



Salungano

GROUP



CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2026

Consolidated and separate annual financial statements

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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 and separate 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 as issued by the International Accounting Standards Board ("IASB"). The external auditor is engaged to express an independent opinion on the consolidated and separate annual 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 control 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 control 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 control 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 June 2027 and, in light of this review and the current financial position, they are satisfied that the group has or has 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 and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the group's external auditor and their report is presented on **page 13**.

The consolidated and separate annual financial statements set out on **pages 19 to 100**, which have been prepared on the going concern basis, were approved by the board of directors on 29 June 2026 and were signed on their behalf by:

Robinson Ramaite
Chief executive officer
("CEO")

Jannie Muller
Chief financial officer
("CFO")

30 June 2026

Level of assurance

These consolidated and separate annual financial statements have been audited in compliance with the applicable requirements of the Companies Act.

Preparer

The consolidated annual financial statements were compiled by Khodani Luvhengo (group financial manager) under the supervision of the CFO, Jannie Muller CA(SA).

Published

30 June 2026

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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 19 to 100**, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS Accounting Standards as issued by the IASB and the requirements of the Companies Act;
- 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 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

Jannie Muller
Chief financial officer

30 June 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 ("CIPC"), for the financial year ended 31 March 2026, 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

30 June 2026

Directors' report

The directors herewith submit the consolidated and separate annual financial statements of Salungano Group Limited for the year ended 31 March 2026 ("the FY26 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 Limited ("JSE") on 21 August 2023, following the company's failure to publish its audited financial results for the year ended 31 March 2023 within the period prescribed by the JSE Listings Requirements. The group subsequently brought its financial reporting up to date through the progressive publication of outstanding financial results, with the final outstanding set being released on 30 April 2026. Following the restoration of the group's compliance with the JSE Listings Requirements, the suspension was lifted on 15 May 2026.

The directors have noted that the SizweNtsalubaGobodo Grant Thornton Inc. ("SNG Grant Thornton") audit report contains a material uncertainty related to the company's going concern status as detailed in the auditor's report (**page 13**). The directors have evaluated the appropriateness of the going concern assumptions used in the preparation of the consolidated and separate annual financial statements (discussed in detail later in this report) and remain satisfied that the group and company can continue to operate as a going concern. The consolidated and separate annual financial statements were therefore prepared on this basis.

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

The group generated a profit of R209 million (FY25: R10 million). Earnings before interest, tax, depreciation and amortisation ("EBITDA") for the year amounted to R734 million (FY25: R429 million) and operating profit improved to R458 million (FY25: R189 million).

The significant improvement in performance was mainly attributable to the following:

- Neosho ramped up its production and increased sales to Eskom;
- Third-party rectification sales through Neosho continued at high volumes for the first three quarters of the year;
- Keaton Mining's Vanggatfontein Mine operated under the section 155 creditors' compromise; and
- There were no inventory losses arising from burning stock due to spontaneous combustion as a result of improved operating procedures for stockpile management.

Cash generated from operations amounted to R615 million (FY25: R462 million), which enabled the group to settle R236 million (FY25: R191 million), including interest of R12 million (FY25: R42 million) towards the revolving credit facility ("RCF"). The general banking facility ("GBF") of R90 million was also fully settled in the current year.

Going concern

Significant judgements and estimates were applied in assessing the group's and company's ability to continue as a going concern. The cash flow forecasts used in the assessment were based on the following key assumptions:

- A significant increase in sales at Salungano Trading as a result of the turnaround strategy being implemented by that business unit;
- Achievement of production and sales targets for mining operations;
- Extension of the Neosho Trading coal supply agreement ("CSA") with Eskom; and
- Continued successful implementation of the section 155 plan, resulting in repayment of all long-outstanding creditors in Keaton Mining.

Group

As at 31 March 2026, the group had a bank balance of R67 million (FY25: R23 million net of overdraft), and the RCF and GBF lender facilities had been fully settled and cancelled.

As at 31 March 2026, the group's total assets exceeded total liabilities by R224 million (FY25: R15 million), indicating that the group is solvent. The solvency position improved significantly despite the recognition of an impairment of R40 million (FY25: R5 million) relating to financial assets in profit or loss and other comprehensive income.

The group's current assets of R616 million (FY25: R801 million) exceeded current liabilities of R547 million (FY25: R885 million), indicating that the group is liquid at year-end. This is a significant improvement over the prior year's net current liabilities of R84 million.

Neosho Trading 86 Proprietary Limited (Moabsvelden Mine) is in the process of extending its CSA with Eskom. In October 2025, Keaton Mining (Vanggatfontein Mine) entered into a CSA with Eskom to supply coal to Eskom for approximately five years.

As disclosed in note 17, the RCF balance as at 31 March 2025 was R225 million. This balance was fully settled by 28 November 2025. The GBF was fully settled on 18 March 2026.

Cash generation from Neosho Trading enabled the group to settle the RCF by the end of November 2025. In addition, proceeds from the banks' repossession of the Keaton Mining yellow equipment were used during the current financial year to reduce the RCF balance. The GBF was fully settled in March 2026. These factors form the basis for the group's cash flow assumptions for the next 12 months ending June 2027.

Directors' report continued

Company (Salungano)

The company incurred a loss of R7 million (FY25: R8 million loss). These losses arose mainly from high expected credit losses ("ECLs") on trade and other receivables and intercompany loans.

As at 31 March 2026, the company had a cash balance of R5 million (FY25: R86 million net overdraft), and there were no available facilities on the GBF (FY25: R4 million) as the overdraft facilities were fully settled on 18 March 2026 and cancelled.

The company's total liabilities exceeded total assets by R348 million (FY25: R341 million), indicating that the company was not solvent at year-end. The company's current liabilities exceeded current assets by R509 million (FY25: R482 million), indicating that the company is not liquid at year-end. This indicates the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and, accordingly, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The company's solvency position was significantly impacted by the impairment of investments in subsidiaries amounting to R585 million recognised in FY24. Furthermore, additional impairment losses of R32 million (FY25: R33 million) relating to financial assets recognised in profit or loss further weakened the company's solvency position.

The negative liquidity position is a result of the intercompany loans. Intercompany loans of R275 million owing to Salungano Trading and R225 million owing to Keaton Energy Holdings are classified as current liabilities as they have no fixed repayment terms, however, the entity will defer repayment until liquidity has been restored.

Adequate cash is expected to be generated by Neosho Trading to enable the company to meet all its commitments.

Based on the cash flow forecasts for the next 12 months ending June 2027, expected operational improvements and settlement of the RCF and GBF during the year, the directors believe that the group and company will have adequate resources to continue operating for the foreseeable future. Accordingly, the consolidated and separate financial statements have been prepared on a going concern basis, which assumes that the realisation of assets and settlement of liabilities will occur in the normal course of business.

Post-financial year-end events

Neosho South African Revenue Service ("SARS") diesel rebates

In December 2025, SARS issued a letter to disallow diesel rebates amounting to R76 million, which resulted in the diesel rebates receivable being reversed in FY25 in accordance with IAS 10 as an adjusting event. During March 2026, management appealed

the decision taken by SARS. On 21 May 2026, SARS issued a notification of extension by 30 business days from the due date of 14 June 2026, therefore management expects an outcome before the end of September 2026 (refer to note 31).

Appointment of the group chief financial officer

Subsequent to year-end, Mr Jannie Muller was appointed as group CFO and executive director with effect from 1 April 2026.

Directors' interests in contracts

During the year ended 31 March 2026, the CEO had the following indirect interests in contracts with the company:

- Loan agreements to the company and its subsidiaries; 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 in the financial statements, which could significantly affect the financial position of the group as at 31 March 2026 or the results of its operations or cash flows for the year then ended.

Compliance with financial reporting standards

The Salungano group and company 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 ordinary shares. 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 2025*	410 408
Reported as at 31 March 2026*	410 408

* Shares issued exclude 9 508 000 treasury shares.

Directors' report continued

Major shareholders of the company

Shareholder	FY26		FY25	
	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 share calculation based on the total shares issued of 419 916 854 (FY25: 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, 2026™ ("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™, including the appointment of the independent non-executive directors as mentioned below. 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	<i>Chairman, independent non-executive</i>	Appointed 1 August 2013	South African
MR Ramaite	<i>Chief executive officer</i>	Appointed 20 November 2007	South African
M Malunga	<i>Independent non-executive</i>	Appointed 1 March 2024	South African
SN Maninjwa	<i>Independent non-executive</i>	Appointed 1 March 2024	South African
JFJ Muller	<i>Chief financial officer</i>	Appointed 1 April 2026	South African
C Maswanganyi	<i>Non-executive</i>	Appointed 17 November 2017	South African
ET Mzimela	<i>Non-executive</i>	Appointed 17 November 2017	South African
TT Tshikovhi	<i>Independent non-executive</i>	Appointed 1 March 2024	South African
T Tshithavhane	<i>Executive</i>	Appointed 4 April 2016	South African

JSE Listings Requirements – Audit, risk and compliance committee responsibilities (board confirmation)

In accordance with paragraph 5.7(h) of the JSE Listings Requirements (effective 16 February 2026), the board confirms to shareholders that the audit, risk and compliance committee has executed the responsibilities assigned to it in terms of paragraph 5.7(h).

Company secretary

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

Directors' report continued

Resolutions

The following resolutions were approved by shareholders at an annual general meeting ("AGM") of the company held on 26 May 2026:

Ordinary resolutions

- Director retirement and re-election of Dr Mbendeni Humphrey Mathe;
- Director retirement and re-election of Cecil Maswanganyi;
- Director retirement and re-election of Eric Thuthukani Mzimela;
- Appointment of a member and chairman of the audit, risk and compliance committee: Themba Theophilus Tshikovhi;
- Appointment of a member of the audit, risk and compliance committee: Mzimkulu Malunga;
- Appointment of a member of the audit, risk and compliance committee: Sinesipho Nothemba Maninjwa;
- Appointment of a member and chairman of the social and ethics committee: Mzimkulu Malunga;
- Appointment of a member of the social and ethics committee: Cecil Maswanganyi;
- Appointment of a member of the social and ethics committee: Eric Thuthukani Mzimela;
- Reappointment of the external auditor: Appointment of SNG Grant Thornton as the external auditor of the company until the next AGM, and 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;
- The authorisation for any director of the company to implement the resolutions taken at the AGM;
- Directors' authority to issue ordinary shares, and to sell treasury shares for cash; and
- Approval of the general authority to repurchase or acquire the company's own shares.

