Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently, which meet the recognition criteria, to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred. The initial estimate of the costs of dismantling and removing an item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the group is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories. Property, plant and equipment are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses. Land is not depreciated.

Property, plant and equipment are depreciated on the basis as disclosed as follows. Assets under construction include costs incurred with regard to mine development and are transferred to relevant asset classes when ready for their intended use. Mine development assets are initially measured at cost, and are subsequently assessed for impairment on an annual basis.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight-line	50 years
Furniture and fixtures	Straight-line	3 years
Motor vehicles	Straight-line	5 years
Office equipment	Straight-line	3 years
IT equipment	Straight-line	3 years
Mining properties, plant and machinery	Units-of-production	Estimated run of mine (“ROM”) tonnes

Mining properties and mineral assets are depreciated on a unit-of-production basis, in proportion to the ROM tonnes of coal extracted in the year compared with total proven and probable reserves at the beginning of the year, once in the form intended for use by management. The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. The depreciation charge for each year is recognised in profit or loss.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount. An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds and the carrying amount of the item, is included in profit or loss when the item is derecognised.

Notes to the consolidated and separate financial statements continued

3. Property, plant and equipment continued

Accounting policies relating to property, plant and equipment continued

Deferred stripping

Stripping assets are depreciated over a fixed period of 12 months, being the average estimated time to mine through a production cut. The group identifies a production cut as a component, being the smallest measurable portion of the coal reserve within a pit, which the stripping activity provides direct access to and is usually identified through survey results. The depreciation period of 12 months is reviewed annually to ensure a relevant depreciation period is applied.

Depreciation of stripping assets will be accelerated where the strip ratio for the month is lower than the average LOM to ensure stripping costs are appropriately allocated to units of coal production and to prevent deferral of stripping costs beyond the period of subsequently realising the benefit of the deferred stripping cost.

Impairment testing

The recoverable amounts of CGUs and individual assets have been determined based on the value in use valuation method. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact the group’s estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets (refer to notes 3, 6 and 7).

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Management performed an assessment of whether or not there were any impairment indicators using the guidance in IAS 36: *Impairment of Assets* and notes the following impairment indicators:

- The group’s net asset value exceeded the group’s market capitalisation;

- Expiry of sales agreements with Eskom for two operations; and
- Poor financial performance at Elandspruit and Vanggatfontein.

Estimates are made in determining the recoverable amount of assets which includes the estimation of cash flows and discount rates used. In estimating cash flows, the group bases cash flow projections on reasonable and supportable assumptions that represent the group’s best estimate of the range of economic conditions that will exist over the remaining useful life of the assets.

In estimating the recoverable amount, the group uses the discounted cash flow method. The discounted cash flows are estimated based on the following factors:

- LOM remaining reserves in the CGU;
- Estimated sales based on current contracts and expected new contracts;
- Estimated costs based on current contracts;
- Capital expenditure expected to be incurred to sustain the CGU; and
- Growth rate based on current economic factors.

The discount rates used are post-tax risk-adjusted weighted average cost of capital (“WACC”).

There has been a decrease in sales volumes compared to the prior year due to production issues at Vanggatfontein and Elandspruit which were placed on business rescue mid-year.

The group utilises its WACC rate in assessing the impairment models. In determining the WACC rate for discounting, management utilised the year-end rates (which were natively higher due to the current market conditions). The rate was then further risk-adjusted to compensate for the uncertainties in the market.

Property, plant and equipment – composition and analysis

	Group					
	2024			2023		
	Cost R’000	Accumulated depreciation and impairment R’000	Carrying amount R’000	Cost R’000	Accumulated depreciation and impairment R’000	Carrying amount R’000
Land	115 113	–	115 113	115 113	–	115 113
Buildings	7 652	(5 287)	2 365	8 124	(5 207)	2 917
Furniture and fixtures	2 307	(1 860)	447	4 249	(3 491)	758
Motor vehicles	20 119	(17 443)	2 676	27 298	(23 292)	4 006
IT equipment	3 656	(3 050)	606	15 280	(14 222)	1 058
Mining properties, plant and machinery	3 657 601	(1 197 666)	2 459 935	4 926 699	(2 196 360)	2 730 339
Assets under construction	–	–	–	2 037	–	2 037
	3 806 448	(1 225 305)	2 581 142	5 098 800	(2 242 572)	2 856 228

3. Property, plant and equipment continued

Property, plant and equipment – composition and analysis continued

Cash reconciliation of property, plant and equipment additions continued

	Company					
	2024			2023		
	Cost R’000	Accumulated depreciation and impairment R’000	Carrying amount R’000	Cost R’000	Accumulated depreciation and impairment R’000	Carrying amount R’000
Furniture and fixtures	463	(341)	122	1 283	(1 119)	165
IT equipment	2 059	(1 775)	284	1 325	(835)	490
	2 522	(2 116)	407	2 608	(1 954)	654

In the current year an adjustment of R1,738 million (2023: R1,715 million) and R42 million was processed against the cost and accumulated depreciation of mining properties, plant and machinery to derecognise fully amortised deferred stripping assets and mine development assets respectively.

Reconciliation of the carrying value of property, plant and equipment

	Group						
	Opening balance R’000	Additions* R’000	Disposals R’000	Impairment R’000	Deconsolidation** R’000	Depreciation R’000	Total R’000
2024							
Land	115 114	–	–	–	–	–	115 114
Buildings	2 917	–	–	–	(454)	(97)	2 366
Furniture and fixtures	757	–	–	–	(177)	(134)	446
Motor vehicles	4 006	703	–	–	(725)	(1 309)	2 675
IT equipment	1 058	111	–	–	(88)	(475)	606
Mining properties, plant and machinery	2 730 339	315 669	(269)	(37 358)	(310 897)	(237 549)	2 459 936
Assets under construction	2 037	–	–	–	(2 037)	–	–
	2 856 228	316 482	(269)	(37 358)	(314 378)	(239 563)	2 581 142

* Included in additions are additions in relation to the rehabilitation assets of R234 million (FY23: R860 million); refer to note 23.

** The group lost control of Wescoal Mining and its subsidiary on 24 August 2023 – see note 45. Subsequently, Wescoal Mining and its subsidiary were deconsolidated.

Notes to the consolidated and separate financial statements continued

3. **Property, plant and equipment** continued
Reconciliation of the carrying value of property, plant and equipment continued

	Group						
	Opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Impairment R'000	Depre- ciation R'000	Total R'000
2023							
Land	115 114	–	–	–	–	–	115 114
Buildings	3 071	–	–	–	–	(154)	2 917
Furniture and fixtures	840	54	–	–	–	(137)	757
Motor vehicles	3 077	2 607	–	–	–	(1 679)	4 006
IT equipment	558	977	(18)	–	–	(459)	1 058
Mining properties, plant and machinery	2 379 149	1 161 615	–	167	(450 941)	(359 650)	2 730 339
Assets under construction	2 204	–	–	(167)	–	–	2 037
	2 504 013	1 165 253	(18)	–	(450 941)	(362 079)	2 856 228
	Company						
	Opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Impair- ment R'000	Depre- ciation R'000	Total R'000
2024							
Furniture and fixtures	165	–	–	–	–	(42)	122
IT equipment	490	–	–	–	–	(205)	284
	654	–	–	–	–	(248)	407
2023							
Furniture and fixtures	207	–	–	–	–	(43)	164
IT equipment	154	513	(1)	–	–	(176)	490
	361	513	(1)	–	–	(219)	654

3. **Property, plant and equipment** continued
Reconciliation of the carrying value of property, plant and equipment continued
Cash reconciliation of property, plant and equipment additions

	Group					
	2024			2023		
	Cash additions R'000	Non-cash additions R'000	Total additions R'000	Cash additions R'000	Non-cash additions R'000	Total additions R'000
Land	–	–	–	–	–	–
Buildings	–	–	–	–	–	–
Furniture and fixtures	–	–	–	51	–	51
Motor vehicles	703	–	703	2 607	–	2 607
IT equipment	111	–	111	979	–	979
Mining properties, plant and machinery	81 402	234 267	315 669	142 388	1 019 229	1 161 616
Assets under construction	–	–	–	–	–	–
	82 216	234 267	316 482	146 024	1 019 229	1 165 253
	Company					
	2024			2023		
	Cash additions R'000	Non-cash additions R'000	Total additions R'000	Cash additions R'000	Non-cash additions R'000	Total additions R'000
Furniture and fixtures	–	–	–	–	–	–
IT equipment	–	–	–	513	–	513
	–	–	–	513	–	513

Property, plant and equipment encumbered as security

Under the refinanced debt package disclosed in long-term borrowings (note 19), the group has encumbered all of its property, plant and equipment as noted above.

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011, is available for inspection at the registered office of the company.

Impairment and reversal of impairment

The group's mining operations have evolved significantly over the years, with significant amounts being capitalised to mining properties. Mining plans are continuously revised and updated in order to confirm that sufficient headroom exists. Management performs impairment assessments for all the operations within the group.

The impairment assessment model is based on a value-in-use model which is based on the future estimated cash flows discounted to net present value at a real post-tax discount rate over the projected LOM or expected project length.

The group assessed the energy crisis in South Africa and increasing prices and interest rates, and except for the Trading business, has found the impact to be minimal on the other operations. The reason for this is that the mining operations supply most of their coal to Eskom in terms of a long-term supply contract, mainly at Moabsvelden, and are still pursuing a contract for Vanggatfontein and Elandspruit. Furthermore, the group has not identified any significant long-term downturn in sales volumes to other customers nor has it made any material concessions or payment arrangements with customers.

Notes to the consolidated and separate financial statements continued

3. Property, plant and equipment continued

Reconciliation of the carrying value of property, plant and equipment continued

Impairment inputs

The impairment model has been refined in line with IAS 36 of the accounting standards in determining the various inputs for the WACC calculation, which resulted in a more conservative WACC being used in the models, compared to an industry-aligned calculation. This also impacted the Trading impairment calculation significantly. Overall, the impairment tests were conducted more conservatively and were interrogated more stringently and rigorously by management in order to compensate for the uncertainty in the market and other Eskom contracts.

The impairment model has been evaluated per operation with a few of the key inputs remaining unchanged for the different operations.

General

- Post-tax discount rate: 18.48% (2023: 15.7%) (refer to note 19 for more details);
- Average inflation: 4.5% (2023: 5.4%) – all operations;
- Sales growth: Trading – 2.5%; and
- Mining operations: The annual revenue forecast is based on the available saleable product driven by the LOM plan, with minimal stock holding.

Assumptions and inputs to the impairment test

	Khanyisa*	Elandspruit*	Vanggatfontein	Moabsvelden
2024				
LoM/project length	–	–	5 years	6 years
Capitalised cost	–	–	R362 million	R186 million
Nominal revenue growth assumptions	–	–	Index-driven 4.1%	Index-driven 4.2%
Nominal discount rate applied	–	–	18.48%	18.48%
Production volumes (tonnes)	–	–	16 348 891	20 216 934
Sensitivity	–	–	1% increase in cost is unlikely to result in an impairment	1% increase in cost is unlikely to result in an impairment

* An impairment assessment was not performed at the end of the year for these CGUs due to Wescoal Mining being deconsolidated at the end of September 2023.

	Khanyisa	Elandspruit	Vanggatfontein	Moabsvelden
2023				
LoM/project length	1 year	2 years	6 years	9 years
Capitalised cost	Rnil	R48 million	R403 million	R471 million
Nominal revenue growth assumptions	Index-driven 5.4%	Index-driven 5.4%	Index-driven 5.4%	Index-driven 5.4%
Nominal discount rate applied	15.7%	15.7%	15.7%	15.7%
Production volumes (tonnes)	680 000	6 387 887	16 552 006	23 190 427

3. Property, plant and equipment continued

Reconciliation of the carrying value of property, plant and equipment continued

Assumptions and inputs to the impairment test continued

Through the performance of the impairment testing, the group determined that the impairment tests were more sensitive to changes in cost of production than to changes in the discount rate. Key inputs are production output and costs, expected selling price, discount rate and the LoM.

Changes of 1% in the discount rate to each of the models had an immaterial impact on the recoverable amount of the assets. An increase in production costs by 1% would not result in an impairment for Moabsvelden and Vanggatfontein.

There was no impairment recognised on the CGUs for the year ended March 2024 as the recoverable amount was above the carrying amount.

Other information

The mining property addition included capitalised deferred stripping costs for Elandspruit and Vanggatfontein Mines of R63.6 million (2023: R67.7 million for Khanyisa, Elandspruit, Vanggatfontein and Moabsvelden) and the change in the rehabilitation estimate of R234 million (2023: R860 million).

The group has performed an impairment assessment on its outside LOM projects, Sterkfontein and Braakfontein. An impairment of R37 million was recognised for the Sterkfontein project and no impairment was recognised for the Braakfontein project as the recoverable amount is more than the current carrying amount. The recoverable amounts were determined to be:

	Recoverable amount 2024 R'000	Recoverable amount 2023 R'000
Sterkfontein	–	200 046
Braakfontein	216 901	144 144

4. Right-of-use assets

Accounting policies relating to right-of-use assets

Right-of-use assets are presented as a separate line item on the statements of financial position. The group recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost. The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Right-of-use assets – composition and analysis

The group's cost of debt has been used as the incremental borrowing rate in calculating the right-of-use asset as well as the lease liabilities (refer to note 22).

The right-of-use assets were assessed for impairment as part of the CGUs noted under property, plant and equipment by including the cash flows associated with the right-of-use assets in the impairment assessment of these CGUs. The group determined that there were no material risks of impairment having taken the impact of the current economic events into account.

Notes to the consolidated and separate financial statements continued

4. Right-of-use assets continued

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line item:

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Buildings	5 118	7 803	3 826	5 101

Additions to/disposals of right-of-use assets

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Buildings	–	6 376	–	6 376

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 28).

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Buildings	(2 685)	(2 865)	(1 275)	(1 275)

Reconciliation of right-of-use assets

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
At the beginning of the year	7 803	4 291	5 101	–
Additions	–	6 376	–	6 376
Depreciation	(2 685)	(2 865)	(1 275)	(1 275)
Closing balance	5 118	7 803	3 826	5 101

5. Investment property

Accounting policies relating to investment property

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

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains and losses from the disposal of investment property are determined as the difference between net proceeds and the carrying amount of the asset and are recognised in profit or loss.

Investment property is carried at cost less depreciation less any accumulated impairment losses. Depreciation is provided to write down the cost, less estimated residual value by equal instalments over the useful life of the property, which is as follows:

Item	Useful life
Property – land	Indefinite

Investment property – composition and analysis

	Group					
	2024			2023		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Investment property	709	–	709	709	–	709

Reconciliation of investment property

	Group			
	2024		2023	
	Opening balance R'000	Total R'000	Opening balance R'000	Total R'000
Investment property	709	709	709	709

The amounts recognised in profit or loss in relation to the investment property are disclosed in note 46.

The fair value was assessed at Level 2 on the fair value hierarchy and was based on comparable transactions in the area (market approach). The fair value of the property was valued at R980 000 (2023: R907 000). The valuation technique used in determining the fair value is the market approach. This approach is based on the principle of comparability and substitution. The valuation was done by an independent valuer, Mr Ockert Brits (registration number 6876/7), of ZSS Projects which is not connected to the company and has recent experience in the location and category of the investment property being valued.

The investment property is held by the group's property investment company, Blanford 006 Proprietary Limited. The latest valuation performed has been deemed to be reflective of market conditions that existed at March 2024. The fair value was assessed in November 2024.

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011, is available for inspection at the registered office of the company.

Investment property is encumbered as stated in note 3.

Notes to the consolidated and separate financial statements continued

6. Goodwill

Accounting policies relating to goodwill

Goodwill arises on the acquisition of a business and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. Goodwill is tested for impairment annually or when an impairment indicator has been identified and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

Impairment

The group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also tests goodwill acquired in a business combination for impairment annually. The impairment indicator in the current year was the lower-than-planned sales volumes as a result of a loss of some customers.

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

The recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the CGUs.

An impairment loss is recognised for CGUs if the recoverable amount of the unit is less than the carrying amount of the units.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation, or amortisation other than goodwill, is recognised immediately in profit or loss. An impairment can only be reversed up to the maximum amount that would have been recognised if the original impairment had not occurred.

Goodwill – composition and analysis

	Group					
	2024			2023		
	Cost R'000	Accumulated impairment R'000	Carrying value R'000	Cost R'000	Accumulated impairment R'000	Carrying value R'000
Goodwill	73 637	(73 637)	–	73 637	(23 977)	49 660

Reconciliation of goodwill

	Group					
	2024			2023		
	Opening balance R'000	Impairment loss R'000	Total R'000	Opening balance R'000	Impairment loss R'000	Total R'000
Goodwill	49 660	(49 660)	–	49 660	–	49 660

6. Goodwill continued

Impairment of goodwill and intangible assets

Goodwill is allocated to the group's Trading segment. The group's enlarged coal trading business operates as one fully integrated segment.

The goodwill relates to the purchase of Salungano Trading a subsidiary of the group. Refer to note 8. The group performed its annual impairment test of its goodwill as at 31 March 2024. The recoverable amount of the CGU to which the goodwill has been allocated is R5.6 million (2023: R107.1 million) and an impairment loss of R49.7 million was recognised for FY24 (FY23: R0) on the Salungano Trading CGU, due to poor performance.

The recoverable amount of the relevant CGU is determined using cash flow projections from financial budgets approved by the directors, covering a two-year period (2023: two-year period), and applying an expected inflation and growth rate thereafter. This recoverable amount was determined using the value in use method. The post-tax discount rate applied to cash flow projections is 18.48% (FY23: 17.86%).

The group utilises its WACC rate in assessing the impairment models. In determining the WACC rate for discounting, management utilised the year-end rates.

The calculation of value in use is most sensitive to the following assumptions:

- Gross margin;
- Discount rates; and
- Growth rate used to extrapolate cash flows beyond the budget period.

Gross margins

Gross margins are from the financial budget approved by the board of directors during March 2024, which correlates with recent historical rates. Gross margins are expected to range between 22% and 22.5% (FY23: 9% and 10%). The increase in the margin is due to the sales mix in the current year.

Discount rates

Discount rates represent the current market assessment of the risks specific to the industry, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Trading segment. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data for comparable companies.

Growth rate estimates

Rates are based on management's estimates and expectations of future operations. Annual continued growth assumed at 2.5% each year (FY23: 2.5%) was used for the next five years, with no growth thereafter.

A sensitivity analysis was not performed in the current year due to an impairment loss being recognised.

Notes to the consolidated and separate financial statements continued

7. Intangible assets

Accounting policies relating to intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets (underground access rights and computer software) are carried at cost less any accumulated amortisation and any impairment losses. There are no intangible assets that have an indefinite useful life. The amortisation is provided on a straight-line basis over the useful life of the asset.