Special resolutions

- Approval for the company to grant intergroup financial assistance in terms of sections 44 and 45 of the Companies Act.

Independent auditor

The company has appointed SNG Grant Thornton for the financial year ended 31 March 2026 and the appointment of Ms Jeanine Nellmapius-Clarke as the designated auditor for this period.

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

	FY26		FY25	
	Direct shareholding '000	Indirect shareholding '000	Direct shareholding '000	Indirect shareholding '000
Director*				
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

* Appointed as CFO with effect from 1 October 2022. Resigned on 18 February 2025.

There have been no changes to the directors' shareholdings between Salungano's financial year-end (31 March 2026) and the date of approval of the annual financial statements.

Directors' report continued

Directors' remuneration

Executive

	Remuneration R'000	Medical and provident fund contributions R'000	Annual bonus R'000	Fringe and other benefits R'000	Cash total R'000
FY26					
MR Ramaite	5 050	-	823	-	5 873
T Tshithavhane	4 553	369	817	-	5 739
	9 603	369	1 640	-	11 612
FY25					
MR Ramaite	4 761	-	403	-	5 163
KM Maroga*	2 833	248	280	2 301	5 662
T Tshithavhane	4 234	343	381	-	4 958
	11 827	592	1 064	2 301	15 784

* Appointed as CFO with effect from 1 October 2022. Resigned on 18 February 2025.

Non-executive

	GROUP	
	FY26 R'000	FY25 R'000
HLM Mathe	766	931
C Maswanganyi	392	433
ET Mzimela	420	490
TT Tshikovhi	826	656
M Malunga	721	676
SN Maninjwa	693	676
	3 819	3 863

Audit, risk and compliance committee report

The audit, risk and compliance committee (“the committee”) is a statutory committee in terms of Chapter 3 of the Companies Act, and is a committee of the board. The committee operates in accordance with formal terms of reference approved by the board, which are reviewed annually. This report, included in the annual financial statements, is presented to shareholders in compliance with the Companies Act and with reference to applicable governance and JSE Listings Requirements.

Role and mandate

The committee has an independent role and is accountable to both the board and shareholders. Its responsibilities include the statutory duties set out in the Companies Act, duties assigned in terms of the JSE Listings Requirements, and additional responsibilities delegated by the board in terms of its approved terms of reference.

The committee reports to the board after each meeting and makes recommendations on matters requiring board consideration or approval.

Composition and meetings

During the financial year ended 31 March 2026, the committee comprised three independent non-executive directors:

- Mr Themba Tshikovhi (*Chairman*);
- Ms Sinesipho Maninjwa; and
- Mr Mzimkulu Malunga.

The members are considered suitably skilled and experienced to fulfil the committee’s mandate, having regard to the size, complexity and circumstances of the group.

The group CEO, CFO (acting CFO up to 31 March 2026), the external and internal auditors, and relevant assurance, risk, compliance, finance, legal, operational and information technology (“IT”) representatives attended meetings by invitation, insofar as appropriate.

The committee also engaged separately with the external auditor, without executive management present, where required.

Committee attendance will be presented in a table in the annual report.

Subsequent to year-end, the members of the committee were reappointed by shareholders at the AGM held on 26 May 2026.

Duties discharged during the reporting period

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

- considered and recommended the consolidated and separate annual financial statements for the year ended 31 March 2026, interim financial results and related announcements to the board for approval;
- monitored financial reporting timetable and publication planning across the group, with particular focus on maintaining compliance with the JSE Listings Requirements in relation to historical reporting delays and suspension of the trading in the company’s shares;
- considered the appropriateness of accounting policies, significant accounting judgements, estimates and disclosures;
- considered the effectiveness of internal financial controls and management’s remediation of identified control weaknesses;
- considered the going concern status of the company and recommended the basis of preparation to the board;
- assessed the independence and suitability of the external auditor and designated audit partner and, in considering the auditor’s reappointment, reviewed the information required by the JSE Listings Requirements, including relevant regulator inspection outcomes and remediation, ISQM 1 monitoring and/or remediation communications, and any reported legal and/or disciplinary proceedings, where applicable;
- recommended the reappointment of the external auditor for approval by shareholders at the AGM;
- approved external audit fees and terms of engagement;
- applied the group’s non-audit services policy and pre-approved permissible non-audit services, where applicable;
- oversaw the internal audit function, approved the internal audit scope and fees, considered internal audit progress and findings, and monitored progress against the internal audit plan;
- monitored risk and compliance management, including key operational, legal, regulatory, financial reporting, tax, IT, health and safety, environmental, contractor governance and rehabilitation-related risks; and
- monitored coordination between assurance providers in support of the group’s combined assurance approach.

Finance function and financial reporting capacity

The committee continued to monitor the finance function during the reporting period, with particular regard to the group’s financial reporting obligations, the historical financial reporting backlog and the compressed reporting timetable required to restore and maintain compliance with the JSE Listings Requirements.

Audit, risk and compliance committee report continued

The committee noted the appointment of Mr Jannie Muller as CFO and executive financial director with effect from 1 April 2026. The committee is satisfied that the finance function has made meaningful progress and that the group has taken appropriate steps to strengthen financial reporting capacity and accountability. Ongoing oversight will be maintained, particularly in relation to the group's ability to meet recurring financial reporting deadlines on a sustainable basis.

JSE Listings Requirements confirmations

The committee is satisfied that, during the reporting period and, where relevant, up to the date of approval of this report:

- the acting CFO had the appropriate competence, qualifications and experience for the role;
- the group had appropriate financial reporting procedures in place, and that such procedures were operating to support effective preparation and reporting of financial information;
- the committee considered the information required in terms of paragraphs 5.7(h)(iii)(aa) to (dd) of the JSE Listings Requirements in assessing the suitability of the audit firm and individual auditor for reappointment; and
- the reappointment of the external auditor was presented to shareholders as a resolution at the AGM.

The board confirmation required in terms of paragraph 5.7(h) of the JSE Listings Requirements, namely that the committee has executed the responsibilities assigned to it, is included in the directors' report of the annual report and is incorporated herein by reference.

Key focus areas during FY26

In addition to its routine statutory and governance responsibilities, the committee paid specific attention to:

- maintaining financial reporting compliance and the publication timetable for outstanding and current financial reports;
- the company's engagement with the JSE and the process relating to the upliftment of the suspension of trading in the company's securities;
- the FY26 audit timetable and the need for improved turnaround times on audit queries, technical matters and issue resolution;
- the company's going concern assessment, cash flow forecasts and related assumptions;
- settlement of lender debt and the impact thereof on the group's financial position and going concern assessment;
- the status and impact of Keaton Mining's section 155 creditors' compromise;
- the status of Eskom coal supply arrangements and operational assumptions affecting production, offtake and cash flow conversion;
- rehabilitation liabilities and related balance sheet implications;

- tax and accounting matters requiring committee consideration, including diesel rebate matters and deferred tax considerations;
- internal financial controls and remediation of identified control weaknesses;
- IT governance, access controls, segregation of duties, cybersecurity, SAP-related controls and the review and approval of updated IT policies;
- risk and compliance management, including health and safety, environmental, water use and discharge, contractor governance, tax, rehabilitation provisioning and regulatory compliance risks; and
- material legal and regulatory matters affecting the group.

Internal audit and internal financial controls

The committee oversaw the internal audit function and approved the scope of work and fees for the internal financial controls review performed by SkX Protiviti. The review focused on internal financial controls relevant to the group's financial reporting procedures and the requirements of the JSE Listings Requirements.

The committee monitored the progress of this work across the group's main entities and audit areas, including property, plant and equipment, intercompany transactions, taxation, revenue and trade receivables, bank and cash, purchases and payables, payroll, leases and investments.

The committee emphasised the importance of internal audit work being timed so as to provide earlier insight into control weaknesses and to enable management to address matters proactively during the financial year. The committee will continue to monitor management's response to internal audit findings and the implementation of agreed remediation actions.

Risk and compliance

The committee monitored the group's risk and compliance environment during the reporting period. The group's risk profile remained elevated in certain areas, including operational performance, Eskom offtake and demand-side pressures, health and safety, environmental compliance, rehabilitation provisioning, contractor governance, tax and diesel rebate compliance, legal matters and financial reporting compliance.

The committee considered updates on the group's risk profile, compliance activities and material legal matters, and supported the continued development of risk registers, policy awareness, compliance monitoring and reporting processes. The committee also considered the updated compliance risk policy and recommended it to the board for approval.

Audit, risk and compliance committee report continued

Annual financial statements and going concern

The committee has reviewed the consolidated and separate annual financial statements for the year ended 31 March 2026 and is of the opinion that, in all material respects, they comply with the Companies Act, IFRS Accounting Standards and applicable reporting requirements, and fairly present the financial position, financial performance and cash flows of the company and group.

The committee also considered the going concern basis of preparation of the annual financial statements. In doing so, the committee considered management's cash flow forecasts, key assumptions, operational plans, lender debt settlement, Eskom-related assumptions, the section 155 creditors' compromise, available resources and the material uncertainties disclosed in the annual financial statements and the independent auditor's report.

Following its consideration of the quantitative and qualitative factors presented by management, and having regard to the related disclosures, the committee recommended the annual financial statements to the board for approval on the going concern basis.

Having regard to the timing of finalisation and publication, certain matters considered by the committee after year-end but before approval and publication have been taken into account where relevant to this report and the related disclosures.

External auditor independence and suitability

The committee considered the independence, suitability and effectiveness of SNG Grant Thornton as external auditor, and of the designated audit partner, with reference to the Companies Act and the JSE Listings Requirements.

The committee is satisfied that the external auditor was independent of the company during the reporting period. The committee further satisfied itself that the audit firm and designated audit partner were suitable for reappointment, having considered the required information under the JSE Listings Requirements, including inspection outcomes, quality monitoring or remediation matters, and any reported legal or disciplinary proceedings.

The committee recommended the reappointment of SNG Grant Thornton as external auditor, with Ms Jeanine Nellmapius-Clarke as designated audit partner, for approval by shareholders at the AGM.

Statutory audit, risk and compliance committee report statement

In accordance with section 94(7)(f) of the Companies Act, this report describes how the committee carried out its functions during the year, states that the committee is satisfied that the external auditor was independent of the company, and comments on the financial statements, accounting practices and internal financial control of the company.

On behalf of the committee

Themba Tshikovhi

Chairman of the audit, risk and compliance committee

30 June 2026

Independent auditor's report

To the shareholders of Salungano Group Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Salungano Group Limited (the group and company) set out on **pages 19 to 100**, which comprise the consolidated and separate statement of financial position as at 31 March 2026; and the consolidated and separate statement of profit or loss and other comprehensive income; the consolidated and separate statement of changes in equity; and the consolidated and separate statement of cash flows for the year then ended; and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Salungano Group Limited as at 31 March 2026, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. 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), as applicable to audits of financial statements of public interest entities, 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). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

Final Materiality

The ISAs recognise that:

- misstatements, including omissions, are considered to be material if the misstatements, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements;

- judgements about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and
- judgements about matters that are material to users of the financial statements consider users as a group rather than as specific individual users, whose needs may vary greatly.

The amount we set as materiality represents a quantitative threshold used to evaluate the effect of misstatements to the financial statements as a whole based on our professional judgment. Qualitative factors are also considered in making final determinations regarding what is material to the financial statements.

Group Final Materiality

We determined materiality for the Group to be R87 million which is based on 2% of revenue. Revenue was selected as the benchmark for determining materiality as it represents the primary measure of the Group's operational performance and the scale of its coal mining activities and is therefore considered most relevant to users of the financial statements.

Company Final Materiality

We determined materiality for the standalone company to be R20 million which is based on 6% of net assets/equity. We have determined that a net assets/equity benchmark is most appropriate due to stakeholder focus on return on investment.

Group audit scope

We designed our group audit by assessing the risk of material misstatement at the group level and determining the nature, timing and extent of audit procedures to be performed across the group. Significant judgements were made in scoping the group audit, including the determination of components at which audit work, in support of the group audit opinion, needed to be performed to address the risk of material misstatement at group level. The decision to perform an audit of the entire financial information of the component, audits of one or more account balances, classes of transactions or disclosures or specified procedures was made considering the likelihood of material misstatements in those components and the overall risk profile of the group.

In selecting components, we involve the component auditors in the risk assessment process and perform risk assessment activities across the group and its components to identify risks of material misstatement. We then identify how the nature and size of the account balances and classes of transactions at the components contribute to those risks and thus determine which account balances and classes of transactions require an audit response.

We considered the following to determine the components at which audit work, in support of the group audit opinion, needed to be performed to provide an appropriate basis for undertaking audit work to address the risks of material misstatement at group level. This included an assessment of:

Independent auditor's report continued

- Whether any individual component had relevant events or conditions that may result in a risk to the group financial statements.
- Whether the group auditor needed to obtain audit evidence on all or a significant portion of the component's financial statements.
- Size and nature of the classes of transactions, account balances and disclosures at the component relative to the group financial statements.

We designed and performed further audit procedures on the entire financial information of three components and specific further audit procedures on two components.

We determined the type of work that needed to be performed by us, as the group auditor and component auditors from within the firm operating under our instruction. Where the work was performed by a component auditor, we determined the level of involvement we needed to have in the audit work at that component to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

In respect of the components where we performed audit procedures, 77% of the group's total assets and 99.9% of the group's total revenue, were covered by the audit of the five components scoped in.

For the components that were not audited, we considered if there were any events or conditions in these components that required additional procedures by performing risk assessment analytical procedures at group level.

Material Uncertainty Related to Going Concern

We draw attention to Note 35 to the consolidated and separate financial statements, which indicates that the company's total liabilities exceed total assets by R348 million, the company's current liabilities exceed current assets by R509 million. As stated in Note 35, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In terms of the EAR Rule, we have evaluated management's assessment of the group and company's ability to continue as a going concern as follows:

Company

- The company has incurred a loss of only R6.8 million per the consolidated and separate statement of profit or loss and other comprehensive income, after expected credit loss movements of R32 million.
- As disclosed in Note 17 to the consolidated and separate financial statements, the Revolving Credit Facility has been settled at year end, as well as the bank overdraft as disclosed in Note 15.
- The company had cash balances of R5 million at year end per the consolidated and separate statement of financial position, in comparison to an overdraft of R86 million in the prior year.
- Cash of R90 million was generated during the year per the consolidated and separate statement of cash flows.
- Intercompany loans payable of R501 million as per Note 22 to the consolidated and separate financial statements have been correctly classified as current liabilities as there are no repayment terms, however the entity will defer repayment until liquidity has been restored. These loans exceed the insolvency of the company.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

We have determined that there are no key audit matters to communicate in respect of the separate financial statements.

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters, and these are included below.

Independent auditor's report continued**Key audit matter****Environmental rehabilitation provision****Refer to note 20 of the consolidated financial statements**

As at 31 March 2026, the Group had recognized long-term environmental rehabilitation provisions of R2 390 million, 74% of the Group's total liabilities.

These provisions are recognized based on the Group's obligation to incur environmental restoration, rehabilitation and decommissioning costs as a result of environmental disturbances caused by the Group's ongoing mining activities. Rehabilitation activities are based on current legal requirements. Management applies significant judgements and assumptions in the determination of the provision, including the extent of disturbances and cost of rehabilitation activities, inflation and discount rates and the expected date of cessation of mining activities. Management utilized the assistance of independent environmental specialists.

Due to the significant judgements applied in determining the provision we have considered this to be a key audit matter in our audit of the consolidated financial statements.

How our audit addressed the key audit matter

Our audit addressed this key audit matter as follows:

- Through our discussions with management and inspection of underlying calculations, we updated our understanding of management's process to determine the environmental rehabilitation provision.
- Our team included senior, experienced audit team members and we engaged an independent environmental expert who possesses specialized skills and knowledge, to assist in performing audit procedures related to the appropriateness of the cost estimates and the evaluation of the key assumptions applied by management.

The primary procedures we performed included the following:

- We evaluated the methodology applied by management's independent expert in determining the nature and extent of rehabilitation activities by comparing it to industry practice.
- We assessed the objectivity, competence and experience of management's independent expert through inspection of their qualification, professional membership, service history and field of experience.
- We evaluated whether management's independent expert considered the requirements of relevant laws and regulations and included all the obligations in respect of such laws and regulations.
- We recomputed the present value of the provision using independently sourced discount and inflation rates to assess the reasonableness of the present value of the total environmental rehabilitation provision.
- We tested the mathematical accuracy of the model used by management by performing an independent recalculation and comparing the results of our calculation with management's calculations.
- We engaged an external expert to assist in assessing the reasonableness of the Competent Persons Report.
- We assessed the appropriateness of the disclosures related to the environmental and rehabilitation provisions relating to the mining operations, that are included in the consolidated financial statements against the requirements of IAS 37.
- Based on our work performed, we accepted management's basis for determining the provision. We did not note any aspect requiring further consideration in this regard.

Independent auditor's report continued

Key audit matter	How our audit addressed the key audit matter
<p>Impairment of property, plant and equipment Refer to note 3 of the consolidated financial statement</p> <p>Property, plant and equipment amounted to R1 907 million as at 31 March 2026 and represents 55.5% of the Group's total assets.</p> <p>Management performs an annual impairment assessment in respect of cash generating units.</p> <p>The recoverable amounts were calculated using estimated discounted cash flows over the projected life of mine or project length for determination of the value-in-use of each cash generating unit ("CGU").</p> <p>Management applies judgement in determining the key assumptions used in the value-in-use calculations. The most significant assumptions are:</p> <ul style="list-style-type: none"> • The post-tax discount rates (weighted average cost of capital "WACC") • Production and output costs • Available product which is determined by the life of mine plan • The expected revenue growth rate <p>Due to the significant audit effort required to assess the judgements made by management regarding the inputs into the discounted cash flow method, as well as the complexity involved in determining the recoverable amounts of each CGU, the impairment assessment of property plant and equipment was considered a key audit matter in our audit of the consolidated financial statements.</p>	<p>Our audit addressed this key audit matter as follows:</p> <p>The primary procedures we performed included the following:</p> <ul style="list-style-type: none"> • We updated our understanding of the process followed by management to assess impairment indicators and the methodologies and models used by management in making their assessments.. <p>We tested the key estimates and assumptions used by management in the discounted cash flow model by performing the following procedures:</p> <ul style="list-style-type: none"> • We compared the Life of Mine plan ("LOM") to the resource and reserve statement signed off by the Group's competent person for consistency; • We evaluated the accuracy of the input costs by comparing the costs to mining contractor agreements; • We evaluated the appropriateness of the expected selling prices by comparing to long term coal-supply agreement prices; • We compared the cash flow forecasts to current and historical operational results, forecasts and final approved budgets; and • We assessed the reasonableness of management's forecasts by comparing the prior year forecasts to the current year's results. <p>We used our internal valuation specialists to:</p> <ul style="list-style-type: none"> • Assess whether the discounted cash flow models applied by management are in line with standard acceptable valuation methodologies; • Independently recalculate the WACC rate and compared it to the WACC rate used by management to evaluate whether the assumptions used by management in determination of the WACC rate were reasonable; and • Perform an independent calculation of the discounted cash flow models, by using independently obtained key input assumptions and compared the result to that of management's calculation. <p>We compared the recoverable amounts tested to the carrying values of the CGU's to assess whether an impairment was required to be recognized.</p> <p>We evaluated the completeness, accuracy and relevance of disclosures against IAS 36 Impairment of Assets including the disclosures about sensitivities and major sources of estimation uncertainty.</p> <p>No material differences were noted.</p>

Independent auditor's report continued

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Salungano Group Limited Consolidated and Separate Annual Financial Statements for the year ended 31 March 2026", which includes the Directors' Report, the Audit, Risk and Compliance Committee report, and the Declaration by the company secretary as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 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 objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report continued

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Audit Tenure

In terms of the IRBA Rule published in Government Gazette No. 39475 dated 4 December 2015, we report that SizweNtsalubaGobodo Grant Thornton Inc. has been the auditor of Salungano Group Limited for three years.