The amortisation period and the amortisation method for intangible assets are reviewed annually. Amortisation is provided to write down the intangible assets to their residual values as follows:

Item	Amortisation method	Useful life
Underground access right	Life of mine	Life of mine
Computer software	Straight-line	3-5 years

Intangible assets – composition and analysis

	Group						
	2024				2023		
	Cost R'000	Accumulated depreciation R'000	Decon- solidation* R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Underground access rights	7 513	(3 557)	(3 956)	–	7 513	(2 922)	4 591
Computer software	26 068	(22 575)	(508)	2 985	26 068	(19 558)	6 510
Total	33 582	(26 132)	(4 464)	2 985	33 581	(22 480)	11 101
Computer software	10 952	(10 365)	–	587	10 952	(9 325)	1 627

Reconciliation of the carrying value of intangible assets

	Group					
	Opening balance R'000	Additions R'000	Transfers R'000	Decon- solidation* R'000	Amortisation R'000	Total R'000
2024						
Underground access rights	4 591	–	–	(3 956)	(634)	–
Computer software	6 510	–	–	(508)	(3 017)	2 985
Total	11 101	–	–	(4 464)	(3 651)	2 985
2023						
Underground access rights	4 974	–	–	–	(383)	4 591
Computer software	8 274	1 792	–	–	(3 555)	6 510
Total	13 248	1 792	–	–	(3 938)	11 101

* The group lost control of Wescoal Mining and its subsidiary on 24 August 2023 – see note 45. Subsequently, Wescoal Mining and its subsidiary were deconsolidated.

7. Intangible assets continued

Reconciliation of the carrying value of intangible assets continued

	Company				
	Opening balance R'000	Additions R'000	Transfers R'000	Amortisation R'000	Total R'000
2024					
Computer software	1 627	–	–	(1 040)	587
2023					
Computer software	1 942	1 123	–	(1 438)	1 627

Underground access right

During the 2017 financial year, the group entered into an agreement with Nungu Trading 341 Proprietary Limited obtaining the use of their access point for underground mining and the stockpile area to access the underground section of the Elandspruit Mine and dispose of the coal from the area. The group may use the stockpile yard for the temporary storage of coal mined, prior to it being transported to the processing plant.

The use of the access point and stockpile area is granted on a non-exclusive basis and will be used by both Nungu and the group for an estimated period of four years, whereafter the agreement will be renewed on a month-to-month basis. The right of use has been recognised as an intangible asset.

8. Investments in subsidiaries

Accounting policies relating to investments in subsidiaries

In the group's separate financial statements, interests in subsidiaries are carried at cost less any accumulated impairment. The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of acquisition; plus
- any costs directly attributable to the purchase of the subsidiary.

Notes to the consolidated and separate financial statements continued

8. Investments in subsidiaries continued

Investments in subsidiaries – composition and analysis

The following table lists the entities which are controlled directly by the company, and the carrying amounts of the investments in the company's separate financial statements. All subsidiaries of the group have a 31 March year-end.

Name of company	Held by	Company			
		Holding		Carrying amount	
		2024 %	2023 %	2024 R'000	2023 R'000
Keaton Energy Holdings Limited*	Salungano Group Limited	100	100	–	523 630
Salungano Trading Proprietary Limited*	Salungano Group Limited	100	100	5 342	66 770
Wescoal Mining Proprietary Limited**	Salungano Group Limited	100	100	–	–
Salungano Resources Proprietary Limited	Salungano Group Limited	100	100	–	–
Salungano Power Proprietary Limited	Salungano Group Limited	100	100	–	–
Blanford 006 Proprietary Limited	Salungano Trading Proprietary Limited	100	100	–	–
Proudafrique Trading 147 Proprietary Limited	Wescoal Mining Proprietary Limited	100	100	–	–
Keaton Mining Proprietary Limited	Keaton Energy Holdings Limited	100	100	–	–
Leeuw Braakfontein Colliery Proprietary Limited	Keaton Energy Holdings Limited	100	100	–	–
Labohlano Trading 46 Proprietary Limited	Keaton Energy Holdings Limited	100	100	–	–
Wescoal Share Incentive Trust	Salungano Group Limited	100	100	–	–
Neosho Trading 86 Proprietary Limited	Keaton Energy Holdings Limited	100	100	–	–
Salungano Agriculture Proprietary Limited	Salungano Group Limited	100	100	–	–
				5 342	590 400

* The group assesses at the end of the reporting period whether there is any indication that the assets may be impaired (refer to notes property, plant and equipment and goodwill). For the financial year ended 31 March 2024, the Salungano Trading business was impaired as the recoverable amount determined in accordance with IAS 36: Impairment of Assets was less than the CGU's carrying amount. The recoverable amount for the CGU was also used to determine the impairment of the investment in the separate financial statements of Salungano Group Limited. This resulted in an impairment of R61 million in the investment in Salungano Trading Proprietary Limited. An impairment on the investment in Keaton Energy Holdings Limited of R523 million was also recognised after the Keaton Mining and Labohlano investments held by Keaton Energy Holdings Limited were impaired resulting in a negative net asset value. (Refer to note 3 for the recoverable amounts of Keaton Mining and Labohlano).

** The group lost control over the investment in Wescoal Mining due to the company going into business rescue. Wescoal Mining has subsequently been reclassified as an equity-accounted investment held at profit through loss (refer to notes 9 and 45).

8. Investments in subsidiaries continued

Subsidiaries pledged as security

The company's shares in all its subsidiaries have been pledged to Nedbank CIB as security for loans granted.

Other information

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

The country of incorporation and place of business of the parent company and all subsidiaries is South Africa.

The proportion of ordinary shares held by the group equals that of the proportion of ordinary shares held by each individual parent company.

Name of company	Nature of business	Segment 2024	Segment 2023
Salungano Group Limited	Investments in coal mining operations	Investment holding	Investment holding
Keaton Energy Holdings Limited	Investments in coal mining operations	Investment holding	Investment holding
Wescoal Mining Proprietary Limited	Mining, processing and selling of coal	Mining	Mining
Keaton Mining Proprietary Limited	Coal mining and exploration	Mining	Mining
Neosho Trading 86 Proprietary Limited	Mining, exploration of coal	Mining	Mining
Proudafrique Trading 147 Proprietary Limited	Investment in coal exploration activities. The entity is currently dormant.	Property rental and other	Property rental and other
Salungano Power Proprietary Limited	Coal exploration. The entity is currently dormant.	Property rental and other	Property rental and other
Salungano Resources Proprietary Limited	Sourcing and processing of low-grade coal. The entity is currently dormant.	Property rental and other	Property rental and other
Blanford 006 Proprietary Limited	Property investment	Property rental and other	Property rental and other
Leeuw Braakfontein Colliery Proprietary Limited	Coal mining and exploration. The entity is currently dormant.	Property rental and other	Property rental and other
Labohlano Trading 46 Proprietary Limited	Coal mining and exploration. The entity is currently dormant.	Property rental and other	Property rental and other
Wescoal Share Incentive Trust	Share incentive trust	Property rental and other	Property rental and other
Salungano Trading Proprietary Limited	Buying, transport and selling of coal	Trading	Trading
Salungano Agriculture Proprietary Limited	Agriculture	Property rental and other	Property rental and other

Notes to the consolidated and separate financial statements continued

9. Financial assets held at fair value through profit or loss

Accounting policies relating to financial assets held at fair value through profit or loss

Classification

The group classifies financial assets based on the business model for managing the asset and the asset’s contractual cash flow characteristics. Financial assets that are an equity instrument in another entity and not held for collecting principal or interest or trading of the instruments are classified as financial assets held at fair value through profit or loss.

Recognition and measurement

Financial assets are measured at fair value at initial recognition. Any transaction costs incurred are expensed in the profit or loss statement.

The financial asset is subsequently measured at fair value. Gains and losses are recognised through profit or loss in the statement of profit or loss and other comprehensive income.

Financial asset held at fair value through profit or loss – composition and analysis

Name of company	Group			
	Ownership interest		Carrying amount	
	2024 %	2023 %	2024 R’000	2023 R’000
Wescoal Mining	100	–	–	–
Impairment of financial assets				
	100	–	–	–

On 25 August 2023, the group resolved to voluntarily commence business rescue proceedings for its wholly owned subsidiary Wescoal Mining (“the subsidiary”), pursuant to section 129(1) of the Companies Act.

Having considered the requirements of IFRS 10 and the relevant provisions in the Companies Act, the directors have determined that the group no longer meets the requirements for “control” over Wescoal Mining and its subsidiary (Proudafrique Trading 147 Proprietary Limited). In terms of section 140 of the Companies Act, the three business rescue practitioners took full management and control over the company since their official appointment at the Companies and Intellectual Property Commission (“CIPC”) on 28 August 2023 (“date of loss of control”). As a result, the investment is accounted for in accordance with IFRS 9 and designated to fair value through profit or loss. The decision to deconsolidate Wescoal Mining and its subsidiary constitutes a significant judgement. (Refer to note 45 for more details.)

10. Restricted investments

Accounting policies relating to investments in debt instruments at fair value through profit or loss

Classification

Certain investments in debt instruments are classified mandatorily at fair value through profit or loss. These investments do not qualify for classification at amortised cost or at fair value through other comprehensive income because either the contractual terms of these instruments do not give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding, or the objectives of the group business model are met by selling the instruments rather than holding them to collect the contractual cash flows.

The group holds investments in a rehabilitation investment portfolio through a number of investment instruments which are mandatorily at fair value through profit or loss.

Recognition and measurement

Investments in debt instruments at fair value through profit or loss are recognised when the group becomes a party to the contractual provisions of the instrument. The investments are measured at amortised cost at initial recognition, and subsequently, at fair value. Transaction costs are recognised in profit or loss. Fair value gains or losses are included in other operating gains/(losses) (refer to note 28). Details of the valuation policies and processes are presented in note 36. Interest received on debt instruments at fair value through profit or loss is included in interest income (refer to note 29).

Investments in debt instruments at fair value through profit or loss – composition and analysis

The following investments are segregated assets held within the entity which holds the mining right and incurs the liability for rehabilitation. These investments are restricted in use for the rehabilitation expenses which have been provided for under the rehabilitation provision (refer to note 23).

Investments held by the group which are measured at fair value, excluding derivatives, are as follows:

	Group		Company	
	2024 R’000	2023 R’000	2024 R’000	2023 R’000
Debt investments at fair value through profit or loss	125 016	148 335	–	–
Mandatorily at fair value through profit or loss				
Rehabilitation investment portfolio	125 016	148 335	–	–
	125 016	148 335	–	–
Split between non-current and current portions				
Non-current assets	125 016	148 335	–	–

Notes to the consolidated and separate financial statements continued

10. Restricted investments continued

Investments in debt instruments at fair value through profit or loss – composition and analysis continued

	Group				
	Opening balance R'000	Decon- solidation* R'000	Additional investments R'000	Investment return R'000	Total R'000
2024					
Rehabilitation investment portfolio	148 335	(85 691)	52 169	10 202	125 016
2023					
Rehabilitation investment portfolio	115 983	–	28 682	3 670	148 335

* The group lost control of Wescoal Mining and its subsidiary on 24 August 2023 – see note 45. Subsequently, Wescoal Mining and its subsidiary were deconsolidated.

The unit trust investments are fair value through profit or loss financial assets and are recognised at fair value.

The investment portfolio is made up of the following investment instruments:

	2024 R'000	2024 Credit rating	2023 R'000	2023 Credit rating
Old Mutual Investment Services	–	BB	74 637	BB
Centriq Investments	125 016	AA	73 699	AA
	125 016		148 335	

Fair value information

Fair value is determined based on the published unit prices of the underlying unit trust and therefore falls within Level 2 of the IFRS Accounting Standards fair value hierarchy.

Investments pledged as security

These investments are pledged as security for environmental rehabilitation guarantees issued on behalf of the group.

Risk exposure

The group's exposure to equity securities price risk arises from the underlying unit trust investments held by the group.

11. Loans to group companies

Accounting policies relating to loans to group companies

Classification

Loans to group companies are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans to group companies are recognised when the group becomes a party to the contractual provisions of the loans. Loans to group companies are measured, at initial recognition, at fair value plus transaction costs. Loans to group companies and other receivables are subsequently measured at amortised cost.

11. Loans to group companies continued

Credit risk

Details of credit risk related to loans to group companies are included in the specific notes and financial instruments and risk management (refer to note 36).

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Loans to investee – composition and analysis				
Loans that are interest-free and have no fixed terms of repayment*				
Wescoal Mining Proprietary Limited**	15 957	–	15 957	–
	15 957	–	15 957	–
Loans to group companies – composition and analysis				
Loans that are interest-free and have no fixed terms of repayment*				
Keaton Energy Holdings Limited	–	–	288 523	420 399
Blanford 006 Proprietary Limited	–	–	2 939	2 958
Salungano Agriculture Proprietary Limited	–	–	338	–
Wescoal Mining Proprietary Limited**	–	–	–	173 156
Proudafrique Trading 147 Proprietary Limited	–	–	–	4
Neosho Trading 86 Proprietary Limited	–	–	4 968	5 000
Keaton Mining Proprietary Limited	–	–	431	1 200
	–	–	297 199	602 717

* The directors consider that the short-term loans to the group companies' carrying values approximate their fair values.

** The group lost control of Wescoal Mining and its subsidiary on 24 August 2023 – see note 45. Subsequently, Wescoal Mining and its subsidiary were deconsolidated.

Inter-group loans were interest-bearing until September 2023 when the inter-group loans agreement was amended to interest-free and has no fixed terms of repayment. Interest was being on-charged to the subsidiaries which utilise the group's funding facilities. The following entities were charged interest in FY24:

- Wescoal Mining Proprietary Limited; and
- Keaton Energy Holdings Proprietary Limited.

The debt package facilities bear interest as follows: the term loan and the RCF bear interest of between JIBAR plus 3.25%, depending on contractual obligations and criteria. The GBF bears interest at the prime lending rate. Refer to note 20 for more details regarding the long-term borrowings. An additional 2% default rate has been charged since June 2023 when the group defaulted on the repayment terms.

Loan modification

During the year, the company modified its contractual terms of intercompany loans by going from interest bearing to interest free and no fixed terms of repayment as disclosed above. The company assessed this modification in accordance with IFRS 9 and determined that they were not substantial, as the difference in the present value of the modified cash flows discounted at a market related interest rate and the present value of the original cash flows were below the 10% threshold. These were therefore accounted for as non-substantial modifications.

Notes to the consolidated and separate financial statements continued**11. Loans to group companies** continued**Classification of loans to investee**

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Non-current assets*	15 957	–	15 957	–
Current assets	–	–	–	–
	15 957	–	15 957	–

* The Wescoal Mining loan has been classified as non-current as repayment is expected after 12 months. This is in line with the adopted business rescue plan.

Classification

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Non-current assets*	–	–	3 370	–
Current assets	–	–	293 829	602 717
	–	–	297 199	602 717

* The Keaton Mining and Blandford loans have been classified as non-current due to that repayment is expected after 12 months.

11. Loans to group companies continued**Loans to group companies and investee pledged as security**

Inter-company loans receivable have been pledged as security for financing provided by Nedbank CIB (refer to note 19).

Loans to investee – reconciliation

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Loans advanced to investee				
Opening balance	–	–	–	–
Transfer of loan	181 323	–	173 160	–
Loans advanced	–	–	76 072	–
Loans repayment	–	–	(68 921)	–
Interest accrued	7 316	–	7 316	–
Interest received	(7 316)	–	(7 316)	–
Interest accrued	–	–	–	–
Expected credit loss	(165 366)	–	(164 354)	–
Closing balance	15 957	–	15 957	–

Loans to group companies – reconciliation

Loans advanced to group companies				
Opening balance	–	–	602 717	978 365
Reclassification of loan	181 323	–	–	–
Loans advanced	–	–	100 023	183 615
Loans repayment	–	–	(260 424)	(402 725)
Transfer to loan from group companies	–	–	–	(163 752)
Other non-cash adjustments	–	–	–	47 402
Interest accrued	–	–	6 562	–
Interest received	–	–	(6 562)	–
Transfer to loan to investee**	(181 323)	–	(173 160)	–
Expected credit loss movement*	–	–	28 043	(40 187)
Closing balance	–	–	297 199	602 717

* This is a non-cash movement.

** The group lost control of Wescoal Mining and its subsidiary on 24 August 2023 – see note 45. Subsequently, Wescoal Mining and its subsidiary were deconsolidated.

Notes to the consolidated and separate financial statements continued

11. Loans to group companies continued

Loans to group companies and investee – cash reconciliation

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Split between cash and non-cash movement				
Non-cash movement	(165 366)	–	(136 311)	(156 537)
Cash movement – Loans to investee	–	–	7 151	–
Cash movement – Loans to group companies	–	–	(160 401)	(219 110)

Exposure to credit risk

The risk that loans to subsidiaries will not perform as expected, which results in a loss to the company, can be defined as a credit risk. Loans to subsidiaries are provided by the company as a general borrowing to fund ongoing operating activities. The maximum exposure to credit risk at the reporting date is the carrying amount of the loans to subsidiaries.

Credit rating framework

Management determines the credit rating grades of all loans at the end of the reporting period in order to determine the credit loss allowance. As external ratings are not available, these ratings are determined internally. As part of management’s evaluation of a group company’s ability to repay its debt, a variety of factors are considered. Profitability, debt-to-equity ratio, cash flow liquidity, solvency test and the ability to generate future cash flows are a few of the factors considered.

The table below sets out the internal credit rating framework which is applied by management for loans for which external ratings are not available. The abbreviation “ECL” is used to depict “expected credit losses.”

Internal credit grade	Description	Basis for recognising ECL
Performing	Low risk of default and in sufficient highly liquid assets to repay loan on demand.	12-month ECL
Doubtful	Either 30 days past due or in sufficient highly liquid assets to repay loan on demand, however, the carrying value of the assets is greater than the loan amount taking debt seniority into account.	Lifetime ECL (not credit impaired)
In default	Either 90 days past due or the carrying value of the assets is less than the loan amount, however, lifetime operational cash flow exceeds or has the potential to exceed the loan amount. These instruments have evidence that the instrument should be impaired.	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. These instruments are fully (or partially) derecognised to the extent that there is no longer a reasonable expectation of recovery.	Amount is written off

11. Loans to group companies continued

Inter-company loans

The company applies a combined approach to determine the ECL for inter-company loans. ECL is calculated using historical data as well as forward-looking data (12 months and 36 months, respectively). The calculation of the ECL is based on each individual company within the group’s historical default rates observed over the expected life of the loans, adjusted for factors that are specific to the company, general economic conditions and an assessment of both the current and forecast direction of the market at the reporting date, including time value for money, where appropriate. This is done to allow for risk differentiation going forward and allows for a risk management strategy to be implemented.

Management assesses the liquidity and solvency of the borrowers before granting loans. IFRS 9 requires the company to measure the ECL at a probability-weighted amount that reflects the possibility that a credit loss occurs, and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is low. In assessing the ECL on related party receivable balances, the following was considered:

- Whether the borrower has sufficient available highly liquid current assets (which can be accessed immediately after taking into consideration any more senior external or internal loans which would need to be repaid before) to repay the outstanding inter-company loan. If the loan was demanded at the reporting date, the probability of default (“PD”) would approximate 0%; and
- If it was determined that the borrower does not have sufficient highly liquid current assets to repay the loan if demanded at the reporting date, the company would allow these borrowers to continue trading or to sell assets over a period of time. A cash flow forecast was reviewed to give an indication of the expected trading cash flows and/or liquid assets expected to be generated during the recovery period.