Jeanine Nellmapius-Clarke

Director

Registered auditor

30 June 2026

152 14th Road
Noordwyk
Midrand
1687

Practice number: 946016

Statements of financial position

as at 31 March 2026

	Notes	GROUP		COMPANY	
		FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Assets					
Non-current assets					
Property, plant and equipment	3	1 962 100	2 035 463	327	302
Right-of-use assets	4	8 518	2 551	1 275	2 551
Investment property	5	709	709	-	-
Intangible assets	6	1 613	1 796	74	190
Investments in subsidiaries	7	-	-	5 342	5 342
Loan to investee	10	15 957	56 244	15 957	15 957
Restricted investments	9	273 454	166 952	-	-
Loans to group companies	10	-	-	5 895	4 961
Financial asset at amortised cost	11	99 896	87 344	99 896	87 344
Deferred tax asset	12	445 857	410 656	31 885	25 948
Restricted cash	15	13 298	10 663	-	-
		2 821 403	2 772 378	160 650	142 595
Current assets					
Inventories	13	131 597	76 963	-	-
Loans to group companies	10	-	-	38	138 924
Trade and other receivables	14	398 312	644 426	29 188	30 896
Current tax receivable	30	19 144	17 337	10 375	7 253
Cash and cash equivalents	15	67 073	62 014	4 856	-
		616 127	800 740	44 457	177 072
Total assets		3 437 530	3 573 118	205 107	319 667
Equity and liabilities					
Equity attributable to equity holders of the parent					
Share capital	16	630 372	630 372	630 372	630 372
Retained loss		(406 721)	(615 569)	(978 588)	(971 816)
		223 651	14 803	(348 216)	(341 444)
Liabilities					
Non-current liabilities					
Lease liabilities	19	6 511	1 774	-	1 774
Trade and other payables	21	173 411	252 790	-	-
Deferred tax liability	12	86 444	92 778	-	-
Loan from shareholder	18	10 451	9 225	-	-
Environmental rehabilitation provision	20	2 390 380	2 110 549	-	-
Loan from investee	22	-	206 622	-	-
		2 667 196	2 673 738	-	1 774
Current liabilities					
Trade and other payables	21	304 209	528 528	22 247	25 997
Interest-bearing borrowings	17	-	224 549	-	224 549
Loan from group companies	22	-	-	501 096	278 788
Loan from investee	22	208 942	-	-	-
Lease liabilities	19	3 284	1 493	1 889	1 493
Current tax payable	30	278	-	-	-
Loan from shareholder	18	29 970	44 546	28 092	42 888
Bank overdraft	15	-	85 461	-	85 623
		546 683	884 577	553 323	659 337
Total liabilities		3 213 879	3 558 315	553 323	661 111
Total equity and liabilities		3 437 530	3 573 118	205 107	319 667

Statements of profit or loss and other comprehensive income

for the year ended 31 March 2026

	Notes	GROUP		COMPANY	
		FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Revenue	23	4 467 757	4 369 354	131 633	158 151
Cost of sales	24	(3 793 106)	(3 997 662)	-	-
Gross profit		674 651	371 692	131 633	158 151
Operating income	25	79 582	42 482	17	6
Movement in credit loss allowances	25	(38 505)	5 591	(31 827)	(33 494)
Impairment of property, plant and equipment	3	-	(326)	-	-
Operating expenses		(258 222)	(230 859)	(107 969)	(97 896)
Operating (loss)/profit	25	457 505	188 581	(8 146)	26 767
Interest income	26	38 621	32 848	14 706	12 326
Finance costs	27	(216 672)	(266 645)	(19 268)	(53 806)
Profit/(loss) before taxation		279 453	(45 216)	(12 708)	(14 713)
Taxation	28	(70 606)	55 627	5 936	6 378
Profit/(loss) for the year		208 847	10 411	(6 772)	(8 335)
Total comprehensive income/(loss) for the year		208 847	10 411	(6 772)	(8 335)
Earnings per share					
Basic earnings/(loss) per share (cents)	38	50.89	2.54	-	-
Diluted earnings/(loss) per share (cents)	38	50.89	2.54	-	-

Statements of changes in equity

for the year ended 31 March 2026

	GROUP		
	Share capital R'000	Retained loss R'000	Total equity R'000
Balance as at 1 April 2024	630 372	(625 983)	4 389
Profit for the period	-	10 411	10 411
Balance as at 1 April 2025	630 372	(615 573)	14 801
Profit for the period	-	208 847	208 847
Balance as at 31 March 2026	630 372	(406 726)	223 648
Note	16		

	COMPANY		
	Share capital R'000	Retained loss R'000	Total equity R'000
Balance as at 1 April 2024	630 372	(963 477)	(333 105)
Loss for the period	-	(8 335)	(8 335)
Balance as at 1 April 2025	630 372	(971 812)	(341 440)
Loss for the period	-	(6 772)	(6 772)
Balance as at 31 March 2026	630 372	(978 584)	(348 212)
Note	16		

Statements of cash flows

for the year ended 31 March 2026

	Notes	GROUP		COMPANY	
		FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Cash flows from operating activities					
Cash generated from operations	29	614 509	461 663	(13 728)	35 935
Interest income received	26	4 674	11 027	2 030	457
Finance costs paid	27	(15 990)	(47 586)	(14 064)	(47 343)
Tax (paid)/received	30	(113 671)	(186 737)	(3 123)	(7 234)
Net cash from operating activities		489 522	238 367	(28 884)	(18 186)
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(113 663)	(59 035)	(230)	(148)
Proceeds on sale of property, plant and equipment	3	204	223	4	15
Loans advanced to investee	10	(409)	(51 584)	(409)	(10 238)
Loans repaid by investee	10	1 221	2 413	-	2 413
Purchase of restricted investment	9	(48 906)	(28 460)	-	-
Loans repaid by group companies	10	-	-	144 647	249 972
Loans advanced to group companies	10	-	-	(1 031)	(139 659)
Transfer to restricted cash		(1 758)	-	-	-
Net cash from investing activities		(163 311)	(136 443)	142 982	102 355
Cash flows from financing activities					
Proceeds of loans from group companies	22	-	-	235 505	-
Repayments of loans from group companies	22	-	-	(24 580)	-
Repayment of loan from shareholder	18	(20 000)	(29 000)	(20 000)	(29 000)
Repayment of interest-bearing borrowings	17	(213 166)	(100 077)	(213 166)	(100 077)
Repayment of lease liabilities	19	(2 525)	(3 237)	(1 378)	(1 245)
Net cash from financing activities		(235 691)	(132 314)	(23 619)	(130 322)
Total cash and cash equivalents movement for the year		90 520	(30 390)	90 479	(46 153)
Cash and cash equivalents at the beginning of the year*		(23 447)	6 943	(85 623)	(39 470)
Total cash and cash equivalents at the end of the year*	15	67 073	(23 447)	4 856	(85 623)

* 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 15.

Notes to the consolidated and separate annual financial statements

for the year ended 31 March 2026

1. Presentation of the consolidated and separate annual financial statements

The consolidated and separate annual 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 principal 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 IASB – IFRS Accounting Standards in issue and effective for the entity as at 31 March 2026, 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 intragroup 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 annual 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 are 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 for 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 20).

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, climate-related risks and environmental legislation changes.

Unwinding of 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 20).

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, which are included in the estimates, are charged to the provision. The cost of ongoing current rehabilitation is charged against income as incurred.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

1. Presentation of the consolidated and separate annual 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.

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 10, 14 and 33).

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:

- Meeting production and sales targets;
- Extension of the Neosho Trading CSA with Eskom; and
- Continued successful implementation of the section 155 plan.

Climate-related risk assessment

Management considered climate-related risks and uncertainties in its assessment, including potential changes in environmental regulations, carbon pricing mechanisms, water availability and the physical impacts of climate change on operations. While these risks may affect the group's future operating environment, management has assessed their potential impact on the group's financial position, financial performance, cash flows, and going concern assumption, and concluded that such impact is not material based on information currently available at the reporting date.

Diesel rebates

Management applies judgement in determining whether diesel consumption relates to qualifying activities under the SARS Diesel Refund System in terms of the Customs and Excise Act (Schedule 6, Part 3 Note 6).

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 2026 or later periods:

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 amendment is 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.

The amendments are not expected to have a material impact.

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

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

2. New standards and interpretations

continued

2.1 Standards issued but not yet effective

continued

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 the following 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.

The amendment is not expected to have a material impact. The group will not adopt IFRS 19 for its major subsidiaries.

Effective date: 1 January 2027.

Contracts referencing nature-dependent electricity (amendments to IFRS 7 and IFRS 9)

The amendments clarify the application of the "own-use" requirements in IFRS 9 for certain power purchase agreements and similar contracts where the volume of electricity delivered depends on natural factors (e.g. wind or solar generation). The amendments also permit such contracts, in specified circumstances, to qualify as hedging instruments. In addition, IFRS 7 has been amended to introduce additional disclosure requirements to enhance transparency regarding these arrangements and their effect on the entity's financial position and performance.

The amendments are not expected to have a material impact.

Effective date: 1 January 2026.

2.2 Standards issued and effective in the current year**Lack of exchangeability (amendments to IAS 21)**

Under IAS 21: *The Effects of Changes in Foreign Exchange Rates*, a spot exchange rate is used when translating a foreign currency transaction. In some rare circumstances, it is possible that one currency cannot be exchanged for another. Consequently, market participants are unable to buy and sell currency to meet their needs at the official exchange rate and turn instead to unofficial, parallel markets. The IASB amended IAS 21 to clarify when a currency is exchangeable to another currency and how a spot rate can be estimated when a currency lacks exchangeability.

The amendments did not have a material impact.

Effective date: 1 January 2025.

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 has not applied IFRS S1 and IFRS S2 from 1 January 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 is 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 is 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. Mine development assets are initially measured at cost, and are subsequently assessed for impairment on an annual basis.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

3. Property, plant and equipment continued**Accounting policies relating to property, plant and equipment** continued

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.

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 strip ratio less 15%. The objective of accelerating depreciation is 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 cash-generating units ("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 tangible assets and intangible assets (refer to notes 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:

- Low sales at Salungano Trading; and
- Poor financial performance at 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").

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.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

3. Property, plant and equipment continued

Property, plant and equipment – composition and analysis

	GROUP					
	FY26			FY25		
	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	114 582	–	114 582	115 113	–	115 113
Buildings	8 183	(5 451)	2 732	7 652	(5 395)	2 257
Furniture and fixtures	2 152	(1 793)	359	2 152	(1 681)	471
Motor vehicles	26 562	(20 232)	6 330	21 539	(18 255)	3 285
IT equipment	4 283	(3 679)	604	3 731	(3 364)	367
Mining properties, plant and machinery	3 329 620	(1 492 127)	1 837 493	3 219 778	(1 305 807)	1 913 971
	3 485 382	(1 523 283)	1 962 100	3 369 965	(1 334 501)	2 035 463

	COMPANY					
	FY26			FY25		
	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	(425)	38	463	(383)	80
IT equipment	2 291	(2 002)	289	2 103	(1 881)	222
	2 754	(2 428)	327	2 567	(2 264)	302

In the current year, an additional adjustment of R41 million (FY25: R1.794 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	Depreciation R'000	Total R'000
FY26						
Land	115 114	–	–	–	–	115 114
Buildings	2 257	–	–	–	(56)	2 201
Furniture and fixtures	471	–	–	–	(112)	359
Motor vehicles	3 284	5 022	–	–	(1 977)	6 329
IT equipment	366	595	(3)	–	(354)	603
Mining properties, plant and machinery	1 913 971	193 845	–	–	(270 323)	1 837 493
	2 035 463	199 462	(3)	–	(272 822)	1 962 100

* Included in additions are additions in relation to the rehabilitation assets of R85.8 million (FY25: R37.6 million) as a result of an increase in the rehabilitation liability (refer to note 20).

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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	Impairment R'000	Depreciation R'000	Total R'000
FY25						
Land	115 114	-	-	-	-	115 114
Buildings	2 366	-	-	-	(108)	2 257
Furniture and fixtures	446	144	-	-	(120)	471
Motor vehicles	2 675	1 962	(180)	-	(1 173)	3 284
IT equipment	606	184	(9)	-	(414)	366
Mining properties, plant and machinery	2 459 936	94 334	(405 439)	(326)	(234 534)	1 913 971
	2 581 143	96 624	(405 628)	(326)	(236 349)	2 035 463

* Included in disposals is the rehabilitation change in estimate of R243 million, as a result of a decrease in the liability (refer to note 20).

** Included in additions is the increase in the rehabilitation change in estimate of R37.6 million relating to Vanggatfontein. This increase is offset by the R243 million decrease in rehabilitation change in estimate relating to Moabsvelden (refer to note 20).

	COMPANY				
	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
FY26					
Furniture and fixtures	80	-	-	(42)	38
IT equipment	222	230	(3)	(160)	289
	302	230	(3)	(202)	327
FY25					
Furniture and fixtures	122	-	-	(42)	80
IT equipment	284	148	(9)	(200)	222
	407	148	(9)	(243)	302

Cash reconciliation of property, plant and equipment additions

	GROUP					
	FY26			FY25		
	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	-	-	-	144	-	144
Motor vehicles	5 022	-	5 022	1 962	-	1 962
IT equipment	595	-	595	184	-	184
Mining properties, plant and machinery	108 046	85 799	193 845	56 745	37 589	94 334
	113 663	85 799	199 462	59 035	37 589	96 624

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

3. Property, plant and equipment continued**Cash reconciliation of property, plant and equipment additions** continued

	COMPANY					
	FY26			FY25		
	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
IT equipment	230	-	230	148	-	148
	230	-	230	148	-	148

Property, plant and equipment encumbered as security

Under the refinanced debt package disclosed in interest-bearing borrowings (note 17), the group has encumbered all of its property, plant and equipment as noted previously. Following the full settlement and cancellation of the lenders' facilities, the group is in the process of releasing the related encumbrances over its assets.

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 at Moabsvelden, which is expected to run to early 2028 and is in the process of being extended, and a new long-term contract for Vanggatfontein. Furthermore, the group has not made any material concessions or payment arrangements with customers.

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: 14.69% (FY25: 15.75%) (refer to note 19 for more details);
- Average inflation: 3.8% (FY25: 4.2%) – all operations;
- Sales growth: Trading – 2.5% (FY25: 2.5%); and
- Mining operations – the annual revenues forecast is based on the available saleable product driven by the LOM plan, with minimal stock holding.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

3. Property, plant and equipment continued**Assumptions and inputs to the impairment test**

	Vanggatfontein	Moabsvelden
FY26		
Life of mine/project length	4 years	4 years
Capitalised cost	R266 million	R17 million
Nominal revenue growth assumptions	Index-driven 3.8%	Index-driven 3.8%
Nominal discount rate applied	14.69%	14.69%
Production volumes (tonnes)*	14 658 765	6 409 856
Sensitivity	1% increase in cost is unlikely to result in an impairment	1% increase in cost is unlikely to result in an impairment

* FY25: 16 688 438 tonnes: the decrease is due to changing from LOM tonnes in FY25 to remaining Eskom contractual tonnes in FY26.

	Vanggatfontein	Moabsvelden
FY25		
Life of mine/project length	5 years	5 years
Capitalised cost	R242 million	R316 million
Nominal revenue growth assumptions	Index-driven 4.2%	Index-driven 4.2%
Nominal discount rate applied	15.75%	15.75%
Production volumes (tonnes)	16 651 952	16 688 438
Sensitivity	1% increase in cost is unlikely to result in an impairment	1% increase in cost is unlikely to result in an impairment

Through the performance of the impairment testing, the group determined that the impairment tests were more sensitive to changes in the cost of production than to changes in the discount rate. Key inputs are production output and costs, expected selling price, discount rate and 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 result in an impairment for Moabsvelden and no impairment at Vanggatfontein.

There was no impairment recognised on the CGUs for the year ended March 2026, as the recoverable amount was above the carrying amount.

Other information

The mining property addition included capitalised deferred stripping costs for Moabsvelden Mine of R91 million (FY25: R45.5 million) and the increase of the rehabilitation estimate of R86 million (FY25: R206 million decrease).

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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 19).

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.

Net carrying amounts of right-of-use assets

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Buildings	8 518	2 551	1 275	2 551

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	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Buildings	(3 086)	(2 568)	(1 275)	(1 275)

Reconciliation of right-of-use assets

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
At the beginning of the year	2 551	5 118	2 551	3 826
Additions	9 053	-	-	-
Depreciation	(3 086)	(2 568)	(1 275)	(1 275)
Closing balance	8 518	2 551	1 275	2 551

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

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 company, 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 shall be 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					
	FY26			FY25		
	Cost R'000	Accumulated impairment R'000	Carrying value R'000	Cost R'000	Accumulated impairment R'000	Carrying value R'000
Investment property	709	–	709	709	–	709

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 (FY25: R980 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 2026. The fair value was assessed in November 2024. Given that the investment type is land, there would not be a significant change in value from the valuation date to the year-end date.

Investment property encumbered as security

Under the refinanced debt package disclosed in interest-bearing borrowings (note 17), the group has encumbered all of its investment property as noted above. The group is in the process of unwinding the security special purpose vehicle ("SPV") now that the lenders' facilities have been fully settled and cancelled.

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.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

6. 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 (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
Computer software	Straight-line	3-5 years

Intangible assets – composition and analysis

	GROUP					
	FY26			FY25		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Computer software	23 497	(21 884)	1 613	23 497	(21 701)	1 796
Total	23 497	(21 884)	1 613	23 497	(21 701)	1 796

	COMPANY					
	FY26			FY25		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Computer software	10 952	(10 878)	74	10 952	(10 762)	190

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

6. Intangible assets continued

Reconciliation of the carrying value of intangible assets

	GROUP		
	Opening balance R'000	Amortisation R'000	Total R'000
FY26			
Computer software	1 796	(183)	1 613
Total	1 796	(183)	1 613
FY25			
Computer software	2 985	(1 189)	1 796
Total	2 985	(1 189)	1 796

	COMPANY		
	Opening balance R'000	Amortisation R'000	Total R'000
FY26			
Computer software	190	(116)	74
FY25			
Computer software	587	(397)	190

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

7. Investments in subsidiaries**Accounting policies relating to investments in subsidiaries**

In the group's separate annual 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.

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 annual financial statements. All subsidiaries of the group have a 31 March year-end.

Name of company	Held by	COMPANY			
		Holding		Carrying amount	
		FY26 %	FY25 %	FY26 R'000	FY25 R'000
Keaton Energy Holdings Limited	Salungano Group Limited	100	100	-	-
Salungano Trading Proprietary Limited*	Salungano Group Limited	100	100	5 342	5 342
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	-	-
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	5 342

* The group assesses at the end of the reporting period whether there is any indication that the assets may be impaired (refer to note 3 Property, plant and equipment). For the financial year ended 31 March 2026, there was no impairment raised on investment in subsidiaries as the recoverable amount was higher than the carrying value.

Subsidiaries pledged as security

The company's shares in all its subsidiaries have been pledged to Nedbank CIB as security for loans granted. The group is in the process of unwinding the security SPV now that the lenders' facilities have been fully settled and cancelled.

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 does 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.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

7. Investments in subsidiaries continued

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 FY26	Segment FY25
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
Keaton Mining Proprietary Limited	Coal mining and exploration	Mining	Mining
Neosho Trading 86 Proprietary Limited	Mining and exploration of coal	Mining	Mining
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

8. 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 equity instruments 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.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

8. Financial assets held at fair value through profit or loss continued**Financial assets held at fair value through profit or loss – composition and analysis**

Name of company	GROUP			
	Ownership interest		Carrying amount	
	FY26 %	FY25 %	FY26 R'000	FY25 R'000
Wescoal mining	100	100	-	-
	100	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 have taken full management and control over the company since their official appointment at 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.

9. 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 as 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 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 25). Details of the valuation policies and processes are presented in note 34.

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 20).

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

9. Restricted investments continued

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

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

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Debt investments at fair value through profit or loss	273 454	166 952	-	-
Mandatorily at fair value through profit or loss				
Rehabilitation investment portfolio	273 454	166 952	-	-
	273 454	166 952	-	-
Split between non-current and current portions				
Non-current assets	273 454	166 952	-	-

	GROUP			
	Opening balance R'000	Additional investments* R'000	Fair value gain R'000	Total R'000
FY26				
Rehabilitation investment portfolio	166 952	91 352	15 151	273 454
FY25				
Rehabilitation investment portfolio	125 016	28 460	13 476	166 952

* Included in the additional investments is a R42 million Old Mutual investment that was transferred by Wescoal Mining to the group to extinguish the loan receivable to the group.

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:

	GROUP			
	R'000	Credit rating	R'000	Credit rating
FY26				
Old Mutual Investment Services	42 094	AA+	-	BB
Centriq Investments	231 361	AAA	166 952	AA
	273 454		166 952	

Fair value information

Fair value is determined based on the published unit prices of the underlying unit trust and therefore falls within Level 1 of the IFRS 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 (refer to note 33 for details of risk related to securities).

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

10. Loans to group companies**Accounting policies relating to loans to group companies****Classification**

Loans to group companies are classified as financial assets and 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.

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 33).