The ECL was limited to the effect of discounting the amount due on the loan over the period until cash is realised and repaid to the company. IFRS 9 requires the discount rate to be the loan’s effective interest rate. As these loans are expected to be recovered over the next 12 months, the effect of discounting over the recovery period had an immaterial effect.

Loan to investees and subsidiaries

The following table sets out the carrying amount, loss allowance and measurement basis of ECL for group loans receivable by credit rating grade:

Loans to investee	Internal credit rating	Basis of loss allowance	Group		
			Gross carrying amount R'000	Loss allowance R'000	Amortised cost R'000
2024					
Wescoal Mining Proprietary Limited	Doubtful	Lifetime ECL (credit impaired)	180 307	(164 350)	15 957
Proudafrique Trading 147 Proprietary Limited	Write-off	Amount is written off	1 016	(1 016)	–
			181 323	(165 366)	15 957

Notes to the consolidated and separate financial statements continued

11. Loans to group companies continued
Loan to investees and subsidiaries continued

			Company		
			Gross carrying amount R'000	Loss allowance R'000	Amortised cost R'000
Loans to subsidiaries	Internal credit rating	Basis of loss allowance			
2024					
Blanford 006 Proprietary Limited	Performing	Lifetime ECL (not credit impaired)	2 958	(19)	2 939
Neosho Trading 86 Proprietary Limited	Performing	12-month ECL	5 000	(32)	4 968
Salungano Agriculture Proprietary Limited	Performing	12-month ECL	338	-	338
Keaton Mining Proprietary Limited	Doubtful	Lifetime ECL (credit impaired)	1 200	(769)	431
Keaton Energy Holdings Limited (non-interest-bearing)	Performing	12-month ECL	299 847	(11 324)	288 523
			309 343	(12 144)	297 199
2023					
Blanford 006 Proprietary Limited	Performing	Lifetime ECL (not credit impaired)	2 958	-	2 958
Wescoal Mining Proprietary Limited	Performing	Lifetime ECL (not credit impaired)	173 156	-	173 156
Proudafrique Trading 147 Proprietary Limited	Write-off	Amount is written off	1 016	(1 012)	4
Neosho Trading 86 Proprietary Limited	Performing	12-month ECL	5 000	-	5 000
Keaton Mining Proprietary Limited	Performing	12-month ECL	1 200	-	1 200
Keaton Energy Holdings Limited (non-interest-bearing)	Performing	12-month ECL	460 585	(40 187)	420 399
			643 915	(41 199)	602 717

12. Financial assets at amortised cost
Accounting policies relating to other receivables
Classification

Other receivables are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding, and the group’s business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Other receivables are recognised when the group becomes a party to the contractual provisions of the loan. Other receivables are measured, at initial recognition, at fair value plus transaction costs. Loans to group companies and other receivables are subsequently measured at amortised cost.

Credit risk

Details of credit risk related to other receivables are included in the specific notes and the financial instruments and risk management (refer to note 36).

Financial assets at amortised cost – composition and analysis

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Class B preference shares	74 931	71 323	74 931	71 323
Split between non-current and current portions				
Non-current assets	74 931	71 323	74 931	71 323
Current assets	–	–	–	–
	74 931	71 323	74 931	71 323
Class B preference shares	35 500	35 500	35 500	35 500
Accumulated preference share dividend	40 860	37 169	40 860	37 169
Expected credit loss	(1 430)	(1 346)	(1 430)	(1 346)
	74 931	71 323	74 931	71 323

Exposure to credit risk

Other receivables inherently expose the group to credit risk, being the risk that the group will incur financial losses if counterparties fail to make payments as they fall due.

The ECL was determined by management based on the PD at 8.39% (FY23: 7.41%) and the loss given default (“LGD”) at 24% (FY23: 25%).

Notes to the consolidated and separate financial statements continued

12. Financial assets at amortised cost continued

Credit loss allowances

The following table sets out the carrying amount, loss allowance and measurement basis of ECL for other receivables by credit rating grade:

			Group		
	Internal credit rating	Basis of loss allowance	Gross carrying amount R'000	Loss allowance R'000	Amortised cost R'000
2024					
Class B preference shares	Doubtful	Lifetime ECL (not credit impaired)	76 360	(1 430)	74 931
			76 360	(1 430)	74 931
2023					
Class B preference shares	Doubtful	Lifetime ECL (not credit impaired)	72 669	(1 346)	71 323
			72 669	(1 346)	71 323

			Company		
	Internal credit rating	Basis of loss allowance	Gross carrying amount R'000	Loss allowance R'000	Amortised cost R'000
2024					
Class B preference shares	Doubtful	Lifetime ECL (not credit impaired)	76 360	(1 430)	74 931
			76 360	(1 430)	74 931
2023					
Class B preference shares	Doubtful	Lifetime ECL (not credit impaired)	72 669	(1 346)	71 323
			72 669	(1 346)	71 323

On 20 December 2016, the company provided funding to K2016316243 (South Africa) Proprietary Limited ("Broad-based Black Economic Empowerment ("B-BBEE")) ("structured entity") by subscribing for class B cumulative redeemable preference shares in the B-BBEE structured entity for an aggregate amount of R35.5 million.

A cumulative preferential cash dividend shall be payable in respect of each class B preference share and shall be deemed to accrue daily at the prime interest rate plus 1% and be compounded monthly. If the preference share dividends are not paid, they are capitalised to the preference share investment and an additional 2% default rate is accrued.

The scheduled redemption date for the class B preference shares is the fifth anniversary of the date on which the class B preference shares were issued to the company. The B-BBEE structured entity provided certain security in connection with the class B preference share subscription agreement to Salungano, which security will rank behind the Industrial Development Corporation's ("IDC") security.

At the end of November 2021, the B-BBEE special purpose vehicle ("SPV") requested an extension of the preference share funding provided by Salungano which was due to be repaid in December 2021 as per the B cumulative redeemable preference share agreement.

The reason cited for the request was due to the previous poor financial performance of Salungano resulting in the company not being able to declare dividends for the B-BBEE SPV to service the funding in the manner anticipated when the funding was advanced.

In July 2025 the SPV requested a further extension of 3 years, which is being considered by the company.

12. Financial assets at amortised cost continued

Credit loss allowances continued

The extension request for this transaction is classified as financial assistance in terms of sections 44 and 45 of the Companies Act. The Salungano directors approved the request through a resolution by the shareholders at the previous AGM which authorises the company to provide financial assistance. The extension granted was for a period of three years and, for it to be fully executed, there is a requirement for the IDC to consider a similar approval and administrative matters to be concluded by the B-BBEE SPV which are underway.

13. Deferred tax

Accounting policies relating to deferred tax assets and liabilities

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities – composition and analysis

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Deferred tax (liability)/asset				
Accelerated capital allowances for tax purposes	(644 876)	(610 568)	(975)	(1 319)
Rehabilitation provision	569 435	634 920	–	–
Tax losses available for set-off against future taxable income	153 791	117 398	5 237	(228)
Prepayments	(1 404)	(852)	(1 401)	(545)
Provision for ECL	25 714	19 505	9 204	468
Income received in advance	30	1 175	–	–
Lease liability	1 480	2 072	1 218	1 496
Provisions	8 665	17 034	3 256	2 698
Right-of-use assets	–	(2 107)	–	–
Unredeemed capital expenditure	36 239	–	–	–
Total deferred tax (liability)/asset	149 074	178 577	16 539	2 570
Deferred tax liability	(122 319)	(138 364)	–	–
Deferred tax asset	271 393	316 941	16 539	2 570
Total deferred tax (liability)/asset	149 074	178 577	16 539	2 570

Notes to the consolidated and separate financial statements continued

13. Deferred tax continued

Reconciliation of deferred tax (liability)/asset

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
At the beginning of the year	178 577	(119 136)	2 570	3 214
Charge to statement of profit or loss and other comprehensive income	(29 503)	297 713	13 969	(644)
Decrease in tax rate change	–	–	–	–
Total deferred tax (liability)/asset	149 074	178 577	16 539	2 570

The group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on approved business plans and budgets for the subsidiaries. The subsidiaries are expected to utilise the deferred tax assets from the year 2025 onwards based on the profitability estimates.

14. Prepaid royalty

Wescoal Mining prepaid R1.50 per tonne of the royalty that was due to Proudafrique Trading 147 Proprietary Limited before the 100% acquisition of Elandspruit in 2015. This prepayment amounted to R12.9 million and is amortised on a units-of-production method over the life of the Elandspruit Mine.

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Prepaid royalty – non-current assets	–	1 187	–	–
Prepaid royalty – current assets	–	1 253	–	–
	–	2 440	–	–

Reconciliation of prepaid royalty

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Opening balance	2 440	3 840	–	–
Amortisation	(132)	(1 400)	–	–
Deconsolidation*	(2 308)	–	–	–
	–	2 440	–	–

* The group lost control of Wescoal Mining and its subsidiary on 24 August 2023 – see note 45. Subsequently, Wescoal Mining and its subsidiary were deconsolidated.

15. Inventories

Accounting policies relating to inventories

Inventories, which include coal ROM and product stockpiles and consumables, are measured at the lower of cost and net realisable value on the weighted average cost basis.

The cost of inventories is determined by reference to all costs of purchase, direct mining expenditure and an appropriate portion of overhead expenditure, including directly related depreciation, transport and other costs incurred in bringing the inventories to their present location and condition. Borrowing costs are not capitalised to inventory.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

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

No portion of inventory is non-current. ROM stockpiles are utilised by the processing plant in the ongoing production process. Inventory stockpiles consist of saleable coal processed by the washing or crushing and screening plant.

Inventories – composition and analysis

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Raw materials, components	246 658	359 017	–	–
Finished goods	66 393	195 188	–	–
Production supplies	2 566	3 209	–	–
	315 617	557 414	–	–
Inventories (write-off)*	(187 944)	(130 994)	–	–
	127 674	426 420	–	–

* Inventory amounting to R188 million (FY23: R131 million) was written off due to spontaneous combustion; the amounts were expensed under cost of sales. (Refer to note 27.)

16. Trade and other receivables

Accounting policies relating to trade and other receivables

Classification

Trade receivables, excluding, when applicable, value added tax and prepayments, are classified as financial assets subsequently measured at amortised cost.

Trade receivables have been classified in this manner because their contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on trade receivables.

Recognition and measurement

Trade receivables are recognised when the group becomes a party to the contractual provisions of the receivables. Trade receivables are measured, at initial recognition, at fair value plus transaction costs.

Trade receivables are subsequently measured at amortised cost.

Notes to the consolidated and separate financial statements continued

16. Trade and other receivables continued

Impairment

The group recognises a loss allowance for ECL on trade receivables, excluding value added tax and prepayments. The amount of ECL is updated at each reporting date.

The group measures the loss allowance for trade receivables which do not contain a significant financing component at an amount equal to lifetime ECL. The loss allowance for all other trade receivables is measured at lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on these receivables has not increased significantly since initial recognition, then the loss allowance for those receivables is measured at 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a loan. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

Definition of default

For purposes of internal credit risk management, the group considers that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the group considers that default has occurred when a receivable is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The group applies the simplified approach as a practical expedient to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision. The ECL on these financial assets is estimated using a provision matrix by reference to past default experience adjusted for factors that are specific to the debtor and also adjusted as appropriate for current observable data and forward-looking information.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade receivables.

Trade and other receivables – composition and analysis

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Financial instruments				
Trade receivables	639 607	553 195	103 420	29 774
Loss allowance	(77 530)	(63 194)	(35 507)	(285)
Trade receivables at amortised cost	562 077	490 001	67 913	29 489
Deposits	1 036	6 390	62	62
Other receivable	1 625	9 817	640	10 619
Other receivable	1 625	9 817	10 312	10 619
Loss allowance	–	–	(9 672)	–
Non-financial instruments				
Value added tax	100 989	126 078	543	–
Prepayments	12 595	7 158	3 603	3 453
Total trade and other receivables	678 322	639 445	72 761	43 623

16. Trade and other receivables continued

Financial instrument and non-financial instrument components of trade and other receivables

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
At amortised cost	564 738	506 208	68 615	40 170
Non-financial instruments	113 584	133 237	4 146	3 453
	678 322	639 445	72 761	43 623

Trade and other receivables pledged as security

The full balance of trade receivables has been pledged to Nedbank and Standard Bank under the refinanced borrowings agreement.

Exposure to credit risk

The risk that counterparties or customers will not perform as expected, which results in a loss to the group, can be defined as credit risk.

Trade receivables are divided into two classes, being those relating to the group's mining activities conducted by Wescoal Mining, Neosho Trading and Keaton Mining and those relating to Salungano Trading's trading activities. Trade receivables for these classes are summarised in the table below (including inter-group receivables).

	Mining 2024 R'000	Trading 2024 R'000	Other 2024 R'000	Mining 2023 R'000	Trading 2023 R'000
Wescoal Mining Proprietary Limited	–	–	–	103 612	–
Keaton Mining Proprietary Limited	42 768	–	–	135 668	–
Salungano Trading Proprietary Limited	–	43 436	–	–	46 824
Neosho Trading 86 Proprietary Limited	691 125	–	–	405 088	–
Other	–	–	139 354		
	733 893	43 436	139 354	644 368	46 824

The group's sales to Eskom made up 61% (FY23: 62%) of the Mining division's trade receivables balance at year-end. Eskom has a history of no defaults and a credit rating of B (2023: B). The balance of the trade receivables (38%) represents sales to the private sector and in the prior year to the export market. On the basis of historical data regarding the outstanding debtor's balance of more than 90 days, management has estimated a material amount, which was evaluated as an LGD of 100% and a PD of 100% (FY23: 7.41%).

Trade receivables in Salungano Trading consist mainly of a number of customers from widespread and diverse industries. Customers include government institutions and private sector and mining entities with no history of default.

The group evaluates customers prior to the granting of credit. Each entity has a unique customer base that contributes to different levels of credit exposure. Entities manage credit exposure by applying prudent credit limits and constant evaluation of credit behaviour. If customers are independently rated, these ratings are used (see above). Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position and past experience. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. Compliance with credit limits is monitored monthly in conjunction with the analysis of the receivables' ageing report.

Notes to the consolidated and separate financial statements continued

16. Trade and other receivables continued

Exposure to credit risk continued

The group’s variety of customers across all industries mitigates the exposure of concentration risk resulting from credit risk.

The maximum exposure to credit risk is the carrying value of financial assets. Based on the nature of the risk against the credit risk exposure, no additional collateral is generally taken against the credit risk exposures.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 March 2024:

	Equivalent to external credit rating	PD %	Average LGD %	Gross carrying amount R’000	Impairment loss allowance R’000	Credit impaired
Public sector	B	12.58	27.00	484 333	(2 405)	No
Corporate	AAA to CCC/C	2.32	28.00	42 535	(12 204)	No
SME corporate	AAA to CCC/C	8.39	24.00	97 636	(47 817)	No
SME corporate – over 90 days	AAA to CCC/C	100.00	100.00	15 104	(15 104)	Yes
				639 607	(77 530)	

Refer to note 36 for further information regarding credit risk factors.

17. Cash and cash equivalents

Accounting policies relating to cash and cash equivalents and bank overdrafts

Cash and cash equivalents are stated at the carrying amount which is deemed to be fair value.

Bank overdrafts are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents are defined as cash on hand and deposits held at call with banks. Cash and cash equivalents exclude restricted cash.

Cash and cash equivalents and bank overdrafts – composition and analysis

	Group		Company	
	2024 R’000	2023 R’000	2024 R’000	2023 R’000
Cash and cash equivalents consist of:				
Cash on hand	94	81	–	–
Bank balances	46 084	23 997	–	147
Bank overdraft	(39 234)	(85 385)	(39 470)	(85 359)
	6 943	(61 307)	(39 470)	(85 212)
Current assets	46 177	24 078	–	147
Current liabilities	(39 234)	(85 385)	(39 470)	(85 359)
	6 943	(61 307)	(39 470)	(85 212)
Cash and cash equivalents are pledged as security in favour of the lenders, Nedbank and Standard Bank.				
Restricted cash				
Cash and cash equivalents held by the entity that are not available for use by the group	9 207	8 979	–	–

Restricted cash relates to fully funded guarantees issued to Eskom for the electricity account deposit and the Department of Mineral and Petroleum Resources for rehabilitation. The average interest rate on bank balances approximates 0.1% (FY23: 0.1%) per annum.

17. Cash and cash equivalents continued

Overdraft facilities

The average interest rate on bank overdrafts approximates 13.3% (FY23: 9.14%) per annum and is mostly determined based on three-month JIBAR plus 525 basis points. The group deals with reputable banks in South Africa with a current national long-term rating of AA+ (FY23: AA+).

	Group		Company	
	2024 R’000	2023 R’000	2024 R’000	2023 R’000
Total amount of approved overdraft facilities	90 000	90 000	90 000	90 000
The total amount of undrawn facilities available for future operating activities and commitments	50 766	4 615	50 530	4 615

18. Share capital

Accounting policies relating to share capital and equity

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

Share capital and equity – composition and analysis

	Group		Company	
	2024 ’000	2023 ’000	2024 ’000	2023 ’000
Authorised share capital				
Ordinary shares	1 000 000	1 000 000	1 000 000	1 000 000
Reconciliation of number of shares issued				
Reported as at 31 March	410 408	410 408	410 408	410 408
	410 408	410 408	410 408	410 408

Unissued ordinary shares

Altogether, 580 083 146 (FY23: 580 083 146) unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last AGM. This authority remains in force until the next AGM.

The Wescoal Share Incentive Trust is consolidated into the group and company. The shares held by the trust are treated as treasury shares in the group and company. The number of unissued trust shares as at 31 March 2024 is 9 508 000 (FY23: 9 508 000). There were no shares issued from the treasury shares held by the trust for options exercised.

Issued

	Group		Company	
	2024 R’000	2023 R’000	2024 R’000	2023 R’000
Ordinary	630 372	630 372	630 372	630 372

The directors were authorised to issue shares and allot and grant share options to a maximum of 580 083 146 (FY23: 580 083 146) ordinary shares for cash.

Notes to the consolidated and separate financial statements continued

19. Interest-bearing borrowings

Accounting policies relating to borrowings

Classification

Borrowings are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings are recognised when the group becomes a party to the contractual provisions of the loan. The borrowings are measured at initial recognition at fair value less transaction costs if any. Borrowings are subsequently measured at amortised cost using the effective interest method.

Interest expense calculated on the effective interest method is included in profit or loss in finance costs paid (refer to note 30). Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 36 for details of risk exposure and the management thereof.

Borrowings – composition and analysis

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Held at amortised cost				
Secured				
Refinanced term loan	–	71 193	–	71 193
Revolving credit facility	372 621	410 479	372 621	410 479
Fair value of interest rate swap*	827	(125)	827	(125)
	373 447	481 547	373 447	481 547
Split between non-current and current portions				
Current liabilities	373 447	481 547	373 447	481 547
Reconciliation of interest-bearing borrowings				
At the beginning of the year	481 547	678 873	481 547	678 873
Finance costs	52 961	50 701	52 961	50 701
Payments				
Capital	(98 447)	(207 842)	(98 447)	(207 842)
Interest	(63 440)	(38 339)	(63 440)	(38 339)
Interest rate swap repayments	827	(1 846)	827	(1 846)
	373 447	481 547	373 447	481 547

* Interest rate swaps are at Level 2 fair value.

Refer to note 36 for the repayment profile of interest-bearing borrowings.

The group has used the refinanced debt packages to determine its WACC by combining the forward-looking JIBAR plus 3.5% at a gearing ratio of 50% with the cost of equity calculated using the risk-free rate adjusted for market-related risk premiums and specific asset-related and company-related risk premiums. The after-tax cost of debt included in the WACC calculation is 9.89%.

19. Interest-bearing borrowings continued

Security

The following assets are pledged as security to the lenders (Nedbank and Standard Bank):

- Cash and cash equivalents;
- Equities;
- Fixed and immoveable property;
- Moveable assets; and
- Trade receivables.

All assets pledged are from these entities:

- Salungano Group Limited;
- Keaton Energy Holdings Limited;
- Salungano Trading Proprietary Limited;
- Keaton Mining Proprietary Limited;
- Wescoal Mining Proprietary Limited;
- Neosho Trading 86 Proprietary Limited; and
- Blanford 006 Proprietary Limited.

Refinanced – RCF term loan and GBF

During the financial year ended 31 March 2020, the group concluded the refinancing of its existing credit facilities through a consortium of South African commercial banks consisting of Nedbank (acting through its Corporate and Investment Banking Division) and Standard Bank (acting through its Corporate and Investment Banking Division). The new credit-approved comprehensive long-term refinance facilities are for a combined R1.1 billion with a provision that also allows the group access to an additional R500 million accordion facility subject to credit approval but within the legal agreements of the refinance facilities thus reducing significantly the lead time towards accessing this extra liquidity facility.

The financing facilities consist of a term loan of R500 million, a RCF of R500 million and a GBF of R100 million. The term loan and the RCF bear interest of between JIBAR plus 3.5% and an additional 2% default rate from June 2023. The GBF bears interest at the prime lending rate. The term loan is for a duration of 48 months with the last instalment on 30 June 2023. Funding utilised from the term loan is repayable in equal quarterly payments with the first payment due on 30 June 2020. Interest is payable on a quarterly basis.

The RCF is for a duration of 48 months and terminated on 21 June 2023. Interest is accrued on a monthly basis on funds utilised and payable on a quarterly basis. Covenants attached to the RCF are no longer applicable since the lapsing of the RCF loan in the current period.

Although the facility expired on 21 June 2023, a standstill agreement was signed on 27 August 2025 to repay the RCF and the GBF by July 2026.

Exposure to interest rate risk

Interest rate swaps

Certain interest rate swaps have been entered into in order to mitigate against the effect of reducing interest rates on cash flow risk.

On 28 February 2020, Salungano entered into interest rate swap transactions with Nedbank and Standard Bank to fix interest rates for the full duration of the term loans at 6.4% (Nedbank) and 6.45% (Standard Bank) which was just below the ruling three-month JIBAR rate of 6.5% at the time of fixing. The purpose of the fixing of rates was to protect margins as most of Salungano’s revenue streams are at fixed pricing. Subsequent to entering into the swap transaction, the Reserve Bank reduced its lending rate by 200 basis points to stimulate the economy. Salungano has reviewed options to revise the swap transactions but the reduced rate is limited to 10 basis points and results in new caps being introduced should the interest rates increase in future.

Formal hedge accounting is not applicable to the interest rate swap.

Interest rate sensitivity analysis

A sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the reasonably possible change in interest rates. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Refer to financial risk management (note 36) for the interest rate sensitivity analysis prepared.

Notes to the consolidated and separate financial statements continued

20. Financial liabilities at amortised cost – instalment sale agreement

Accounting policies relating to financial liabilities at amortised cost

Classification

Financial liabilities are subsequently measured at amortised cost.

Recognition and measurement

Financial liabilities at amortised cost are recognised when the group becomes a party to contractual provisions and are measured, at initial recognition, at fair value less transaction costs.

Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method.

If financial liabilities at amortised cost contain a significant financing component and the effective interest method results in the recognition of interest expense then it is included in profit or loss in finance costs paid (refer to note 30).

Financial liabilities at amortised cost expose the group to liquidity risk and possibly to interest rate risk. Refer to note 36 for details of risk exposure and the management thereof.

Financial liabilities at amortised cost (instalment – composition and analysis)

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Amortised cost				
Instalment sale agreement	87 844	124 052	-	-
	87 844	124 052	-	-
Split between non-current and current portions				
Non-current liabilities	27 940	50 164	-	-
Current liabilities	59 904	73 888	-	-
	87 844	124 052	-	-
Minimum payments due				
– within one year	64 119	79 623	-	-
– in second to fifth year inclusive	29 906	51 317	-	-
	94 026	130 940	-	-
Less: Future finance charges	(6 182)	(6 888)	-	-
Present value of minimum payments	87 844	124 052	-	-
Present value of minimum payments due				
– within one year	59 904	73 888	-	-
– in second to fifth year inclusive	27 940	50 164	-	-
	87 844	124 052	-	-
	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Reconciliation of financial liabilities (instalment sale agreement)				
At the beginning of the year	124 052	-	-	-
Finance cost	6 093	-	-	-
Transfer from lease liabilities	-	124 052	-	-
Payments of financial liabilities	(42 301)	-	-	-
Balance at the end of the year	87 844	124 054	-	-

20. Financial liabilities at amortised cost – instalment sale agreement continued

Accounting policies relating to financial liabilities at amortised cost continued

Financial liabilities at amortised cost (instalment – composition and analysis) continued

During the year ended 31 March 2020, the group entered into an instalment sale agreement with its lenders namely, Nedbank and Standard Bank, to acquire a fleet of mining machinery. The group entered into a finance lease agreement with its mining contractor. The payment and interest terms mirrored those of the instalment sale agreement and a lease receivable of R297.4 million was recognised at inception. The finance term is for 60 months with an effective borrowing rate of 9.5% (Nedbank) and 9% (Standard Bank). The interest rate at the contract date was the prime interest rate minus 0.5% and prime minus 1.0% for Standard Bank.

During the year ended 31 March 2023, the lease agreement of mining machinery to IPP Mining and Materials Handling Proprietary Limited was cancelled. The lease liability was transferred to the finance liabilities at amortised cost as the right of use was derecognised and the equipment was recognised under property, plant and equipment.

During the year ended 31 March 2024, the fleet of mining machinery was surrendered to the lenders to auction. In April 2024, the equipment was auctioned and the proceeds were used to settle the financial liability at amortised cost. Excess proceeds realised from the auction were used to reduce the RCF loan.

21. Loan from shareholder

Accounting policies relating to financial liabilities at amortised cost

Classification

The loan from shareholder is classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

The loan from shareholder is recognised when the group becomes a party to the contractual provisions of the loan. The borrowings are measured at initial recognition at fair value plus transaction costs if any. The loan from shareholder is subsequently measured at amortised cost using the effective interest method.

Interest expense calculated on the effective interest method is included in profit or loss in finance costs paid. Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 36 for details of risk exposure and the management thereof.

Loan from shareholder – composition and analysis

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Held at amortised cost				
Unsecured				
RBFT Investments Proprietary Limited	74 942	17 118	65 424	7 100
	74 942	17 118	65 424	7 100
Split between non-current and current portions				
Non-current liabilities*	8 068	-	-	-
Current liabilities	66 874	17 118	65 424	7 100
Reconciliation of interest-bearing borrowings				
At the beginning of the year	17 118	-	7 100	-
Cash advances received	50 000	17 118	50 000	7 100
Deconsolidation**	(1 750)	-	-	-
Finance costs	9 573	-	8 324	-
Closing balance	74 942	17 118	65 424	7 100

* The Salungano Trading shareholder loan was classified as non-current as a result of an extension of the repayment term period to 1 January 2027.

** The group lost control of Wescoal Mining and its subsidiary on 24 August 2023 – see note 45. Subsequently, Wescoal Mining and its subsidiary were deconsolidated.

During March and April 2023, the group received a loan from RBFT Investments Proprietary Limited. The loan bears interest at prime plus 2% and is repayable within 12 months. At 31 March 2024, the loan was overdue.

Notes to the consolidated and separate financial statements continued

22. Lease liabilities

Accounting policies relating to lease liabilities

Classification

The group assesses whether a contract is or contains a lease at the inception of the contract.

A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as lessee

A lease liability and corresponding right-of-use asset (note 4) are recognised at the lease commencement date for all lease agreements for which the group is a lessee except for short-term leases of 12 months or less or leases of low-value assets.

For these leases, the group recognises the lease payments as an operating expense (note 28) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The group has elected not to separate the non-lease components for leases of land and buildings.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease.

If this rate cannot be readily determined, the group uses its incremental borrowing rate.

The lease liability is presented as a separate line item on the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs paid (refer to note 30).

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- A lease contract has been modified and the lease modification is not accounted for as a separate lease in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The group did not need to use significant judgement in determining the lease liability inherent borrowing rate lease terms or whether or not extensions or terminations would be exercised.

22. Lease liabilities continued

Lease liabilities – composition and analysis

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Minimum lease payments due				
– within one year	3 756	4 072	1 633	1 527
– in second to fifth year inclusive	3 618	7 374	3 618	5 251
	7 374	11 446	5 251	6 778
<i>Less: Future finance charges</i>	(869)	(1 722)	(739)	(1 238)
Present value of minimum lease payments	6 504	9 724	4 512	5 539
Present value of minimum lease payments due				
– within one year	3 237	3 138	1 245	1 028
– in second to fifth year inclusive	3 267	6 586	3 267	4 512
	6 505	9 724	4 512	5 539
Current liabilities	3 237	3 138	1 245	1 028
Non-current liabilities	3 267	6 586	3 267	4 512
	6 504	9 724	4 512	5 539

A corresponding right-of-use asset has been recognised for leased buildings. Refer to note 4 for more details.

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Reconciliation of lease liabilities				
At the beginning of the year	9 722	200 060	5 539	–
Finance costs – leases	760	521	499	–
Finance costs – financial liabilities	–	3 828	–	–
Additional financial liabilities	–	6 376	–	6 376
Transfer to financial liabilities at amortised cost	–	(124 052)	–	–
Payments – financial liabilities	–	(72 765)	–	(837)
Payments – leases	(3 978)	(4 246)	(1 527)	–
	6 504	9 722	4 512	5 539

Transfer to lease financial liabilities refers to a lease liability that was recognised in 2019 relating to the fleet of mining machinery in Keaton Mining. The fleet of mining machinery was funded by the group lenders, Nedbank and Standard Bank. A lease agreement was entered into with the mining contractor (IPP Mining and Materials Handling Proprietary Limited), and a lease receivable was recognised at inception. During the year ended 31 March 2023, the lease agreement of mining machinery to IPP Mining and Materials Handling Proprietary Limited was cancelled. The lease receivable was derecognised and the fleet of mining machinery was recognised under property, plant and equipment, and lease liability was reclassified to the finance liabilities at amortised cost.

Notes to the consolidated and separate financial statements continued

23. Environmental rehabilitation provision

Accounting policies relating to environmental rehabilitation provision and general provisions

General provisions and contingencies

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Legal claims are only recognised as a provision when the counterparty has a reasonable chance of success as assessed by Salungano’s external legal counsel during the current year. None of these claims have been recognised as a provision (refer to note 34 for details regarding contingent liabilities and assets).

Accrued expenses are recognised as part of the trade and other payables balances and are not recognised in terms of a provision.

The group does not recognise contingent assets and contingent liabilities.

Rehabilitation provision

Provisions for environmental restoration are recognised as the group has a present legal obligation as a result of past events (mining disturbances caused); it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated using third-party expert valuations.

Provisions are measured at the present value of the expected economic benefits to be required to settle the obligation using a risk-free rate that reflects current market assessments of the time value of money.

The increase in the provision due to the passage of time is recognised as an interest expense. Changes in the provision due to changes in estimates are recognised against property, plant and equipment, which are measured at cost.

Changes in estimates include:

- a change in the estimated outflow of resources embodying economic benefits required to settle the obligation;
- a change in the current market-based discount rate, which includes changes in the time value of money and the risks specific to the liability; and
- an increase that reflects the change in LOM.

Significant judgements and assumptions made by management in applying the related accounting policies

Mine rehabilitation provision

In applying IAS 37: *Provisions, Contingent Liabilities and Contingent Assets*, estimates of determining the present obligation of environmental and decommissioning provisions are required.

Environmental and decommissioning costs are provided for where either a legal or constructive obligation is recognised as a result of the group’s coal mining operations.

Significant estimates and assumptions are made in determining the present obligation of environmental and decommissioning provisions, which include the actual estimate, the inflation rate, the discount rate used and the expected date of closure of mining activities. Estimates are based on costs that are annually determined by independent environmental specialists in accordance with environmental regulations, and adjusted as appropriate for new circumstances.

Numerous factors will affect the ultimate liability payable. These factors include estimates of the extent and cost of rehabilitation activities, technological changes and environmental legislation changes.

Unwinding of the discount due to the passage of time is included as an element of finance costs in arriving at profit or loss for the year in terms of IAS 37: *Provisions, Contingent Liabilities and Contingent Assets*.

The present value of environmental disturbances created, as well as changes to estimates, are capitalised to property, plant and equipment against an increase in the rehabilitation provision. Change in estimates for operations in the development and production phase is capitalised and amortised over the LOM on the units-of-production method. Rehabilitation costs incurred, that are included in the estimates, are charged to the provision.

The cost of ongoing current rehabilitation is charged against the provision as incurred.

23. Environmental rehabilitation provision continued

Environmental rehabilitation provision and general provisions – composition and analysis

Reconciliation of environmental rehabilitation provision

	Group					
	Opening balance R’000	Additions R’000	Rehabi- litation work performed during the year R’000	Time value of money and inflation component of rehabi- litation R’000	Decon- solidation at carrying amount R’000	Total R’000
2024						
Environmental rehabilitation	2 390 813	234 267	(2 443)	197 707	(711 324)	2 109 019
2023						
Environmental rehabilitation	1 389 740	860 243	(5 314)	146 145	–	2 390 813

The group’s mining and exploration activities are subject to extensive environmental laws and regulations. These laws and regulations are continually changing and are generally becoming more restrictive. The group has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements. The previous table is a reconciliation of the total liability for environmental rehabilitation.

While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, the group has estimated that, based on current environmental and regulatory requirements, the present value of total estimated future rehabilitation cash flows is approximately R2.109 million (FY23: R2.391 million).

The breakdown of the liability per site is as follows:

Breakdown of environmental rehabilitation provision

	Group	
	2024 R’000	2023 R’000
Khanyisa*	134 048	138 380
Elandspruit*	577 277	577 205
Vanggatfontein	1 415 190	1 226 715
Intibane	–	17 960
Moabsvelden	693 829	430 552
Deconsolidation at carrying amount*	(711 324)	–
	2 109 019	2 390 813

* The group lost control of Wescoal Mining and its subsidiary on 24 August 2023 – see note 45. Subsequently, Wescoal Mining and its subsidiary were deconsolidated.

	Group	
	2024 R’000	2023 R’000
Non-current liabilities	2 109 019	2 390 813
Current liabilities	–	–
	2 109 019	2 390 813

Notes to the consolidated and separate financial statements continued

23. Environmental rehabilitation provision continued

Environmental rehabilitation provision and general provisions – composition and analysis continued

Reconciliation of environmental rehabilitation provision continued

Breakdown of environmental rehabilitation provision continued

In determining the previous provision, the current cost estimates as determined by environmental rehabilitation experts have been escalated to a future value at an inflation rate of 4.55% (FY23: 5.7%) over a period of between six years and one year (FY23: between nine years and one year). The future value was then discounted at a rate of between 12.87% and 8.5% (FY23: between 10.46% and 8.39%).

The group’s net capitalisation of R234 million (FY23: R860 million) relates to changes in estimates to mineral properties due to ongoing mining operations and primarily due to Vanggatfontein and Moabsvelden which increased by R67 million and R218 million, respectively, and a decrease in Elandspruit and Khanyisa of R40 million and R10 million, respectively (FY23: Elandspruit R118 million, Vanggatfontein R436 million and Moabsvelden R288 million).

The expected LOM for each mine site as at 31 March 2024 is as follows:

	Group	
	2024 R'000	2023 R'000
Estimated LOM		
Khanyisa*	1	1
Elandspruit*	2	2
Vanggatfontein	5	6
Moabsvelden	6	7

* There has been no change in the remaining useful lives at Khanyisa and Elandspruit from the prior year as a result of low mining activities in the current year. Additionally, these mining operations form part of Wescoal Mining which was deconsolidated during the year. Refer to note 45.

Khanyisa has an expected LOM of one year as there is an initiative to extend the life by mining closer to the Transnet pipeline that runs across the mine and other neighbouring mines.

The group intends to finance the final void rehabilitation costs from the money invested in and ongoing contributions to environmental rehabilitation investments, as well as proceeds on the sale of assets at the time of mine closure. The group has guarantees in place relating to environmental liabilities.

	Group	
	2024 R'000	2023 R'000
Net undiscounted obligation		
Estimated rehabilitation cost (undiscounted)	3 438 150	2 981 125
Deconsolidation*	(809 346)	–
Amounts invested in rehabilitation investment	(125 016)	(148 335)
Total net undiscounted obligation	2 503 788	2 832 790
Guarantees		
Environmental rehabilitation guarantees issued to the Department of Mineral and Petroleum Resources	490 724	498 316
Environmental rehabilitation guarantees issued to other parties	121 279	21 667
	612 004	519 983

* The group lost control of Wescoal Mining and its subsidiary on 24 August 2023 – see note 45. Subsequently, Wescoal Mining and its subsidiary were deconsolidated.

23. Environmental rehabilitation provision continued

Environmental rehabilitation provision and general provisions – composition and analysis continued

Reconciliation of environmental rehabilitation provision continued

Breakdown of environmental rehabilitation provision continued

These guarantees have been issued by third parties on behalf of the group and are secured by a cession of rehabilitation investments and cash and cash equivalents (refer to notes 10 and 17), together with other group sureties and indemnities.

The rehabilitation liability will be funded from operational cash flows generated by the group’s normal operations.

24. Trade and other payables

Accounting policies relating to trade and other payables

Classification

Trade and other payables, excluding value added tax and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Trade and other payables are recognised when the group becomes a party to contractual provisions and are measured, at initial recognition, at fair value minus transaction costs.

Trade and other payables are subsequently measured at amortised cost using the effective interest method.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs paid (refer to note 30).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 36 for details of risk exposure and the management thereof.