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 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	56 244	15 957	15 957
	15 957	56 244	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	-	-	-	138 886
Blanford 006 Proprietary Limited	-	-	5 321	4 286
Salungano Agriculture Proprietary Limited	-	-	38	38
Keaton Mining Proprietary Limited	-	-	574	675
	-	-	5 933	143 885

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

Intergroup loans are interest-free and repayable on demand, with no fixed terms of repayment.

Classification of loans to investee

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Non-current assets*	15 957	56 244	15 957	15 957
Current assets	-	-	-	-
	15 957	56 244	15 957	15 957

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

Notes to the consolidated and separate annual financial statements continued

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10. Loans to group companies continued

Classification of loans to group companies

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Non-current assets*	-	-	5 895	4 961
Current assets	-	-	38	138 924
	-	-	5 933	143 885

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

Loans to group companies and the investee pledged as security

Intercompany loans receivable have been pledged as security for financing provided by Nedbank CIB (refer to note 17).

Loans to investee – reconciliation

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Loans advanced to investee				
Opening balance	56 244	15 957	15 957	15 957
Loans advanced	409	51 585	409	10 238
Non-cash movement*	(40 126)	-	-	-
Loans repayment	(1 221)	(2 413)	-	(2 413)
Expected credit loss movement	652	(8 885)	(409)	(7 825)
Closing balance	15 957	56 244	15 957	15 957

* A restricted investment amounting to R42 million was transferred to the group from the investee during the year (refer to note 9).

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

10. Loans to group companies continued**Loans to group companies – reconciliation**

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Loans advanced to group companies				
Opening balance	-	-	143 885	297 199
Loans advanced	-	-	1 030	139 661
Loans repayment	-	-	(144 647)	(249 972)
Non-cash payment*	-	-	-	(48 822)
Expected credit loss movement	-	-	5 664	5 820
Closing balance	-	-	5 933	143 885

* This non-cash movement relates to proceeds of the yellow equipment repossessed by the lenders and used to reduce the RCF loan in the previous year (refer to note 17).

Loans to group companies and investee – cash reconciliation

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Split between cash and non-cash movement				
Non-cash movement	(39 474)	(8 885)	5 255	(50 827)
Cash movement – loans to investee	(812)	49 172	409	7 825
Cash movement – loans to group companies	-	-	(143 617)	(110 311)

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 gross carrying amount of the loans to subsidiaries.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

10. Loans to group companies continued**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.

Internal credit grade	Description	Basis for recognising ECL
Performing	Low risk of default and in sufficient highly liquid assets to repay the loan on demand.	12-month ECL
Doubtful	Either 30 days past due or in sufficient highly liquid assets to repay the 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

Intercompany loans

The company applies a combined approach to determine the ECL for intercompany loans. ECL is calculated using historical data (12 months and 36 months, respectively) as well as forward-looking data. 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 the risk management strategy to be implemented.

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 intercompany loan. If the loan was demanded at the reporting date, the probability of default 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.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

10. Loans to group companies continued**Loans 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:

			GROUP		
Loans to investees	Internal credit rating	Basis of loss allowance	Gross carrying amount R'000	Loss allowance R'000	Amortised cost R'000
FY26					
Wescoal Mining Proprietary Limited	Doubtful	Lifetime ECL (not credit-impaired)	188 542	(172 584)	15 957
Proudafrique Trading 147 Proprietary Limited	Write-off	Amount is written off	1 016	(1 016)	-
			189 558	(173 600)	15 957
FY25					
Wescoal Mining Proprietary Limited	Doubtful	Lifetime ECL (not credit-impaired)	229 480	(173 236)	56 244
Proudafrique Trading 147 Proprietary Limited	Write-off	Amount is written off	1 016	(1 016)	-
			230 496	(174 252)	56 244
			COMPANY		
Loans to subsidiaries	Internal credit rating	Basis of loss allowance	Gross carrying amount R'000	Loss allowance R'000	Amortised cost R'000
FY26					
Blanford 006 Proprietary Limited	Performing	12-month ECL	5 355	(34)	5 321
Salungano Agriculture Proprietary Limited	Performing	12-month ECL	38	-	38
Keaton Mining Proprietary Limited	Doubtful	Lifetime ECL (not credit-impaired)	1 200	(626)	574
			6 593	(660)	5 933
FY25					
Blanford 006 Proprietary Limited	Performing	12-month ECL	4 325	(39)	4 286
Salungano Agriculture Proprietary Limited	Performing	12-month ECL	38	-	38
Keaton Mining Proprietary Limited	Doubtful	Lifetime ECL (not credit-impaired)	1 200	(525)	675
Keaton Energy Holdings Limited (non-interest-bearing)	Performing	12-month ECL	144 647	(5 761)	138 886
			150 210	(6 325)	143 885

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

10. Loans to group companies continued**Loans to investees and subsidiaries** continued

Loans to investees	Internal credit rating	Basis of loss allowance	COMPANY		
			Gross carrying amount R'000	Loss allowance R'000	Amortised cost R'000
FY26					
Wescoal Mining Proprietary Limited	Doubtful	Lifetime ECL (not credit-impaired)	188 542	(172 584)	15 957
Proudafrique Trading 147 Proprietary Limited	Write-off	Amount is written off	1 016	(1 016)	-
			189 558	(173 600)	15 957
FY25					
Wescoal Mining Proprietary Limited	Doubtful	Lifetime ECL (not credit-impaired)	188 133	(172 175)	15 957
Proudafrique Trading 147 Proprietary Limited	Write-off	Amount is written off	1 016	(1 016)	-
			189 149	(173 191)	15 957

11. 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 33).

Financial assets at amortised cost – composition and analysis

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Class B preference shares	99 896	87 344	99 896	87 344
Split between non-current and current portions				
Non-current assets	99 896	87 344	99 896	87 344
Current assets	-	-	-	-
	99 896	87 344	99 896	87 344
Class B preference shares	35 500	35 500	35 500	35 500
Accumulated preference share dividend	65 404	52 729	65 404	52 729
Expected credit loss	(1 009)	(885)	(1 009)	(885)
	99 896	87 344	99 896	87 344

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

11. Financial assets at amortised cost continued**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 probability of default at 8.95% (FY25: 8.85%) and the loss given default at 26% (FY25: 24%). The group uses the Absa credit risk report to determine the probability and loss given default.

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
FY26					
Class B preference shares	Doubtful	Lifetime ECL (not credit-impaired)	100 904	(1 009)	99 896
			100 904	(1 009)	99 896
FY25					
Class B preference shares	Doubtful	Lifetime ECL (not credit-impaired)	88 229	(885)	87 344
			88 229	(885)	87 344
			COMPANY		
	Internal credit rating	Basis of loss allowance	Gross carrying amount R'000	Loss allowance R'000	Amortised cost R'000
FY26					
Class B preference shares	Doubtful	Lifetime ECL (not credit-impaired)	100 904	(1 009)	99 896
			100 904	(1 009)	99 896
FY25					
Class B preference shares	Doubtful	Lifetime ECL (not credit-impaired)	88 229	(885)	87 344
			88 229	(885)	87 344

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 security.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

11. Financial assets at amortised cost continued**Credit loss allowances** continued

At the end of November 2021, the B-BBEE 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.

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 AGM held on 4 October 2022, which authorises the company to provide financial assistance. The extension granted was for a period of three years.

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

12. 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	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Deferred tax (liability)/asset				
Accelerated capital allowances for tax purposes	(532 102)	(508 682)	(1 250)	(624)
Rehabilitation provision	645 403	569 848	-	-
Tax losses available for set-off against future taxable income	151 218	155 151	8 843	6 597
Prepayments	(460)	(40)	(417)	-
Provision for expected credit loss	73 190	55 021	23 063	15 635
Income received in advance	35	22	-	-
Lease liability	2 339	545	510	882
Provisions	9 014	9 229	1 135	3 459
Unredeemed capital expenditure	10 776	36 784	-	-
Total deferred tax (liability)/asset	359 413	317 878	31 885	25 948
Deferred tax liability	(86 444)	(92 778)	-	-
Deferred tax asset	445 857	410 656	31 885	25 948
Total deferred tax (liability)/asset	359 413	317 878	31 885	25 948

Notes to the consolidated and separate annual financial statements continued

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12. Deferred tax continued**Reconciliation of deferred tax (liability)/asset**

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
At the beginning of the year	317 878	149 074	25 948	16 539
Charge to statement of profit or loss and other comprehensive income	41 535	168 804	5 936	9 409
Total deferred tax (liability)/asset	359 413	317 878	31 885	25 948

The group has assessed the recoverability of deferred tax assets based on expected future taxable income derived from approved business plans and budgets of the respective subsidiaries.

The company's recoverability assessment is supported by management's expectation that the company will return to profitability in FY27. This expectation is based on forecast future cash flows from subsidiaries, which are expected to improve their ability to settle management fees on a timely basis, thereby reducing ECL allowances and contributing to future taxable profits.

The recognition of deferred tax assets is supported by reasonable and supportable projections of future taxable income.

13. Inventories**Accounting policies relating to inventories**

Inventories, which include 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	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Raw materials	260 606	255 689	-	-
Finished goods	58 855	58 223	-	-
Production supplies	3 136	466	-	-
	322 598	314 377	-	-
Inventories (write-off) provision*	(191 001)	(237 414)	-	-
	131 597	76 963	-	-

* No inventory was affected by spontaneous combustion during the current year (FY25: R49 million). Inventory affected by spontaneous combustion is fully provided for, with the related standard cost recognised in cost of sales (refer to note 24). During the current year, the provision decreased as inventory previously affected by spontaneous combustion was written off upon disposal.

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14. 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.

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.

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14. Trade and other receivables continued

Trade and other receivables – composition and analysis

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Financial instruments				
Trade receivables	427 911	624 353	130 251	97 947
Loss allowance	(102 631)	(63 598)	(104 500)	(67 541)
Trade receivables at amortised cost	325 280	560 755	25 751	30 406
Deposits	5 149	4 974	62	62
Other receivable	5 003	4 527	547	427
Other receivable	5 003	4 527	10 219	10 099
Loss allowance	–	–	(9 672)	(9 672)
Non-financial instruments				
Value added tax*	51 891	46 520	1 191	–
Prepayments	10 989	27 650	1 638	1
Total trade and other receivables	398 312	644 426	29 188	30 896

* In the prior year, a reversal of R76 million was processed relating to diesel rebates disallowed by SARS (refer to note 36).