Financial instrument and non-financial instrument components of trade and other payables

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Financial instruments				
Trade payables	805 691	1 070 689	32 030	11 379
Accruals	33 465	63 099	19 563	9 253
Other payables	(5)	(15 854)	–	–
Non-financial instruments				
Value added tax	9 645	4 984	6 844	320
Payroll accruals*	9 290	28 260	3 628	8 024
	858 087	1 151 179	62 065	28 976

* The payroll accruals have been reclassified as a non-financial instrument in terms of IAS 19.

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
At amortised cost	839 152	1 117 935	51 593	20 632
Non-financial instruments	18 935	33 244	10 472	8 344
	858 087	1 151 179	62 065	28 976

Notes to the consolidated and separate financial statements continued

25. Loans from group companies

Accounting policies relating to loans from group companies

Classification

Loans from group companies are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Loans from group companies are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value minus transaction costs, if any. Loans from related parties are subsequently measured at amortised cost using the effective interest method.

Loans from group companies expose the company to liquidity risk and interest rate risk. Refer to note 36 for details of risk exposure and the management thereof.

Loans from investee – composition and analysis

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Investees				
Loans that are interest-free and have no fixed terms of repayment				
Wescoal Mining Proprietary Limited	206 622	–	–	–
	206 622	–	–	–
Loans from group companies – composition and analysis*				
Subsidiaries				
Salungano Resources Proprietary Limited	–	–	–	548
Salungano Power Proprietary Limited	–	–	–	602
Wescoal Mineral Recoveries Proprietary Limited	–	–	602	–
Wescoal Exploration Proprietary Limited	–	–	548	–
Salungano Trading Proprietary Limited	–	–	277 638	283 288
	–	–	278 788	284 438

* Inter-company loans pledged as security in favour of Nedbank and Standard Bank (refer to note 19).

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Loans from investee reconciliation				
Opening balance	206 622			
Loans advanced	–	–	–	–
Loans repayment	–	–	–	–
Closing balance	206 622	–	–	–

25. Loans from group companies continued

Loans from investee – composition and analysis continued

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Loans from group companies reconciliation				
Opening balance	–	–	284 438	443 114
Loans advanced	–	–	1 625	23 842
Loans repayment	–	–	(7 275)	(18 766)
Loans reclassification	–	–	–	–
Transfer (to)/from loan to group companies	–	–	–	(163 752)
Closing balance	–	–	278 788	284 438
Split between non-current and current portions				
Current liabilities	206 622	–	278 788	284 438
Split between cash and non-cash movement				
Non-cash movement	–	–	–	(163 752)
Cash movement	–	–	(5 650)	5 077

Unless indicated separately, all loans from group companies are interest free and have no fixed terms of repayment and are therefore repayable on demand.

Notes to the consolidated and separate financial statements continued

26. Revenue

Accounting policies relating to revenue

The following specific recognition criteria must be met before revenue is recognised:

Sale of coal – IFRS 15

Revenue is measured based on the consideration specified in a contract with a customer. The group recognises revenue when it transfers control over goods to a customer. Customers obtain control of coal supplied when the goods are delivered to and have been accepted at their premises. Payment is received within 30 days after delivery and therefore control has been transferred to the customer. No discounts are provided for coal sales.

Revenue from export sales is recognised when goods are loaded onto the vessel at the port of shipment. This simultaneously marks the point at which control transfers and the buyer assumes the significant risks and rewards of ownership.

Revenue from exported goods is recognised when the goods are loaded onto the vessel at the agreed port of shipment.

Rendering of services – IFRS 15

Revenue is measured based on the consideration specified in a contract with a customer. The group recognises revenue when a service is rendered to a customer. The group obtains the right to revenue as the service is rendered in the case of transportation of coal; this is when the delivery of coal arrives and is accepted at the customer’s premises. Payment is received within 30 days after delivery and therefore control has been transferred to the customer. No discounts are provided for transportation services.

Revenue is recognised when the goods are delivered and have been accepted by customers at their premises.

Administration fees – IFRS 15

Revenue is measured based on the consideration specified in a contract with a customer. The group recognises revenue as the service is provided to the customer. Invoices for administrative services are issued on a monthly basis and are usually payable within 30 days.

These services are on-charged on a monthly basis based on actual time spent managing the operating subsidiaries and are recognised in the accounting period in which the services were rendered.

Interest received

Interest is recognised, in profit or loss, when the group’s right to receive payment has been established. Interest received does not form part of revenue received from contracts with customers. Interest recognised as revenue received is from group company loans and financial assets at amortised cost.

Interest received is recognised using the effective interest method.

Rental income

Rental income from investment property leased out is recognised on a straight-line basis over the term of the lease.

26. Revenue continued

Revenue – composition and analysis

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Revenue from contracts with customers				
Sale of goods	2 860 271	3 983 703	–	–
Rendering of services	793 228	805 747	162 306	106 486
	3 653 498	4 789 450	162 306	106 486
Revenue other than from contracts with customers				
Interest received	–	–	17 677	67 937
	3 653 498	4 789 450	179 982	174 423
Disaggregation of revenue from contracts with customers				
The group disaggregates revenue from customers as follows:				
Sale of goods				
Local sales	309 320	649 179	–	–
Eskom sales	2 550 951	2 045 318	–	–
Export sales	–	1 289 206	–	–
	2 860 271	3 983 703	–	–
Rendering of services				
Administration and management fees received (recognised over time)	776	–	162 306	106 486
Transport services (recognised on coal delivery)	791 137	805 521	–	–
Rental income (recognised over time)	1 315	226	–	–
	793 228	805 747	162 306	106 486
	3 653 498	4 789 450	162 306	106 486
Disaggregation of export revenue by geographical location				
The group disaggregates export revenue as follows:				
Export sales				
China	–	114 408	–	–
India	–	897 614	–	–
Poland	–	90 331	–	–
United Kingdom	–	186 853	–	–
	–	1 289 206	–	–

Notes to the consolidated and separate financial statements continued

27. Cost of sales

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Sale of goods	2 933 435	4 162 824	-	-
Inventory write-off	187 944	130 994	-	-
Depreciation	239 707	366 691	-	-
	3 361 085	4 660 509	-	-
Sale of goods				
Direct purchases	885 012	2 139 370	-	-
Royalty expenses	28 417	22 809	-	-
Mining contractor cost	909 259	1 368 127	-	-
Consumables and maintenance cost	37 471	91 834	-	-
Staff cost	58 441	48 049	-	-
Fuel	259 854	492 426	-	-
Mining overhead and other cost	45 178	207	-	-
Transport costs	709 803	-	-	-
	2 933 435	4 162 824	-	-
Coal processing – Depreciation				
Property, plant and equipment	238 297	365 005	-	-
Right-of-use assets	1 410	1 686	-	-
	239 707	366 691	-	-

28. Operating profit/(loss)

Operating profit/(loss) for the year is stated after charging (crediting) the following among others:

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Operating income				
Gain/(loss) on disposal of assets	(263)	(2)	5	3
Fair value gain on financial assets	7 266	4 635	-	-
Other income	37 405	6 885	-	8
Management fee income from Arnot OpCo Proprietary Limited	18 200	16 520	-	-
By-product sales	451	2 030	-	-
	63 058	30 068	5	11
Auditor's remuneration				
Audit fees – external	13 615	6 684	13 615	6 684
Auditor's remuneration – internal	1 306	1 096	1 306	1 096
Remuneration other than to employees				
Consulting and professional services	40 675	90 008	23 140	40 432

28. Operating profit/(loss) continued

Employee costs

Accounting policies relating to employee benefits

Short-term employee benefits

The cost of short-term employee benefits is recognised in the period in which the service is rendered and is not discounted. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or in the case of non-accumulating absences, when the absence occurs. The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to industry-managed retirement benefit schemes are dealt with as defined contribution plans where the group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Payroll accrual

Movement in payroll provision relates to restructuring provisions raised. Restructuring provisions are charged as an expense when the group has committed to a plan of restructuring and are quantified as the expected cost of restructuring.

Employee costs – composition and analysis

As at 31 March 2024, the group had 156 permanent employees (FY23: 148). The total cost of employment of all employees including executive directors was as follows:

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Salaries, wages, bonuses and other benefits	59 172	103 869	34 614	33 808
Retirement benefit plans: defined contribution expense	5 000	7 534	2 068	2 324
Payroll accrual movement	3 907	6 947	752	1 857
Share-based compensation expense	26 984	34	-	13
Total employee costs	95 063	118 384	37 434	38 002

Notes to the consolidated and separate financial statements continued

28. Operating profit/(loss) continued

Depreciation and amortisation

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Depreciation of property, plant and equipment	239 563	366 919	248	138
Depreciation of right-of-use assets	2 685	2 866	1 275	1 318
Amortisation of intangible assets	3 651	3 940	1 040	1 438
Total depreciation and amortisation	245 900	373 725	2 563	2 894
Less: Depreciation included in cost of merchandise sold and inventories	(239 707)	(366 691)	–	–
Total depreciation and amortisation expensed	6 193	7 034	2 563	2 894
Impairment losses				
Goodwill	49 660	–	–	–
Property, plant and equipment	37 358	450 941	–	–
Investments in subsidiaries, joint arrangements and associates	–	–	585 058	103 162
	87 017	450 941	585 058	103 162
Movement in credit loss allowances				
Trade and other receivables	14 336	(63 725)	44 894	1 631
Financial assets at amortised cost	84	–	84	–
Lease receivables	–	(108)	–	–
ECL deconsolidated – trade receivables	83 958	–	–	–
ECL deconsolidated –loan	18 507	–	–	–
Loans receivable	165 366	109 957	136 311	40 187
	282 250	46 124	181 289	41 818
Other				
Repairs and maintenance	7 642	24 232	–	–
Bank charges	1 671	5 279	862	4 780
Health and safety	7 076	29 957	–	–
Social labour plan	12 123	17 202	–	–
Office overheads and other costs	70 706	35 650	14 741	1 949
Insurance and guarantees	28 338	24 935	17 999	13 152
Credit losses – trade receivables	1 788	–	–	–
Profit on exchange differences	(801)	(1 732)	–	–

29. Interest income

Interest is recognised, in profit or loss, when the group's right to receive payment has been established. Interest received does not form part of revenue received from contracts with customers.

Interest received is recognised using the effective interest method.

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Investments in financial assets				
Interest on bank deposits	252	397	108	1
Lease receivables	–	1 924	–	–
Other financial assets	4 223	21 417	3 692	8 552
Restricted Investments	228	–	–	–
Loans to group companies				
Subsidiaries	–	–	13 878	59 384
	4 704	23 737	17 677	67 937
Disclosed as revenue	–	–	(17 677)	(67 937)
Total interest income	4 704	23 737	–	–
Cash flow reconciliation				
Cash interest				
Interest on bank deposits	252	397	108	1
Other financial assets	532	12 869	–	3
Subsidiaries	–	–	13 878	59 384
	784	13 265	13 985	59 388
Non-cash interest				
Lease receivables	–	1 924	–	–
Restricted investments	228	–	–	–
Other financial assets	3 692	8 548	3 692	8 548
	3 920	10 472	3 692	8 548
	4 704	23 737	17 677	67 937

Notes to the consolidated and separate financial statements continued

30. Finance costs

Accounting policies relating to borrowing costs

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

Borrowing costs – composition and analysis

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Interest-bearing borrowings	52 961	50 701	52 961	50 701
Lease liabilities	261	521	–	–
Financial liabilities at amortised cost	6 093	3 828	–	–
Bank overdraft	11 610	8 137	11 252	8 137
Unwinding of discount on provisions and other liabilities	197 707	146 145	–	–
Other interest paid	9 449	1 004	500	653
Shareholder loan	9 581	–	8 324	–
Total finance costs	287 661	210 336	73 038	59 491

Cash flow reconciliation

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Cash finance cost				
Interest-bearing borrowings	52 961	40 186	52 961	40 186
Lease liabilities	261	521	–	–
Financial liabilities at amortised cost	6 093	3 828	–	–
Other interest paid	9 449	1 004	500	653
Bank overdraft	11 610	8 137	11 252	8 137
	80 374	53 675	64 713	48 976
Non-cash finance cost				
Interest-bearing borrowings	–	10 515	–	10 515
Shareholder loan	9 581	–	8 324	–
Unwinding of discount on provisions and other liabilities	197 707	146 145	–	–
	207 287	156 661	8 324	10 515
	287 661	210 336	73 038	59 491

31. Taxation

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Major components of the tax expense (income)				
Current				
Local income tax – current period	111 954	57 052	–	228
Local income tax – recognised in current tax for prior periods	677	1 044	(721)	(676)
	112 631	58 096	(721)	(448)
Deferred				
Originating and reversing temporary differences	(170 222)	(292 865)	(13 742)	–
Arising from prior period adjustments	12 218	(4 789)	(228)	643
	(158 005)	(297 654)	(13 970)	643
	(45 374)	(239 558)	(14 691)	195

Notes to the consolidated and separate financial statements continued

31. Taxation continued

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense				
Accounting (loss)/profit	(188 547)	(931 192)	(776 500)	(148 609)
Tax at the applicable tax rate of 27%	(50 908)	(251 274)	(209 655)	(40 124)
Adjustments				
Non-deductible expenses				
Share-based payment expense reversal	(1 155)	6	-	-
Expenses not deductible*	-	(23)	-	-
Legal, consulting and professional fees	2 054	4 042	2 054	4 041
Apportionment	103	226	103	226
Donations	40	53	-	-
Impairment of investments	(158 011)	-	-	-
Impairment of goodwill	162 547	-	157 966	27 854
Fair value on investment	(482)	-	-	-
Penalties and interest	2 281	295	39	13
Expected credit losses	64 544	7 337	36 750	10 940
Amortisation of mineral right	(369)	3 050	-	-
Guarantee fees	177	189	-	-
Other expenses	1 882	(279)	-	-
Share-based payment expense reversal	27 461	3	-	3
Royalties amortisation	1 656	378	-	-
Non-taxable income				
Preference shares income	(997)	(2 308)	(997)	(2 308)
Interest received – finance lease liability	(22)	-	-	-
Gain on deconsolidation	(108 798)	-	(1)	-
Other income	-	(1)	-	(1)
Deductible expenses not debited to income statement				
Expenses deductible and not debited to income statement	-	(505)	-	-
Other adjustments				
Assessed loss previously not recognised as deferred tax asset	-	2 692	-	-
Other adjustments	1 918	(37)	-	228
Adjustment in respect of prior periods	10 705	(3 402)	(949)	(676)
	(45 374)	(239 558)	(14 691)	195

* Non-deductible expenses include penalties, leadership allowances and amortisation of prepayments.

32. Cash generated from operations

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
(Loss)/Profit before taxation	(188 547)	(931 194)	(776 500)	(148 609)
Adjusted for:			-	
Depreciation on property, plant and equipment	239 563	362 079	248	219
Amortisation of intangible assets	3 651	3 940	1 040	1 438
Amortisation of right-of-use asset	2 685	2 865	1 275	1 275
Loss/gain on sale of assets	263	(2)	(5)	(3)
Impairment of property, plant and equipment	37 358	450 941	-	-
Impairment of investment in subsidiary	-	-	585 058	103 162
Impairment of loan to joint venture	-	23 751	-	-
Gain on loss of control	(402 950)	-	-	-
Share-based payment expenses	26 984	(59)	-	13
Interest income	(4 704)	(23 737)	(17 677)	(67 937)
Finance costs	287 661	210 336	73 038	59 491
Fair value gains	(10 202)	(3 670)	-	-
Prepaid royalty	132	1 400	-	-
Rehabilitation cost incurred	(2 443)	(5 314)	-	-
Impairment of goodwill	49 660	-	-	-
Inventory write down	187 944	130 994	-	-
ECL on group loans	-	-	136 311	40 187
Bad debts written-off	1 788	-	-	-
Expected credit loss	282 250	22 373	44 978	1 631
Changes in working capital:				
Inventories	(38 156)	(136 034)	-	-
Trade and other receivables	(269 667)	34 008	(74 032)	(15 090)
Trade and other payables	282 131	117 527	33 089	9 169
	485 402	260 200	6 823	(15 055)

33. Tax paid

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Balance at the beginning of the year	(44 700)	(12 356)	3 496	(676)
Current tax for the year recognised in profit or loss	(112 631)	(58 096)	721	448
Deconsolidation	3 173	-	-	-
Balance at the end of the year	56 223	44 700	(3 049)	(3 496)
	(97 934)	(25 752)	1 168	(3 724)

Notes to the consolidated and separate financial statements continued

34. Contingent liabilities and assets

34.1 South African Revenue Service (“SARS”)

In July 2020, SARS initiated a diesel audit process on Keaton Mining for the period May 2018 to May 2020 with an extended scope from June 2020 to December 2020. The diesel audit was concluded in September 2021 and SARS disallowed the diesel refunds claimed and already paid for the entire period under audit based on the reasons mentioned in the letter of demand received from SARS dated 17 September 2021.

The letter of demand resulted in a tax liability of R87 million of which the capital amount is R77 million and the interest is R9 million. Keaton disputed the audit outcome based on factual reasons that SARS did not take into consideration in arriving at their conclusion. Keaton is of the view that SARS’ basis of seeking to claim diesel refunds previously paid to Keaton during the audit period is misdirected.

Keaton performed an analysis of the merits of SARS’ claim and is of the view that such a claim will be limited to R17 million. SARS considered the Keaton Mining Proprietary Limited dispute filed and paid the diesel refunds to the amount of R33 million in December 2022. Keaton Mining Proprietary Limited was of the view that SARS had not considered all the facts when deciding to partly refund and applied for the Alternative Dispute Resolution (ADR), and ADR meetings were held without resolution. Keaton Mining continues to pursue the matter and has lodged a section 96 notice to SARS. The letter acknowledging the receipt and notification of allocation of the matter was sent by SARS on 24 June 2024. A contingent liability amount determined by management is R27 million.

AT Kearney Proprietary Limited (“AT Kearney”)

Arbitration proceedings were instituted by AT Kearney Proprietary Limited in April 2023 against Salungano. The relief sought by AT Kearney is payment of R17.5 million together with interest at the prime rate, in respect of management consulting services allegedly rendered in 2020. The arbitration commenced on 23 June 2025 and continued until 27 June 2025, at which point the matter was part heard. The parties exchanged heads of arguments and the oral arguments were presented on 21 August 2025. The arbitrator ruled in favour of Salungano.

35. Commitments

Authorised capital expenditure

	Group		Company	
	2024 R’000	2023 R’000	2024 R’000	2023 R’000
Authorised capital expenditure				
Already contracted for but not provided for	33 194	50 635	1 595	–
Not yet contracted for and authorised by directors	–	256 200	–	–

36. Financial instruments and risk management

Accounting policies relating to financial instruments and risk management

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9: *Financial Instruments*. The classification possibilities, which are adopted by the group, as applicable, are as follows:

Financial assets which are debt instruments

- Designated at amortised cost is used only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows; or
- Mandatorily at fair value through profit or loss. The group automatically applies this classification to all debt instruments which do not qualify at amortised cost or at fair value through other comprehensive income.