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

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
At amortised cost	335 432	570 256	26 359	30 895
Non-financial instruments	62 880	74 170	2 829	1
	398 312	644 426	29 188	30 896

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. The group is in the process of unwinding the security SPV now that the lenders' facilities have been fully settled and cancelled.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

14. Trade and other receivables continued**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 a credit risk.

Trade receivables are divided into two classes, being those relating to the group's mining activities conducted by 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 intergroup receivables).

	GROUP									
			Invest- ment holding	Property rental and other	Inter- segment elimina- tions			Invest- ment holding	Property rental and other	Inter- segment elimina- tions
	Mining FY26 R'000	Trading FY26 R'000	FY26 R'000	FY26 R'000	FY26 R'000	Mining FY25 R'000	Trading FY25 R'000	FY25 R'000	FY25 R'000	FY25 R'000
Keaton Mining Proprietary Limited	154 092	-	-	-	-	91 381	-	-	-	-
Salungano Trading Proprietary Limited	-	23 753	-	-	-	-	28 702	-	-	-
Neosho Trading 86 Proprietary Limited	401 027	-	-	-	-	708 117	-	-	-	-
Salungano Group Limited	-	-	130 251	-	-	-	-	97 947	-	-
Keaton Energy Holdings Limited	-	-	4 498	-	-	-	-	4 519	-	-
Other*	-	-	-	15 044	(300 754)	-	-	-	12 907	(319 220)
	555 119	23 753	134 749	15 044	(300 754)	799 498	28 702	102 466	12 907	(319 220)

* Other relates to Blanford 006 Proprietary Limited and Salungano Agriculture Proprietary Limited.

Eskom made up 33% of the group's trade receivables. Eskom has a history of no defaults and a credit rating of B+ (FY25: B+). The balance of the trade receivables (67%) represents sales to the private sector. 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 a loss given default rate of 100% and a probability of default of 100% (FY25: 100%).

A significant amount of the additional exposure recognised in the current year relates to post-commencement funding to Wescoal Mining Proprietary Limited (in business rescue) which recovery is expected after 90 days.

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.

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

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

14. Trade and other receivables continued**Exposure to credit risk** continued

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 2026:

		GROUP				
	Equivalent to external credit rating	PD %	Average LGD %	Gross carrying amount R'000	Impairment loss allowance R'000	Credit-impaired
Public sector	B+	0.50	44	142 375	(318)	No
Corporate	AAA to CCC/C	2.57	24	6 649	(680)	No
SME corporate	AAA to CCC/C	8.95	26	170 749	(43 195)	No
Other	AAA to CCC/C	2.57	24	108 139	(58 438)	No
				427 911	(102 631)	

		COMPANY				
	Equivalent to external credit rating	PD %	Average LGD %	Gross carrying amount R'000	Impairment loss allowance R'000	Credit-impaired
SME corporate	AAA to CCC/C	8.95	26	1 408	(55)	No
Other	AAA to CCC/C	2.57	24	128 843	(104 445)	No
				130 251	(104 500)	

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 March 2025:

		GROUP				
	Equivalent to external credit rating	PD %	Average LGD %	Gross carrying amount R'000	Impairment loss allowance R'000	Credit-impaired
Public sector	B+	0.50	30.00	477 825	(718)	No
Corporate	AAA to CCC/C	3.08	28.00	9 429	(2 474)	No
SME corporate	AAA to CCC/C	8.85	23.00	39 203	(17 375)	No
Other	AAA to CCC/C	3.00	29.00	97 896	(43 031)	No
				624 353	(63 598)	

		COMPANY				
	Equivalent to external credit rating	PD %	Average LGD %	Gross carrying amount R'000	Impairment loss allowance R'000	Credit-impaired
SME corporate	AAA to CCC/C	8.85	23.00	692	(690)	No
Other	AAA to CCC/C	3.00	29.00	97 255	(66 851)	No
				97 947	(67 541)	

Refer to note 33 for further information regarding credit risk factors.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

15. 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	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Cash and cash equivalents consist of:				
Cash on hand	184	134	-	-
Bank balances	66 889	61 880	4 856	(162)
Bank overdraft	-	(85 461)	-	(85 461)
	67 073	(23 447)	4 856	(85 623)
Current assets	67 073	62 014	4 856	
Current liabilities	-	(85 461)	-	(85 623)
	67 073	(23 447)	4 856	(85 623)
Cash and cash equivalents are pledged as security in favour of the lenders, Nedbank and Standard Bank. The group transacts with reputable banks in South Africa with a current national long-term rating of AA+ (FY25: AA+).				
The carrying amount of cash and cash equivalents approximates their fair value due to the short-term nature of these balances. No ECL has been recognised in respect of cash and cash equivalents held with the group's banking institutions, which are reputable financial institutions with strong credit ratings ranging from AA to AAA. Accordingly, management considers the risk of default to be negligible and expects the full amount of the funds to be recoverable.				
Restricted cash				
Cash and cash equivalents held by the entity that are not available for use by the group	13 298	10 663	-	-

Restricted cash relates to fully funded guarantees issued to Eskom for the electricity account deposit.

Overdraft facilities

The average interest rate on bank overdrafts approximates 12.7% (FY25: 12.7%) per annum and is mostly determined based on three-month JIBAR plus 525 basis points. Refer to note 33 for further details regarding the Johannesburg Interbank Average Rate ("JIBAR") reform and the transition to the South African Rand Overnight Index Average ("ZARONIA"). The overdraft facilities were settled, and the group has no overdraft facilities from 18 March 2026.

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Total amount of approved overdraft facilities	-	90 000	-	90 000
The total amount of undrawn facilities available for future operating activities and commitments	-	4 539	-	4 539

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

16. 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	
	FY26	FY25	FY26	FY25
Authorised share capital				
Ordinary shares ('000)	1 000 000	1 000 000	1 000 000	1 000 000
Reconciliation of number of shares issued ('000)				
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 (FY25: 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 2026 is 9 508 000 (FY25: 9 508 000). There were no shares issued from the treasury shares held by the trust for options exercised.

Issued

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 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 (FY25: 580 083 146) ordinary shares for cash.

17. 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 27). Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 33 for details of risk exposure and the management thereof.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

17. Interest-bearing borrowings continued**Borrowings – composition and analysis**

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Held at amortised cost				
Secured				
Revolving credit facility	-	224 549	-	224 549
	-	224 549	-	224 549
Split between non-current and current portions				
Current liabilities	-	224 549	-	224 549
Reconciliation of interest-bearing borrowings				
At the beginning of the year	224 549	373 447	224 549	373 447
Finance costs	11 393	42 027	11 393	42 027
Payments				
Capital	(213 166)	(100 077)	(213 166)	(100 077)
Non-cash payment – excess proceeds of yellow equipment	(11 383)	(48 822)	(11 383)	(48 822)
Interest	(11 393)	(42 027)	(11 393)	(42 027)
Total	-	224 549	-	224 549

Refer to note 33 for the repayment profile of interest-bearing borrowings.

Security

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

- Cash and cash equivalents;
- Equities;
- Fixed and immovable 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;
- Neosho Trading 86 Proprietary Limited; and
- Blanford 006 Proprietary Limited.

Following the full settlement and cancellation of the lenders' facilities, the group is in the process of releasing the related encumbrances over its assets.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

17. Interest-bearing borrowings continued**Refinanced – RCF term loan and GBF****Historical overview of refinancing**

During the financial year ended 31 March 2020, the group successfully completed the refinancing of its existing credit facilities. This process was conducted through a consortium of South African commercial banks, namely Nedbank (acting through its Corporate and Investment Banking Division) and Standard Bank (also acting through its Corporate and Investment Banking Division). As a result, new credit-approved comprehensive long-term refinancing facilities were secured, totalling R1.1 billion. In addition, there was a provision for access to a further R500 million through an accordion facility, subject to credit approval but within the legal agreements of the refinancing facilities. This arrangement considerably reduced the lead time required for the group to access additional liquidity.

Details of financing facilities

The financing facilities comprised three components: a term loan of R500 million, an RCF of R500 million and a GBF of R100 million. Both the term loan and the RCF bore interest at rates ranging from JIBAR plus 3.5% to an additional 2% default rate from June 2023. The GBF carried interest at the prime lending rate. The term loan had a duration of 48 months, with the final instalment scheduled for 30 June 2023. Repayment of the term loan was made in equal quarterly payments, with the first payment due on 30 June 2020. Interest payments were made on a quarterly basis.

The RCF was structured for a duration of 48 months and terminated on 21 June 2023. Interest on funds utilised from the RCF was accrued monthly and payable quarterly.

Standstill agreements and repayment

A standstill agreement was signed on 26 August 2025 to facilitate the repayment of the RCF and GBF (refer to the overdraft section in note 15 Cash and cash equivalents) by July 2026. Subsequently, the RCF was repaid in full at the end of November 2025 and the GBF was fully settled on 18 March 2026.

Exposure to interest rate risk**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 33) for the interest rate sensitivity analysis prepared.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

18. 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 less 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 33 for details of risk exposure and the management thereof.

Loan from shareholder – composition and analysis

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Held at amortised cost				
Unsecured				
RBFT Investments Proprietary Limited	40 421	53 771	28 092	42 888
	40 421	53 771	28 092	42 888
Split between non-current and current portions				
Non-current liabilities*	10 451	9 225	-	-
Current liabilities	29 970	44 546	28 092	42 888
Reconciliation of interest-bearing borrowings				
At the beginning of the year	53 771	74 942	42 888	65 424
Repayments	(20 000)	(29 000)	(20 000)	(29 000)
Finance costs	6 650	7 829	5 204	6 463
Closing balance	40 421	53 771	28 092	42 888

* The loan from RBFT to Salungano Trading was classified as non-current as a result of an extension of the repayment terms period from 1 January 2027 to 1 January 2028, granted in March 2026. The quantitative assessment resulted in a difference of less than 10%, and no qualitative indicators of a substantial modification were identified. Accordingly, the modification was accounted for as a non-substantial modification of the existing financial liability. No material gain or loss arose on modification, and therefore no amount was recognised in profit or loss. The loan continues to be measured at amortised cost, using the original effective interest rate over the revised term.

During March and April 2023, the group received a loan from RBFT Investments Proprietary Limited. The loan bears interest at prime plus 2% and was repayable within 12 months. As at 31 March 2026, the outstanding balance was overdue.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

19. 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.

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 27).