A specific accounting policy for the classification, recognition and measurement of each type of financial instrument held by the group has been presented with each of the relevant instruments under the note disclosure.

Financial instruments and risk management – composition and analysis

Categories of financial instruments

Categories of financial assets

		Group			
	Notes	Fair value through profit or loss – mandatory R’000	Amortised cost R’000	Total R’000	Fair value R’000
2024					
Loan to investee	11	–	15 957	15 957	–
Financial asset at amortised cost	12	–	74 931	74 931	–
Restricted investments	10	125 016	–	125 016	125 016
Trade and other receivables	16	–	564 738	564 738	–
Cash and cash equivalents	17	–	46 177	46 177	–
Restricted cash			9 207	9 207	–
		125 016	711 011	836 026	125 016
2023					
Financial asset at amortised cost	12	–	71 323	71 323	–
Restricted investments	10	148 335	–	148 335	148 335
Trade and other receivables	16	–	506 208	639 445	–
Cash and cash equivalents	17	–	24 078	24 078	–
Restricted cash			8 979	8 979	–
		148 335	610 589	892 160	148 335

Notes to the consolidated and separate financial statements continued

36. Financial instruments and risk management continued

Financial instruments and risk management – composition and analysis continued

Categories of financial instruments continued

Categories of financial assets continued

Company				
	Notes	Amortised cost R'000	Total R'000	Fair value R'000
2024				
Loans to group companies	11	297 199	297 199	–
Financial asset at amortised cost	12	74 931	74 931	–
Trade and other receivables	16	68 615	68 615	–
Cash and cash equivalents	17	–	–	–
		440 745	440 745	–
2023				
Loans to group companies	11	602 717	602 717	–
Financial asset at amortised cost	12	71 323	71 323	–
Trade and other receivables	16	40 170	43 623	–
Cash and cash equivalents	17	147	147	–
		714 357	717 810	–

Group				
	12-month ECL R'000	Lifetime ECL – not credit- impaired R'000	Lifetime ECL – credit- impaired R'000	Total R'000
Balance as at 1 April 2023	63 194	1 346	–	64 540
Net remeasurement of loss allowance	–	–	–	–
Deconsolidation*	(102 464)	–	–	(102 464)
New financial assets acquired	116 800	84	165 366	282 250
Balance as at 31 March 2024	77 530	1 430	165 366	244 325

* The group lost control of Wescoal Mining and its subsidiary on 24 August 2023 – see note 45. Subsequently, Wescoal Mining and its subsidiary were deconsolidated.

36. Financial instruments and risk management continued

Financial instruments and risk management – composition and analysis continued

Financial liabilities

Amortised cost. The group uses this category when the business model and the contractual terms of the instrument give rise, on specified dates, to cash flow outflows that are solely payments of principal and interest on principal.

Categories of financial liabilities

Group				
	Notes	Amortised cost R'000	Total R'000	Fair# value R'000
2024				
Trade and other payables	24	839 152	839 152	–
Interest-bearing borrowings*	19	373 447	373 447	–
Loan from shareholder	21	74 942	74 942	–
Financial liabilities at amortised cost	20	87 844	87 844	87 844
Lease liabilities^	22	–	–	7 374
Bank overdraft	17	39 234	39 234	–
		1 414 619	1 414 619	95 217
2023				
Trade and other payables	24	1 117 935	1 117 935	–
Interest-bearing borrowings*	19	481 547	481 547	–
Loan from shareholder	21	17 118	17 118	–
Financial liabilities at amortised cost	20	124 052	124 052	130 940
Lease liabilities^	22	–	–	11 446
Bank overdraft	17	85 385	85 385	–
		1 826 037	1 826 037	142 386

* Included in interest-bearing borrowings is the interest swap measured at fair value through profit or loss. The valuation technique used in measuring the Level 2 fair value is the discounted cash flows. The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.

^ Lease liabilities have been classified as non-IFRS 9 measured.

The carrying value of the financial assets and liabilities approximates the fair value unless stated otherwise.

Notes to the consolidated and separate financial statements continued

36. Financial instruments and risk management continued

Financial instruments and risk management – composition and analysis continued

Categories of financial instruments continued

Categories of financial liabilities continued

		Company		
	Notes	Amortised cost R'000	Total R'000	Fair [#] value R'000
2024				
Trade and other payables	24	51 593	51 593	–
Loans from group companies	25	278 788	278 788	–
Interest-bearing borrowings*	19	373 447	373 447	–
Loan from shareholder	21	65 424	65 424	–
Lease liabilities [^]	22	–	–	5 251
Bank overdraft	17	39 234	39 234	–
		808 486	808 486	5 251
2023				
Trade and other payables	24	20 632	20 632	–
Loans from group companies	25	284 438	284 438	–
Interest-bearing borrowings*	19	481 547	481 547	–
Loan from shareholder	21	7 100	7 100	–
Lease liabilities [^]	22	–	–	6 778
Bank overdraft	17	85 359	85 359	–
		879 076	879 076	6 778

* Included in interest-bearing borrowings is the interest swap measured at fair value through profit or loss. The valuation technique used in measuring the Level 2 fair value is the discounted cash flows. The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.

[^] Lease liabilities have been classified as non-IFRS 9 measured.

[#] The carrying value of the financial assets and liabilities approximates the fair value unless stated otherwise.

Capital risk management

The group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for its shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The approach and capital policies remained consistent with the previous year. Optimising the capital structure remains a key priority, and the group may issue new shares, raise long-term debt or sell assets to optimise appropriate capital structure and return on equity.

The group monitors capital on the basis of the gearing ratio, calculated as net debt divided by total capital. Net debt is calculated as total interest-bearing borrowings (including "current and non-current borrowings" as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

The group's long-term target gearing ratio is to remain below 50%. Debt covenants include measurement of net debt against EBITDA, debt service ratio, interest cover ratio and net-debt-to-equity ratio. The facilities (refer to "liquidity risk") with Nedbank CIB and Standard Bank Limited represent a limited concentration risk. Concentration risk is managed by actively monitoring compliance with debt covenants.

The group's long-term target gearing ratio is to remain below 50%. The facilities (refer to "liquidity risk") with Nedbank CIB and Standard Bank Limited represent a high concentration risk.

The group's gearing ratio has increased during the year, as a result of impairments recognised negatively affecting the equity.

36. Financial instruments and risk management continued

Capital risk management continued

The capital structure and gearing ratio at 2024 and 2023, respectively, were as follows:

		Group		Company	
	Notes	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Loans from group companies	25	–	–	278 788	284 438
Interest-bearing borrowings	19	373 447	481 547	373 447	481 547
Loan from shareholder	21	74 942	17 118	65 424	7 100
Financial liabilities at amortised cost	20	87 844	124 052	–	–
Lease liabilities	22	6 504	9 724	4 512	5 539
Bank overdraft	18	39 234	85 385	39 470	85 359
Total borrowings		581 971	717 826	761 641	863 983
Cash and cash equivalents	18	(46 177)	(24 078)	–	(147)
Net borrowings		535 794	693 748	761 641	863 836
Equity		4 389	120 578	(333 105)	428 699
Total capital		540 183	814 326	428 536	1 292 535
Gearing ratio (%)		99	85	178	67

Financial risk management

Overview

The group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

Risk management is carried out by the head office function under policies approved by the board. The head office function identifies, evaluates and manages financial risks in close cooperation with the group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas such as interest rate risk, credit risk and investment of excess liquidity. The group was exposed to limited foreign currency exchange risk as export sales are priced in South African rands.

Credit risk

Credit risk consists mainly of trade and other receivables, other receivables, lease receivables, cash and cash equivalents and loans to group companies. The group only deposits cash with major banks with high-quality credit standings and limits exposure to any one counterparty.

The group has assessed the concentration of credit risk. The following concentrations have been assessed: customer-specific, industry-specific and regions.

There is a significant concentration of credit risk on the following levels: Salungano is exposed to only a few individual customers, is also exposed to a specific industry namely, coal mining and is further exposed to specific Mpumalanga regions. Trade receivables consist mainly of Eskom, Sasol Mining, government institutions and private sector and mining entities. Eskom and Sasol Mining have a history of no defaults and credit ratings of Caa1 and Ba2, respectively. Both Eskom's and Sasol's credit ratings did not decrease significantly during the year and, as a result, the group did not have a significant increase in credit risk during the year. The group only trades with recognised creditworthy third parties. It is the group's policy that all customers who wish to trade on credit terms be subject to credit verification procedures, which include an assessment of credit rating, short-term liquidity and financial position. Refer to notes 2 and 11 for further information.

Notes to the consolidated and separate financial statements continued

36. Financial instruments and risk management continued

Credit risk continued

The group strives to enter into sales contracts with customers which stipulate the required payment terms. It is expected of each customer that these payment terms are adhered to. Where trade receivables balances become past due, the normal recovery procedures are followed to recover the debt. Where applicable, new payment terms may be arranged to ensure that the debt is fully recovered.

Salungano group establishes an allowance for non-recoverability or impairment that represents its estimated credit loss allowance in respect of trade receivables, other receivables, cash and cash equivalents and loans and receivables. The main components of these allowances are a 12-month ECL component that results from possible default events within 12 months after the reporting date and a lifetime ECL component that results from all possible default events over the expected life of a financial instrument.

All the financial assets are assessed under the general approach to determine the ECL. Under the general approach, management must determine whether the financial asset is in one of three stages in order to determine both the amount of ECL to recognise as well as how interest income should be recognised. Management has determined that due to the credit risk concentration, all trade receivables have been assessed under the lifetime ECL model.

Stage 1 is where credit risk has not increased significantly since initial recognition. For financial assets in stage 1, management recognises a 12-month ECL and recognises interest income on a gross basis – this means that interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.

Stage 2 is where credit risk has increased significantly since initial recognition. When a financial asset transfers to stage 2, management will recognise lifetime ECL but interest income will continue to be recognised on a gross basis.

Stage 3 is where the financial asset is credit impaired. This is effectively the point at which there has been an incurred loss event. For financial assets in stage 3, management continues to recognise lifetime ECL but they recognise interest income on a net basis. This means that interest income will be calculated based on the gross carrying amount of the financial asset less ECL.

	Group					
	12-month PD ranges %	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Purchased credit impaired R'000	Total R'000
2024						
Loan to investee	8.39	–	–	181 323	–	181 323
Financial asset at amortised cost	8.39	76 360	–	–	–	76 360
Trade receivables	8.39	624 504	–	15 104	–	639 607
Other trade receivables	8.39	2 661	–	–	–	2 661
Gross carrying amount		703 525	–	196 427	–	899 952
Expected credit loss		(63 856)	–	(180 469)	–	(244 325)
Net carrying amount		639 669	–	15 957	–	655 626
2023						
Loan to joint venture	63	–	51 866	–	–	51 866
Financial asset at amortised cost	7.41	72 669	–	–	–	72 669
Trade receivables	7.41	490 333	62 863	–	–	553 196
Other trade receivables	7.41	9 817	–	–	–	9 817
Gross carrying amount		572 819	114 729	–	–	687 548
Expected credit loss		(3 666)	(111 394)	–	–	(115 060)
Net carrying amount		569 153	3 335	–	–	572 488

36. Financial instruments and risk management continued

Credit risk continued

	Company					
	12-month PD ranges %	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Purchased credit impaired R'000	Total R'000
2024						
Loans to investee	100	–	–	181 323	–	–
Loans to group companies	2 – 100	8 296	299 847	1 200	–	309 343
Financial asset at amortised cost	8.39	76 360	–	–	–	76 360
Trade receivables	8.39	103 420	–	–	–	103 420
Other trade receivables	8.39	640	–	–	–	640
Gross carrying amount		188 716	299 847	182 523	–	489 763
Expected credit loss		(46 661)	(11 343)	(166 135)	–	(224 138)
Net carrying amount		142 055	288 504	16 389	–	265 625
2023						
Loans to group companies	7.41	642 904	–	–	–	642 904
Financial asset at amortised cost	7.41	72 669	–	–	–	72 669
Trade receivables	7.41	29 774	–	–	–	29 774
Other trade receivables	7.41	10 619	–	–	–	10 619
Gross carrying amount		755 967	–	–	–	755 967
Expected credit loss		(41 818)	–	–	–	(41 818)
Net carrying amount		714 149	–	–	–	714 149

Trade receivables

The group measures ECL allowances on a grouped basis using the simplified approach for trade and other receivables. For cash equivalents, cash deposits, other receivables and loans and receivables, the group does not measure these instruments on a collective basis.

To measure the ECL, trade receivables have been grouped based on the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 March 2023 or 1 April 2024, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as inflation and interest rates which may affect the ability of the customer to settle the receivables.

Notes to the consolidated and separate financial statements continued

36. Financial instruments and risk management continued

Financial assets

All of the entity’s financial assets at amortised cost and fair value through other comprehensive income are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months’ expected losses. Management considers “low credit risk” for listed bonds to be an investment-grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk where they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Other financial assets at amortised cost

Other financial assets at amortised cost include loans to related parties and key management personnel, and other receivables.

The maximum exposure to credit risk is presented in the table below.

		Group		
	Notes	Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost R'000
2024				
Loan to investee	11	180 307	(164 350)	15 957
Financial asset at amortised cost	12	76 360	(1 430)	74 931
Restricted investments	10	125 016	–	125 016
Trade and other receivables	16	755 852	(77 530)	678 322
Cash and cash equivalents	17	46 177	–	46 177
		1 183 712	(243 309)	940 403

		Group		
	Notes	Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost R'000
2023				
Loan to joint venture	11	51 866	(51 866)	–
Financial asset at amortised cost	12	72 669	(1 346)	71 323
Restricted investments	10	148 335	–	148 335
Trade and other receivables	16	702 639	(63 194)	576 251
Cash and cash equivalents	17	24 078	–	24 078
		999 588	(116 406)	819 988

36. Financial instruments and risk management continued

Financial assets continued

Other financial assets at amortised cost continued

		2024			2023		
	Notes	Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost R'000	Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost R'000
Company							
Loans to group companies	11	309 343	(12 144)	297 197	642 904	(40 187)	602 717
Financial asset at amortised cost	12	76 360	(1 430)	74 931	72 669	(1 346)	71 323
Trade and other receivables	16	68 615	(45 179)	23 436	40 170	(285)	39 885
Cash and cash equivalents	17	–	–	–	147	–	147
		454 318	(58 753)	395 564	755 890	(41 818)	714 072

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The following tables analyse the group’s financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows.

Notes to the consolidated and separate financial statements continued

36. Financial instruments and risk management continued

Liquidity risk continued

The maturity profiles of contractual cash flows of non-derivative financial liabilities are presented in the following table. The cash flows are undiscounted contractual amounts.

		Group				
	Notes	Less than one year R'000	One to two years R'000	Two to five years R'000	Total R'000	Carrying amount R'000
2024						
Non-current liabilities						
Lease liabilities	22	–	3 618	–	3 618	3 267
Current liabilities						
Trade and other payables	24	839 152	–	–	839 152	839 152
Interest-bearing borrowings	19	373 447	–	–	373 447	373 447
Loan from shareholder	21	66 874	–	8 068	74 942	74 942
Financial liabilities at amortised cost	20	87 844	–	–	87 844	87 844
Lease liabilities	22	3 756	–	–	3 756	3 237
Bank overdraft	17	39 234	–	–	39 234	39 234
		1 410 307	3 618	–	1 421 992	1 421 123
2023						
Non-current liabilities						
Lease liabilities	22	–	7 374	–	7 374	6 586
Financial liabilities at amortised cost	20	–	50 164	–	50 164	50 164
Current liabilities						
Trade and other payables	24	1 117 935	–	–	1 117 935	1 117 935
Interest-bearing borrowings	19	481 547	–	–	481 547	481 547
Loan from shareholder	21	17 118	–	–	17 118	17 118
Financial liabilities at amortised cost	20	73 888	–	–	73 888	73 888
Lease liabilities	22	4 072	–	–	4 072	3 138
Bank overdraft	17	85 385	–	–	85 385	85 385
		1 779 945	57 538	–	1 837 483	1 835 761

36. Financial instruments and risk management continued

Liquidity risk continued

		Company				
	Notes	Less than one year R'000	One to two years R'000	Two to five years R'000	Total R'000	Carrying amount R'000
2024						
Non-current liabilities						
Lease liabilities	22	–	760	3 618	4 378	3 267
Current liabilities						
Trade and other payables	24	51 593	–	–	51 593	51 593
Loans from group companies	25	278 788	–	–	278 788	278 788
Interest-bearing borrowings	19	373 447	–	–	373 447	373 447
Loan from shareholder	21	65 424	–	–	65 424	65 424
Lease liabilities	22	1 633	–	–	1 633	1 245
Bank overdraft	17	39 470	–	–	39 470	39 470
		810 355	760	3 618	814 733	813 234
2023						
Non-current liabilities						
Lease liabilities	22	–	6 376	5 251	11 627	4 512
Current liabilities						
Trade and other payables	24	20 632	–	–	20 632	20 632
Loans from group companies	25	284 438	–	–	284 438	284 438
Interest-bearing borrowings	19	481 547	–	–	481 547	481 547
Loan from shareholder	21	7 100	–	–	7 100	7 100
Lease liabilities	22	1 527	–	–	1 527	1 028
Bank overdraft	17	85 359	–	–	85 359	85 359
		880 603	6 376	5 251	892 230	884 616

The group manages liquidity risk through an ongoing review of credit facilities to ensure funds are available to cover future commitments.

Cash flow forecasts are prepared in the operating entities of the group and aggregated by group treasury, monitoring rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the group's debt financing plans and compliance with internal balance sheet ratio targets.

The liquidity position is addressed as follows:

- Through undrawn overdraft facilities (refer to note 17);
- Shareholders' loans to cover any short-term cash flow shortfalls;
- Extending supplier payment terms and entering into payment plans with key suppliers; and
- Agreeing to early payment terms with key customers.

Notes to the consolidated and separate financial statements continued

36. Financial instruments and risk management continued

Market risk

Cash flow interest rate risk

As the group has no significant net interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates except for the finance lease receivable on the mining fleet.

The group's and company's interest rate risk arises mainly from variable-rate instalment sale agreements and borrowings. These borrowings carry variable rates that are linked to the prime lending rate in South Africa (refer to note 20).

The company has no significant cash flow interest rate risk arising from its interest-bearing loans to and from group companies as these loans are interest-free. Instead, the company is exposed to fair value interest rate risk on its external borrowings. The company's income and operating cash flows are substantially independent of changes in market interest rates.

Interest rate sensitivity analysis

A change of 100 basis points in the interest rate at the reporting date would have increased/(decreased) profit before tax by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as 2023.

	2024		2023	
	Increase R'000	Decrease R'000	Increase R'000	Decrease R'000
Group				
Increase or decrease in rate				
Impact on profit or loss and equity				
Interest-bearing borrowings 1% (FY23: 1%)	(3 734)	3 734	(4 815)	4 815
Loan from shareholder 1%	(749)	749	–	–
Company				
Increase or decrease in rate				
Impact on profit or loss and equity				
Interest-bearing borrowings 1% (FY23: 1%)	(3 734)	3 734	(4 815)	4 815
Loan from shareholder 1%	(654)	654	–	–

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (“IBORs”) with alternative nearly risk-free rates (referred to as “IBOR reform”). The group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The group’s main IBOR exposure at 31 March 2024 was indexed to JIBAR. The South African Reserve Bank has indicated their intention to move away from JIBAR and to create an alternative reference rate for South Africa. This reform is at various stages globally, and a suitable alternative for South Africa is only expected to be announced in a few years’ time. Accordingly, there is uncertainty surrounding the timing and manner in which the transition would occur and how this would affect various financial instruments held by the group.

Price risk

The group has no significant investments in equity instruments. The group is not exposed to commodity price risk.

37. Fair value information

Fair value hierarchy

The following table analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

37. Fair value information continued

Levels of fair value measurements

Level 2

Recurring fair value measurement liabilities

	Note	Group		Company	
		2024 R'000	2023 R'000	2024 R'000	2023 R'000
Liabilities					
Financial liabilities at fair value through profit or loss					
Interest rate swap	19	827	(125)	827	(125)
		827	(125)	827	(125)

The interest-bearing borrowings contained a swap through which Salungano had swapped its variable commitment of the RCF and term loan from three-month JIBAR less 0.5% to fixed rate at 9.65%, which expired in June 2023.

Level 1

Recurring fair value measurements

	Note	Group		Company	
		2024 R'000	2023 R'000	2024 R'000	2023 R'000
Assets					
Financial assets mandatorily at fair value through profit or loss					
Restricted investments in rehabilitation portfolio	10	125 016	148 335	–	–
		125 016	148 335	–	–

The restricted investment portfolio is managed primarily by Old Mutual and Centriq and is mainly invested in actively trading unit trust shares, equity and cash.

Level 1 fair values for instruments held in the environmental rehabilitation funds are based on policy statements provided by the financial institutions at which the funds are invested at measurement date. These financial institutions invest in instruments which are listed.

Notes to the consolidated and separate financial statements continued

38. Share-based payments

Share-based payments – composition and analysis

Movements in the number of share options outstanding and their related weighted average share price at the exercise date of options are as follows:

	2024		2023	
	Number	Weighted exercise price (cents)	Number	Weighted exercise price (cents)
Share option group				
Outstanding at the beginning of the year	1 175	193	1 082	193
Granted	–	–	93	126
Exercised	–	–	–	–
Expired	(1 175)	(193)	–	–
As at year-end	–	–	1 175	126

Other non-distributable reserve

The reserve relates to the issue of shares at a discount to its fair value, issued to Plusbay Limited, as part of the acquisition of Xceed Resources Limited by Keaton Energy Holdings Limited in 2014.

The reserve was recycled into the retained earnings in the current year.

39. Going concern

Current year profitability

Significant judgements and estimates were used when assessing the group’s going concern. The following assumptions were applied in the cash flow forecasts:

- Conclusion of the Keaton Mining CSA with Eskom;
- Meeting production and sales targets; and
- Successful implementation of the section 155 plan.

Group

As at 31 March 2024, the group had cash balances of R7 million (FY23: R61 million net overdraft), and the available facilities on the GBF amounted to R51 million (FY23: Rnil).

As at 31 March 2024, the assets exceeded the total liabilities of the group by R4 million (FY23: R121 million) which indicates that the group remains solvent. The solvency position was also affected by R369 million (FY23: R497 million) of impairments relating to goodwill, PPE and financial assets recognised in profit or loss and other comprehensive income.

Management is of the view that the solvency position has already been rectified in subsequent periods with the resumption of operations at Vanggatfontein and the subsequent significant reduction in external debt.

While Neosho Trading 86 Proprietary Limited’s (Moabsvelden) CSA with Eskom is the only remaining Eskom contract within the group, Eskom has approved for Keaton Mining to continue supplying additional coal through the Moabsvelden CSA while Keaton Mining’s own CSA is being negotiated.

Wescoal Mining entering into business rescue and the downscaling of operations at Vanggatfontein have reduced the group’s liquidity constraints. Cash generation from Neosho Trading 86 Proprietary Limited (Moabsvelden Mine) continues to grow with own sales and rectification sales to Eskom. Adequate cash has been generated and is forecast to be generated by Neosho Trading 86 Proprietary Limited to meet the group and company’s cash requirements. These factors form the basis for the group’s cash flow assumptions for the next 18 months ending March 2027.

39. Going concern continued

Company

As at 31 March 2024, the company had an overdraft of R39 million (FY23: R61 million net overdraft), and the available facilities on the GBF amounted to R51 million (FY23: Rnil).

The company’s total liabilities exceeded total assets by R333 million (FY23: total assets exceeded total liabilities by R429 million) which indicates that the company is insolvent. The solvency position was affected by R766 million (FY23: R145 million) of impairment relating to financial assets, and investments in subsidiaries were recognised in profit or loss and other comprehensive income.

The balance of the negative net position is as a result of the inter-company loans and the impairment of the investments in Keaton Energy Holdings Limited and Salungano Trading.

Adequate cash is expected to be generated from Neosho to sustain Salungano to meet all its commitments with continued support from the lenders.

Salungano is dependent on its subsidiaries to meet the loan repayment obligations. The subsidiaries are co-obligors to the loan facilities and Salungano expects to meet all its obligations when they fall due.

Based on the above, the consolidated and separate financial statements have been prepared on a going-concern basis. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

40. Post-financial year-end events

40.1 Keaton Mining Proprietary Limited section 155 creditors compromise

As previously reported, Keaton Mining was placed under provisional liquidation on 27 February 2024 and Natasha Mary Darnell and Pollock Richard Keay were appointed as provisional liquidators. The creditors compromise proposal was presented to concurrent, secured and preferential creditors at respective meetings held on 22 August 2024 and the compromise proposal was adopted by creditors representing 100% in value of each of the aforementioned class of creditors. The section 155 compromise proposal was sanctioned by the Court on 25 September 2024 and creditors will be settled as per an agreed payment plan contained in the creditors compromise, through cash generated from operating the mine for the remaining life of the reserves. The provisional liquidation was withdrawn on 11 October 2024.

40.2 Wescoal Mining Proprietary Limited (“Wescoal Mining”)

As previously reported, three senior business rescue practitioners were appointed at the CIPC on 28 August 2023 to run the affairs of Wescoal Mining. The business rescue plan of Wescoal Mining was approved at a creditors’ meeting held on 12 July 2024 and the business rescue practitioners continue to implement the plan to the benefit of all affected parties.

40.3 Lending arrangements

The company has been in breach of its loan facilities since 21 June 2023 when it was unable to secure a refinancing agreement with its lenders. On 26 August 2025, the company concluded a standstill agreement with its lenders in terms of which the lenders have agreed to stand still on their legal rights, provided the company complies with the repayment and other terms of the agreement.

As announced on 27 August 2025, the outstanding balance on the RCF was R396 million as at 30 September 2023, and the GBF limit was R90 million. The RCF balance has subsequently reduced to R373 million as at 31 March 2024 (GBF limit was R90 million), and further reduced to R153 million at 31 July 2025 (GBF limit R80 million).

The main terms of the standstill agreement provide for a monthly repayment of R20 million and a further repayment of R10 million at the end of each calendar quarter. The facilities are expected to be fully settled around June 2026.

Notes to the consolidated and separate financial statements continued

40. Post-financial year-end events continued

40.4 Keaton Mining CSA

A draft agreement was received on 21 August 2025 from Eskom for supplying coal from Keaton Mining to Eskom. Management expects to conclude the agreement before the third quarter of FY26.

40.5 Keaton Mining fleet of mining machinery

In November 2023, the fleet of mining machinery was surrendered to the lenders to auction. In April 2024, the fleet of mining machinery was auctioned and the proceeds were used to settle the asset-based finance loan with Nedbank and Standard Bank. Excess proceeds of R49 million were realised from the auction and used to reduce the RCF loan.

41. Related parties

Relationships

Subsidiaries	Salungano Trading Proprietary Limited
	Salungano Resources Proprietary Limited
	Salungano Power Proprietary Limited
	Blanford 006 Proprietary Limited
	Proudafrique Trading 147 Proprietary Limited
	Keaton Energy Holdings Limited
	Keaton Mining Proprietary Limited
	Leeuw Braakfontein Colliery Proprietary Limited
	Labohlano Trading 46 Proprietary Limited
	Neosho Trading 86 Proprietary Limited
	Salungano Agriculture Proprietary Limited
	Refer to note 8
Joint ventures	Arnot HoldCo Proprietary Limited Arnot OpCo Proprietary Limited (refer to note 9)
Investee	Wescoal Mining Proprietary Limited
Shareholders	RBFT Investments Proprietary Limited
	K2016316243 (SA) Proprietary Limited
	MR Ramaite
	Wescoal Share Incentive Trust
Members of key management interests	Simeka Capital Holdings Proprietary Limited
	Gundo Logistics & Projects Proprietary Limited
	Venda Football Academy Club
Group executive committee	Key management personnel who have the authority and responsibility for planning, directing and controlling activities of the company and subsidiaries
Employee share incentive scheme	Wescoal Share Incentive Trust
Members of key management	Refer to directors’ remuneration (note 43)

41. Related parties continued

	Group		Company	
	2024 R’000	2023 R’000	2024 R’000	2023 R’000
Related party balances				
Loan accounts – owing (to)/by related parties				
Salungano Trading Proprietary Limited	–	–	–	(283 288)
Wescoal Mining Proprietary Limited	15 957	–	15 957	173 156
Wescoal Mining Proprietary Limited	(206 622)	–	–	–
Salungano Power Proprietary Limited	–	–	–	(602)
Blanford 006 Proprietary Limited	–	–	2 939	2 958
Neosho Trading 86 Proprietary Limited	–	–	4 968	5 000
Salungano Resources Proprietary Limited	–	–	–	(548)
Keaton Energy Holdings Limited	–	–	288 523	460 586
Salungano Agriculture Proprietary Limited	–	–	338	–
Keaton Mining Proprietary Limited	–	–	431	1 200
Proudafrique Trading 147 Proprietary Limited	–	–	–	4
RBFT Investments Proprietary Limited	(74 942)	(17 118)	(65 424)	(7 100)
Refer to notes 11, 21 and 25 for terms and conditions				
Amounts included in trade receivable/(trade payable) regarding related parties				
Blanford 006 Proprietary Limited	–	–	2 508	590
Blanford 006 Proprietary Limited	–	–	–	–
Keaton Energy Holdings Limited	–	–	(27 600)	14 321
Keaton Energy Holdings Limited	–	–	(1 756)	(668)
Keaton Mining Proprietary Limited	–	–	12 719	2 037
Keaton Mining Proprietary Limited	–	–	(10)	–
Keaton Mining Proprietary Limited	–	–	9 672	–
Neosho Trading 86 Proprietary Limited	–	–	63 797	3 965
Neosho Trading 86 Proprietary Limited	–	–	(52)	(52)
Wescoal Mining Proprietary Limited	–	–	15 799	7 542
Salungano Trading Proprietary Limited	–	–	6 507	1 319
Salungano Trading Proprietary Limited	–	–	(1 182)	(52)
Wescoal Share Incentive Trust	–	–	–	–
Wescoal Share Incentive Trust	–	–	–	–
Wescoal Mining Proprietary Limited	–	–	–	–
Wescoal Mining Proprietary Limited	–	–	–	–
Arnot OpCo Proprietary Limited	–	22 137	–	–
Shares held by the Trust				
Wescoal Share Trust (number of shares ’000)	–	9 508	–	9 508

Notes to the consolidated and separate financial statements continued

41. Related parties continued

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Related party transactions				
Interest (received from)/paid to related parties				
Wescoal Mining Proprietary Limited	-	-	(7 316)	(19 669)
Salungano Trading Proprietary Limited	-	-	-	(242)
Keaton Energy Holdings Limited	-	-	(6 562)	(39 252)
RBFT Investments Proprietary Limited	9 581	-	8 324	-
Administration fees paid to/(received from) related parties				
Blanford 006 Proprietary Limited	-	-	(3 500)	(3 195)
Wescoal Mining Proprietary Limited	(776)	-	(17 863)	(55 373)
Salungano Trading Proprietary Limited	-	-	(10 501)	(9 584)
Salungano Trading Proprietary Limited	-	-	2 745	2 785
Keaton Energy Holdings Limited	-	-	2 697	2 278
Keaton Mining Proprietary Limited	-	-	(14 297)	(19 168)
Neosho Trading 86 Proprietary Limited	-	-	(116 145)	(19 168)
Other related party expenses				
Office rentals from Simeka Capital Holdings Proprietary Limited	1 527	1 915	1 527	1 915
Transportation services from Gundo Logistics & Projects Proprietary Limited	17 077	154 306	-	-
Venda Football Academy Club	3 600	2 000	-	2 000
Compensation to directors and other key management				
Non-executive directors' fees	2 518	3 912	-	-
Remuneration	10 832	12 965	-	-
Retirement and medical contributions	775	1 024	-	-
Fringe benefits and bonus	1 463	4 239	-	-

42. Earnings/(loss) per share

Basic earnings/(loss) per share

The calculation of basic (loss)/earnings per share is based on net (loss)/profit for the year, attributable to owners of the company, divided by the weighted average number of ordinary shares in issue during the year.

	Group	
	2024 R'000	2023 R'000
Basic earnings/(loss) per share (cents)		
Net profit/(loss) attributable to owners of the company (rand)	(143 173)	(691 635)
Weighted average number of ordinary shares in issue	410 408	410 058
Basic earnings/(loss) per share (cents)	(34.89)	(168.52)

Diluted earnings per share

The calculation of diluted earnings/(loss) per share is based on net profit/(loss) for the year attributable to owners of the company. The weighted average number of shares in issue is adjusted to assume conversion of all potential dilutive shares as a result of share options granted under the share option schemes in issue. A calculation is performed to determine the number of shares that could have been acquired at fair value, determined as the average annual market share price of the company's shares, based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Group	
	2024 '000	2023 '000
Diluted earnings/(loss) per share (cents)		
Weighted average number of ordinary shares in issue	410 408	410 408
Share options in terms of the Wescoal Share Incentive Trust	-	-
Weighted average number of shares for diluted earnings per share*	410 408	410 408
Diluted earnings/(loss) per share (cents)	(34.89)	(168.52)

* As the group was in a loss-making position during the financial year and in 2024, the impact of share options would be anti-dilutive and is therefore not taken into account.

Notes to the consolidated and separate financial statements continued

42. Earnings/(loss) per share continued

Headline earnings/(loss) and diluted headline earnings/(loss) per share

Headline earnings per share and diluted headline earnings per share are determined by dividing headline earnings and diluted headline earnings by the weighted average number of ordinary shares outstanding during a period.

Headline earnings and diluted headline earnings are determined by adjusting basic earnings and diluted earnings by excluding separately identifiable remeasurement items. Headline earnings and diluted headline earnings are presented after tax and non-controlling interest.

Headline (loss)/earnings and diluted headline earnings/(loss) are determined by adjusting basic earnings/(loss) and diluted earnings/(loss) by excluding separately identifiable remeasurement items in terms of the JSE headline earnings circular, HEPS Circular 1/2023.

The calculation of headline earnings/(loss), net of taxation and non-controlling interest, per share, is based on the basic earnings/(loss) per share calculation adjusted for the following items:

	2024		2023	
	Gross	Net of tax	Gross	Net of tax
Headline/diluted headline loss per share				
Net loss for the year attributable to owners of the company	(188 547)	(143 173)	(931 193)	(691 635)
Profit/(loss) on disposal of property, plant and equipment	(263)	(187)	(2)	(2)
Gain on deconsolidation	(402 950)	(402 950)		
Impairment of property, plant and equipment	37 358	37 358	450 941	450 941
Goodwill impairment	49 660	49 660	–	–
Headline loss	(504 742)	(459 292)	(480 254)	(240 695)
Headline loss per share (cents)	–	(111.91)	–	(58.65)
Diluted headline loss per share (cents)*	–	(111.91)	–	(58.65)

* As the group was in a loss-making position during the financial year and in 2024, the impact of share options would be anti-dilutive and is therefore not taken into account.

43. Directors’ and prescribed officers’ emoluments

Executives

Remuneration and benefits paid to current and past directors and prescribed officers for services to the company

	Re-muneration R’000	Medical and provident fund contributions R’000	Annual bonus R’000	Fringe and other benefits R’000	Cash total R’000	IFRS 2 share option expense R’000
2024						
MR Ramaite	4 000	–	333	–	4 333	–
KM Maroga*	2 800	400	767	–	3 967	–
T Tshithavhane	4 032	375	363	–	4 770	–
	10 832	775	1 463	–	13 070	–
2023						
MR Ramaite	4 100	–	–	–	4 100	–
JM Speckman**	1 799	165	–	–	1 964	–
T Tshithavhane	3 578	567	–	49	4 194	5
KM Maroga***	1 414	216	1 500	–	3 130	–
	10 892	948	1 500	49	13 389	5

* KM Maroga was appointed as group CFO effective from 1 October 2022 and her remuneration is disclosed as part of executive directors’ earnings. KM Maroga resigned as group CFO on 19 February 2025.

** JM Speckman resigned as group CFO and executive director effective 14 April 2022. She effectively left the company on 30 September 2022 after serving her six months from resignation.

*** KM Maroga was appointed as group CFO effective 1 October 2022.

Share options in the company held by directors

	Financial year granted	Option grant (strike price) cents	Balance held as at 31 March 2024 ‘000	Option grant (strike price) cents	Balance held as at 31 March 2023 ‘000
T Tshithavhane	2014	–	–	212	–
	2016	–	–	111	
	2018	–	–	213	205
	December 2017	–	–	–	–

Notes to the consolidated and separate financial statements continued

44. Directors’ and prescribed officers’ emoluments continued

Non-executives

Non-executive remuneration for attending meetings.

	Group	
	2024 R’000	2023 R’000
HLM Mathe	978	707
KM Maroga*	–	236
C Maswanganyi	518	405
ET Mzimela	532	431
N Siyotula**	143	942
N Mnxasana**	103	605
A Mabizela**	103	586
TT Tshikovhi***	47	–
M Malunga***	47	–
SN Maninjwa***	47	–
	2 518	3 912

* KM Maroga was appointed as group CFO effective 1 October 2022 and her remuneration is disclosed as part of executive directors’ earnings.

** Resigned during the current financial year.

*** Appointed during the current financial year.

Prescribed officers

	Remuneration R’000	Medical and provident fund contributions R’000	Annual bonus R’000	Fringe and other benefits R’000	Cash total R’000	IFRS 2 share option expense R’000
2023						
M Berry*	573	76	–	4 190	4 839	5

* M Berry resigned as a prescribed officer in May 2022.

Share options in the company held by prescribed officer

	Financial year granted	Option grant (strike price) cents	Balance held as at 31 March 2024 ’000	Option grant (strike price) cents	Balance held as at 31 March 2023 ’000
M Berry	2017	241	850	241	850
	2018	213	205	213	205
	December 2017	246	19	246	19

44. Segment report

Accounting policies relating to segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, responsible for allocating resources and assessing performance of the operating segments, has been identified as the group executive committee that makes strategic decisions.

Segment reporting – composition and analysis

For management purposes, the group is organised into business units based on their products and activities and has four reportable operating segments:

- The Mining segment is involved in the exploration, beneficiation and mining of bituminous coal;
- The Trading segment buys and sells coal to inland customers;
- The property rental segment rents property to other segments within the group; and
- The investment holding segment is the holding company of the group and also acts as a central treasury function.

No operating segments have been aggregated to form the above reportable operating segments. The group executive committee is the group’s chief decision-making body. Management has determined the operating segments based on the information received by the group executive committee. Annual segment performance is evaluated based on revenue and on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

All revenue is primarily generated from customers in Southern Africa and all operating assets are situated in South Africa. The Mining segment generates its revenue mainly from sales to parastatal and other institutions. The Trading segment generates its revenue from sales to a variety of customers that include the private sector, government institutions, mining entities and various small and medium enterprises.

Notes to the consolidated and separate financial statements continued

44. Segment report continued

	Mining R'000	Trading R'000	Property rental and other R'000	Investment holding R'000	Inter- segment eliminations R'000	Consolidated R'000
31 March 2024						
Local	(844)	308 173	1 990	–	–	309 320
Eskom sales	3 070 422	–	–	–	(519 472)	2 550 951
Rental income	536	–	4 517	–	(3 738)	1 315
Transport	853 112	52 708	–	–	(114 682)	791 137
Administration and management fees	–	2 745	–	165 003	(166 972)	776
External customers	3 923 227	363 626	6 507	165 003	(804 864)	3 653 498
Inter-segment	–	–	–	–	–	–
Total revenue	3 923 227	363 626	6 507	165 003	(804 864)	3 653 498
Depreciation and amortisation – cost of sales	(218 906)	(2 352)	(12)	(33)	(18 403)	(239 707)
Cost of sales	(3 435 441)	(313 204)	(889)	–	628 154	(3 121 379)
Gross profit/(loss)	268 880	48 070	5 606	164 970	(195 113)	292 413
Other income/(expenses)	64 710	21	3 848	5	(5 526)	63 058
Operating expenses	(355 390)	(37 926)	19 988	(555 610)	358 137	(570 801)
Operating profit/(loss)	(21 800)	10 165	29 442	(390 635)	157 497	(215 330)
Finance income	670	4	–	120 828	(116 798)	4 704
Finance cost	(323 150)	(1 707)	(2)	(79 600)	116 798	(287 661)
Depreciation and amortisation	(1 639)	(1 990)	–	(2 563)	–	(6 193)
Impairment	–	(16 968)	(37 358)	(812 021)	779 329	(87 017)
Gain on deconsolidation	402 950	–	–	–	–	402 950
Profit/(loss) before income tax	57 031	(10 497)	(7 917)	(1 163 991)	936 826	(188 547)
Total assets	3 296 102	107 152	177 612	334 534	26 888	3 942 288
Total liabilities	(4 108 495)	(39 779)	(242 973)	(570 792)	1 024 142	(3 937 898)
EBITDA	197 106	12 779	29 454	(390 602)	175 901	24 640

44. Segment report continued

	Mining R'000	Trading R'000	Property rental and other R'000	Investment holding R'000	Inter- segment eliminations R'000	Consolidated R'000
31 March 2023						
Local	15 034	634 165	–	–	–	649 197
Eskom sales	3 603 809	103	–	–	(1 558 613)	2 045 299
Export sales	1 289 206	–	–	–	–	1 289 206
Rental income	–	–	226	–	–	226
Transport	686 444	119 077	–	–	–	805 521
External customers	5 594 492	753 345	226	–	(1 558 613)	4 789 450
Inter-segment	–	–	–	–	–	–
Total revenue	5 594 492	753 345	226	–	(1 558 613)	4 789 450
Cost of sales	(5 588 655)	(704 646)	(12)	(24 463)	1 657 267	(4 660 509)
Gross profit/(loss)	5 837	48 698	214	(24 464)	98 654	128 940
Other income/(expenses)	26 955	3 123	–	(9)	–	30 068
Operating expenses	(415 106)	(76 835)	(3 358)	(755 520)	798 159	(452 660)
Operating profit/(loss)	(382 315)	(25 014)	(3 144)	(779 992)	896 812	(293 652)
Interest received	15 032	–	–	175 134	(167 815)	22 352
Interest paid	(277 124)	(901)	–	(98 744)	167 815	(210 336)
Impairment	(450 941)	–	–	–	–	(450 941)
Share of net loss of joint venture accounted for using the equity method	–	–	–	–	–	–
Profit/(loss) before income tax	(1 095 348)	(25 915)	(3 144)	(703 602)	896 811	(931 194)
Depreciation and amortisation	(366 394)	(4 076)	(12)	(3 053)	(18 559)	(368 883)
Gain/(loss) on sale of assets	–	2	–	–	–	2
Total assets	3 727 179	196 872	46 376	1 615 466	(1 016 110)	4 569 783
Total liabilities	(4 628 489)	(103 707)	(32 631)	(623 277)	938 901	(4 449 203)
EBITDA	(15 384)	(20 940)	(3 132)	(776 939)	915 372	98 979

Notes to the consolidated and separate financial statements continued

45. Deconsolidation

Loss of control over subsidiaries

On 10 August 2023, IPP Mining and Materials Handling Proprietary Limited, a mining contractor of Wescoal Mining, initiated a provisional winding-up application against Wescoal Mining. Subsequently, Wescoal Mining contested the liquidation application. On 24 August 2023, a settlement was reached between Wescoal Mining and IPP, formalised through a court order reflecting the agreed-upon terms. Consequently, the liquidation application was withdrawn. In line with a board resolution pursuant to section 129(1) of the Companies Act, Wescoal Mining opted to initiate a voluntary business rescue process, commencing on 25 August 2023.

Three senior business rescue practitioners were successfully appointed at the CIPC on 28 August 2023, and the initial creditors’ meeting for Wescoal Mining (in business rescue) took place on 11 September 2023.

Having considered the requirements of IFRS 10 and the relevant provisions in the Companies Act, the directors have determined that the group no longer meets the requirements for “control” over Wescoal Mining and its subsidiaries effective from 28 August 2023 when control of Wescoal Mining was transferred to business rescue practitioners. In terms of section 140 of the Companies Act, the three business rescue practitioners took full management and control over the company. The practitioners assumed control over key decision-making processes, including strategic decisions, financial matters and operational decisions. This effectively reduces the group’s power over Wescoal Mining as an investee, as the parent’s ability to influence the investee’s activities is now subject to the discretion of the practitioners. The impact on the group’s financial results between 28 August 2023 and 30 September 2023 was considered insignificant due to operations being on stoppage during that time. Wescoal Mining has been deconsolidated as from 30 September 2023 (“effective date of deemed disposal”).

The loss of control over the subsidiary was recognised in accordance with the requirements of IFRS 10 as it was not due to the disposal of Wescoal Mining. For the current financial year, Wescoal Mining contributed R428 million towards the group’s revenue before the deemed disposal.

45. Deconsolidation continued

Loss of control over subsidiaries continued

The group retains 100% of the equity in Wescoal Mining, however, the equity value is deemed to be at a nil value due to the negative equity position of Wescoal Mining on the effective date of deconsolidation. The investment in Wescoal Mining as a subsidiary was fully impaired in FY23 due to the recoverable amount being less than the carrying amount of all CGUs.

The carrying amounts of assets and liabilities on the date when control was lost over the subsidiaries:

	Group
	2024 R’000
Non-current assets	
Property, plant and equipment	314 378
Deferred tax	187 508
Intangible assets	4 464
Restricted investments	85 691
Prepayments	1 054
Current assets	
Cash and cash equivalents	7 713
Inventories	148 959
Loans to/from group companies	6 792
Prepayments (if material)	1 254
Trade and other receivables	130 708
Total assets	888 520
Current liabilities	
Current tax payable	(3 173)
Loan from shareholder	(1 750)
Trade and other payables	(575 223)
Non-current liabilities	
Environmental rehabilitation provision	(711 324)
Total liabilities	(1 291 470)
Carrying amount of net assets deconsolidated	(402 950)
Total consideration – cash/debt set-off	–
Gain on deconsolidation	402 950
Net cash	
Cash received	–
Less: Cash and cash equivalents balance of deconsolidated subsidiaries	(7 713)
Net cash received on deconsolidation	(7 713)

Notes to the consolidated and separate financial statements continued

45. Deconsolidation continued

Loans with related parties

Relates to the inter-company loans between Salungano group companies and Wescoal Mining Proprietary Limited and its subsidiaries. As a result of the loss of control over the subsidiaries, the outstanding loans as at the deemed disposal date have been recognised in the Salungano results as a receivable or payable.

	2024 R'000
Opening balance as at 1 April 2023	–
Loans receivable from Wescoal Mining Proprietary Limited and its subsidiaries	181 323
Loss allowance recognised against outstanding balance	(165 366)
Loans payable to Wescoal Mining Proprietary Limited and its subsidiaries	(206 622)
Closing balance as at 31 March 2024	(190 665)

46. Reportable Irregularities

ID	Irregularity	Detail description	Action	Status
1	Late submission of annual results resulting in non-compliance with the JSE Listings Requirements and Late submission of annual results resulting in non-compliance with the Companies Act.	Salungano did not issue a full set of the annual financial statements for the year ended 31 March 2024 by the stipulated deadline of 30 June 2024, leading to non-compliance with paragraph 3.15 of the JSE Listings Requirements. Furthermore, Salungano did not adhere to the provisions of section 30(1) of the Companies Act, failing to have the annual financial statements prepared within the required four-month period, as specified by both the Companies Act and the JSE regulations.	The financial statements for the year ended March 2024 have been prepared and will be published by 7 October 2025.	In progress
	Late submission of annual results resulting in non-compliance with the JSE Listings Requirements and late submission of annual results resulting in non-compliance with the Companies Act.	Salungano did not issue a condensed and full set of the interim and annual financial statements for the period ended 30 September 2024 by the stipulated deadline of 31 December 2024 and year ended 31 March 2025 by the stipulated deadline of 30 June 2025, leading to non-compliance with paragraphs 3.17 and 3.15, respectively of the JSE Listings Requirements. Furthermore, Salungano did not adhere to the provisions of section 30(1) of the Companies Act, failing to have the annual financial statements prepared within the required four-month period, as specified by both the Companies Act and the JSE regulations.	The financial statements for the year ended March 2025 will be published by the end of February 2026 and interim annual financial statements for FY25 to be published by the end of November 2025.	In progress
2	Not filling the Audit, Risk and Compliance Committee vacancies timeously resulting in non-compliance with section 94(6) of the Companies Act.	Salungano's board of directors did not fill the vacancies on the Audit, Risk and Compliance Committee within 40 days after the resignation of all members on 30 June 2023, as required by section 94(6) of the Companies Act.	Salungano's board of directors appointed the Audit, Risk and Compliance Committee on 1 March 2024.	Completed

SHAREHOLDER
INFORMATION

ANALYSIS OF ORDINARY SHAREHOLDERS

as at 31 March 2024

Shareholder spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 1 000	4 935	73.74	690 771	0.16
1 001 – 10 000	1 194	17.84	4 585 750	1.09
10 001 – 100 000	493	7.37	14 629 072	3.48
100 001 – 1 000 000	52	0.78	14 919 559	3.55
Over 1 000 000	18	0.27	385 091 702	91.71
Total	6 692	100.00	419 916 854	100.00

Distribution of shareholders	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Close corporations	24	0.36	372 351	0.09
Collective investment schemes	1	0.01	192 937	0.05
Control accounts	1	0.01	9	0.00
Custodians	8	0.12	898 892	0.21
Foundations and charitable funds	4	0.06	69 156	0.02
Investment partnerships	9	0.13	201 314	0.05
Private companies	48	0.72	312 141 582	74.33
Public companies	1	0.01	1	0.00
Retail shareholders	6 502	97.16	76 075 863	18.12
Scrip lending	1	0.01	7 347	0.00
Share schemes	1	0.01	9 508 000	2.26
Stockbrokers and nominees	10	0.15	1 495 573	0.36
Trusts	76	1.14	18 756 279	4.47
Unclaimed scrip	6	0.09	197 550	0.05
Total	6 692	100.00	419 916 854	100.00

* Pursuant to the provisions of section 56 of the Companies Act, disclosures from foreign nominee companies have been included in this analysis.

Shareholder type	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Non-public shareholders	7	0.10	337 252 125	80.31
Directors and associates (direct holding)	3	0.04	26 495 816	6.31
Directors and associates (indirect holding)	2	0.03	87 620 187	20.87
Beneficial holders > 10%				
K2016316243 (SA) Proprietary Limited (Empowerment SPV)	1	0.01	213 628 122	50.87
Share schemes	1	0.01	9 508 000	2.26
Public shareholders	6 685	99.90	82 664 729	19.69
Total	6 692	100.00	419 916 854	100.00

Beneficial shareholders with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
K2016316243 (SA) Proprietary Limited	213 628 122	50.87
RBFT Investments Proprietary Limited	86 626 187	20.63
MR Ramaite	23 193 301	5.52
Total	323 447 610	77.03
Total number of shareholdings	6 692	
Total number of shares in issue	419 916 854	

Share price performance	
Opening price 3 April 2023	R1.29
Closing price 31 March 2024	R0.50
Closing high for the period	R1.33
Closing low for the period	R0.50
Number of shares in issue	419 916 854
Volume traded during the period	4 827 994
Ratio of volume traded to shares issued (%)	1.15
Rand value traded during the period	R4 196 350
Price/earnings ratio as at 31 March 2024	–
Earnings yield as at 31 March 2024	(R6 977.11)
Dividend yield as at 31 March 2024	–
Market capitalisation as at 31 March 2024	R209 958 427

DEFINITIONS

ADR	Alternative Dispute Resolution
AGM	Annual general meeting
Arnot	Arnot Mine
Arnot OpCo	Arnot OpCo Proprietary Limited
AT Kearney	AT Kearney Proprietary Limited
B-BBEE	Broad-based Black Economic Empowerment
CCIC	Caracle Creek International Consulting Coal Proprietary Limited
Centriq	Centriq Insurance Innovation
CEO	Chief executive officer
CFO	Chief financial officer
CGU	Cash-generating unit
CHPP	Coal handling and preparation plant
CIPC	Companies and Intellectual Property Commission
Companies Act	Companies Act of South Africa, 71 of 2008
CP	Competent person
CPR	Competent person's report
CSA	Coal supply agreement
DMPR	Department of Mineral and Petroleum Resources
EBITDA	Earnings before interest, tax, depreciation and amortisation
ECL	Expected credit loss
Elandspruit	Elandspruit Colliery/Mine
Eskom	Eskom Holdings SOC Limited
FY23	Financial year ended 31 March 2023
FY24	Financial year ended 31 March 2024
FY25	Financial year ended 31 March 2025
FY26	Financial year ending 31 March 2026
GBF	General banking facility
ha	Hectare
HEPS	Headline earnings per share
IAS	International Accounting Standard
IBORs	Interbank Offered Rates
IDC	Industrial Development Corporation
IFRS Accounting Standards	IFRS® Accounting Standards as issued by the International Accounting Standards Board
Intibane	Intibane Colliery/Mine/Complex
IPP	IPP Mining and Materials Handling Proprietary Limited
IRBA	Independent Regulatory Board for Auditors
IRBA Code	Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors
ISA	International Standard on Auditing
IT	Information technology
JIBAR	Johannesburg Interbank Agreed Rate

JSE	Johannesburg Stock Exchange Limited
Keaton	Keaton Mining Proprietary Limited
Khanyisa	Khanyisa Colliery/Mine/Complex
King IV™	King IV Report on Corporate Governance for South Africa, 2016™
km	Kilometre
KPI	Key performance indicator
kt	Thousand tonnes
LBC	Leeuw Braakfontein Colliery
LGD	Loss given default
LOM	Life of mine
LSE	London Stock Exchange
m	Metre
Moabsvelden	Moabsvelden Mine/Colliery/Project
Mol	Memorandum of Incorporation
mt	Million tonnes
MTIS	Mineable tonnes in situ
Nedbank	Nedbank Limited
PD	Probability of default
RCF	Revolving credit facility
ROM	Run of mine
SACNASP	South African Council for Natural Scientific Professions
SAICA	South African Institute of Chartered Accountants
SAIMM	South African Institute of Mining and Metallurgy
Salungano	Salungano Group Limited
SAMREC Code	South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2016 edition
SANS	South African National Standard
SARS	South African Revenue Service
SENS	Stock Exchange News Service
SLP	Social and labour plan
SME	Small to medium-sized enterprise
SNG Grant Thornton	SizweNtsalubaGobodo Grant Thornton
SPV	Special purpose vehicle
Standard Bank	Standard Bank of South Africa Limited
Sterkfontein	Sterkfontein Project
STI	Short-term incentive
t	Tonne
The board	The board of directors of Salungano Holdings Limited
The group	Salungano Holdings Limited and its subsidiaries and associates
The previous year	The year ended 31 March 2023
The year	The year ended 31 March 2024
Vanggatfontein	Vanggatfontein Colliery/Mine
WACC	Weighted average cost of capital

GENERAL INFORMATION

Salungano Group Limited

Incorporated in the Republic of South Africa
(Registration number: 2005/006913/06)
Share code: SLG
ISIN: ZAE000306890
("Salungano" or "the company" or "the group")

Registered address

1st Floor, Building 10
142 Western Service Road
Woodmead 2191

Postal address

PO Box 1962, Edenvale 1610

Nature of business and principal activities

The mining, processing, sale and distribution of thermal coal

Directors

Dr HLM Mathe (*Chairman, independent non-executive*)
M Malunga (*Independent non-executive*)
SN Maninjwa (*Independent non-executive*)
TT Tshikovhi (*Independent non-executive*)
C Maswanganyi (*Non-executive*)
ET Mzimela (*Non-executive*)
MR Ramaite (*Chief executive officer*)
T Tshithavhane (*Executive*)

Company secretary

Yolande Lemmer
Telephone: +27 (0)11 049 8611
Facsimile: +27 (0)11 570 5848

Transfer secretaries

Computershare Investor Services
Proprietary Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank 2196, South Africa
PO Box 61051, Marshalltown 2107, South Africa
Telephone: +27 (0)11 370 7802

Bankers

Nedbank and Standard Bank of South Africa

Sponsor

Merchantec Capital
13th Floor, Illovo Point
68 Melville Road
Illovo, Sandton 2196
PO Box 41480, Craighall, 2024

Auditor

SizweNtsalubaGobodo Grant Thornton Inc.
Registered Auditor
152 14th Road Noordwyk
Midrand 1687
Telephone: +27 (0)12 443 6000

Website: www.salunganogroup.com



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