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

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.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

19. Lease liabilities continued**Lease liabilities – composition and analysis**

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Minimum lease payments due				
- within one year	4 184	1 748	1 889	1 748
- in second to fifth year inclusive	7 821	1 870	-	1 870
	12 005	3 618	1 889	3 618
<i>Less: Future finance charges</i>	(2 210)	(351)	-	(351)
Present value of minimum lease payments	9 795	3 267	1 889	3 267
Present value of minimum lease payments due				
- within one year	3 284	1 493	1 889	1 493
- in second to fifth year inclusive	6 511	1 774	-	1 774
	9 795	3 267	1 889	3 267
Current liabilities	3 284	1 493	1 889	1 493
Non-current liabilities	6 511	1 774	-	1 774
	9 795	3 267	1 889	3 267

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

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Reconciliation of lease liabilities				
At the beginning of the year	3 267	6 504	3 267	4 512
Finance costs leases	1 315	518	255	388
Additional financial liabilities	9 053	-	-	-
Payments leases	(3 841)	(3 756)	(1 633)	(1 633)
	9 795	3 267	1 889	3 267

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

20. Environmental rehabilitation provision

Accounting policies relating to the 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 has been recognised as a provision (refer to note 31 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, climate-related risks and environmental legislation changes.

Unwinding of 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, which are included in the estimates, are charged to the provision.

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

Notes to the consolidated and separate annual financial statements continued

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20. Environmental rehabilitation provision continued**Environmental rehabilitation provision and general provisions – composition and analysis****Reconciliation of environmental rehabilitation provision**

	GROUP			
	Opening balance R'000	Change in estimate R'000	Time value of money and inflation component of rehabilitation R'000	Total R'000
FY26				
Environmental rehabilitation	2 110 549	85 799	194 033	2 390 380
FY25				
Environmental rehabilitation	2 109 019	(206 071)	207 601	2 110 549

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 R2.390 billion (FY25: R2.110 billion).

The breakdown of the liability per site is as follows:

Breakdown of environmental rehabilitation provision

	GROUP	
	FY26 R'000	FY25 R'000
Vanggatfontein	1 733 880	1 586 607
Moabsvelden	656 500	523 942
	2 390 380	2 110 549

	GROUP	
	FY26 R'000	FY25 R'000
Non-current liabilities	2 390 380	2 110 549
Current liabilities	-	-
	2 390 380	2 110 549

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

20. Environmental rehabilitation provision continued**Environmental rehabilitation provision and general provisions – composition and analysis** continued**Breakdown of environmental rehabilitation provision** continued

In determining the provision, the current cost estimates as determined by environmental rehabilitation experts have been escalated to a future value at an inflation rate of 3% (FY25: 4.5%) over a period of four years (FY25: over a period of five years). The future value was then discounted at a rate of between 9.75% and 8.33% (FY25: between 11.49% and 9.15%).

The group's net capitalisation of R86 million (FY25: R206 million) relates to changes in estimates to mineral properties due to ongoing mining operations and primarily due to Vanggatfontein and Moabsvelden, which increased by R1.4 million and R84.4 million, respectively (FY25: Vanggatfontein R37.6 million increase and Moabsvelden R243.7 million decrease). The total change in estimate was recognised against the rehabilitation asset.

The expected LOM for each mine site as at 31 March 2026 is as follows:

	GROUP	
	FY26 Years	FY25 Years
Estimated LOM		
Vanggatfontein	4	5
Moabsvelden	4	5

The group intends to finance the ultimate rehabilitation costs from the money invested in and ongoing contributions to environmental rehabilitation investments, as well as proceeds from the sale of assets at the time of mine closure. The group has guarantees in place relating to environmental liabilities.

	GROUP	
	FY26 R'000	FY25 R'000
Net undiscounted obligation		
Estimated rehabilitation cost (undiscounted)	2 895 964	2 597 883
Amounts invested in rehabilitation investment	(273 454)	(166 952)
Total net undiscounted obligation	2 622 510	2 430 931
Guarantees		
Environmental rehabilitation guarantees issued to the Department of Mineral and Petroleum Resources	349 894	337 326
Environmental rehabilitation guarantees issued to other parties	10 909	10 909
	360 803	348 235

These guarantees have been issued by third parties on behalf of the group and are secured by a cession of rehabilitation investments and restricted cash (refer to notes 9 and 15), together with other group sureties and indemnities.

The rehabilitation liability will be funded from operational cash flows generated by the group's normal operations.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

21. Trade and other payables**Accounting policies relating to trade and other payables****Classification**

Trade and other payables, excluding value added tax and payroll accruals, 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 27).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 33 for details of risk exposure and the management thereof.

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

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Financial instruments				
Trade payables	437 570	728 178	8 397	5 270
Accruals	18 674	23 908	8 286	13 302
Other payables	17	(5)	-	-
Non-financial instruments				
Value added tax	2 297	21 243	-	5 098
Payroll accruals	19 062	7 993	5 564	2 327
	477 620	781 318	22 247	25 997

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
At amortised cost	456 261	752 082	16 682	752 082
Non-financial instruments	21 358	29 236	5 564	29 236
	477 620	781 318	22 247	781 318

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

21. Trade and other payables continued**Financial instrument and non-financial instrument components of trade and other payables** continued**Split between non-current and current portion – trade payables**

During the prior financial year, Keaton Mining concluded a compromise with its creditors in terms of section 155 of the Companies Act. In terms of the approved compromise arrangement, Keaton Mining will settle the outstanding creditor balances in accordance with an agreed payment plan, funded through cash flows generated from mining operations over a period of 36 months. As a result of the section 155 creditors' compromise, the repayment terms of trade payables were extended beyond 12 months. The impact on the classification is as follows:

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Non-current liabilities	173 411	252 790	-	-
Current liabilities	264 159	475 389	8 397	5 270
	437 570	728 178	8 397	5 270

In accordance with IFRS 9.3.3 Derecognition of financial liabilities, the compromise arrangement resulted in a substantial modification of the contractual cash flows of the trade payables. On 1 November 2024, the trade payables were therefore remeasured at the present value of the modified cash flows, discounted using the group's incremental borrowing rate of 12.71%. The present value of the trade payables was determined to be R221 million and a modification gain of R61 million was deferred and recognised under trade payables because the incremental borrowing rate is not observable in the market in accordance with IFRS 9 B5.1.2A. R20.4 million of the deferred gain was recognised as at 31 March 2026 (FY25: R8.5 million) in profit or loss.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

22. 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. Refer to note 33 for details of risk exposure and the management thereof.

Loans from investee – composition and analysis

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Investees				
Loans that are interest-free and have no fixed terms of repayment				
Wescoal Mining Proprietary Limited	208 942	206 622	-	-
	208 942	206 622	-	-
Loans from group companies – composition and analysis*				
Subsidiaries				
Salungano Resources Proprietary Limited	-	-	602	602
Salungano Power Proprietary Limited	-	-	548	548
Keaton Energy Holdings Limited	-	-	225 388	-
Salungano Trading Proprietary Limited	-	-	274 558	277 638
	-	-	501 096	278 788

* Intercompany loans pledged as security in favour of Nedbank and Standard Bank (refer to note 17).

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

22. Loans from group companies continued**Loans from investee – composition and analysis** continued

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Loans from investee reconciliation				
Opening balance	206 622	206 622	-	-
Non-cash movement	2 320	-	-	-
Closing balance	208 942	206 622	-	-

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Loans from group companies reconciliation				
Opening balance	-	-	278 788	278 788
Loans advanced	-	-	235 505	-
Loans repayment	-	-	(24 580)	-
Non-cash advance	-	-	11 383	-
Closing balance	-	-	501 096	278 788
Split between non-current and current portions				
Non-current liabilities	-	206 622	-	-
Current liabilities*	208 942	-	501 096	278 788
Split between cash and non-cash movement				
Non-cash movement	2 320	-	11 383	-
Cash movement	-	-	210 925	-

* The loan has been classified as a current liability as it becomes callable on demand from 1 December 2026.

Unless otherwise stated, loans from group companies are interest-free, have no fixed repayment terms and are repayable on demand.

23. 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 a good 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 is recognised when the goods are delivered and have been accepted by customers at their premises. The customer is deemed to have accepted the goods when they confirm goods received in a form of a weighbridge waybill reconciliation or quality sheets.

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.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

23. Revenue continued**Accounting policies relating to revenue** continued**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.

Rental income

Rental income from investment property leased out is recognised on a straight-line basis over the term of the lease.

Revenue – composition and analysis

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Revenue from contracts with customers				
Sale of goods	3 434 951	3 298 276	-	-
Rendering of services	1 032 806	1 071 078	131 633	158 151
	4 467 757	4 369 354	131 633	158 151
Revenue other than from contracts with customers				
	4 467 757	4 369 354	131 633	158 151
Disaggregation of revenue from contracts with customers				
The group disaggregates revenue from customers as follows:				
Sale of goods				
Local sales (recognised at a point in time)	124 088	152 369	-	-
Eskom sales (recognised at a point in time)	3 310 863	3 145 907	-	-
	3 434 951	3 298 276	-	-
Rendering of services				
Administration and management fees received (recognised over time)	6 582	9 308	131 633	158 151
Transport services (recognised at a point in time)	1 023 695	1 055 039	-	-
Rental income (recognised over time)	2 529	6 731	-	-
	1 032 806	1 071 078	131 633	158 151
	4 467 757	4 369 354	131 633	158 151

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

24. Cost of sales

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Sale of goods	3 522 667	3 713 542	-	-
Inventory write-off	-	49 470	-	-
Depreciation	270 439	234 650	-	-
	3 793 106	3 997 662	-	-
Sale of goods				
Direct purchases	1 017 732	1 263 827	-	-
Royalty expenses	32 140	17 330	-	-
Mining contractor cost	1 171 106	1 007 456	-	-
Consumables and maintenance cost	15 077	12 851	-	-
Staff cost	157	27 839	-	-
Fuel*	251 850	328 308	-	-
Mining overhead and other cost	21 425	40 109	-	-
Transport costs	1 013 180	1 015 822	-	-
	3 522 667	3 713 542	-	-

* Included in the fuel costs for FY25 is a diesel rebate reversal of R76 million which was disallowed by SARS (refer to note 36).

25. Operating profit/(loss)

Operating profit/(loss) for the year is stated after charging (crediting) the following among others:

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Operating income				
Gain/(loss) on disposal of assets	201	34	1	6
Fair value gain on financial assets	15 151	15 917	-	-
Other income*	52 832	26 531	-	-
Foreign exchange gain realised	15	-	16	-
Gain on settlement of financial liability	11 383	-	-	-
	79 582	42 482	17	6
Auditor's remuneration				
Audit fees- external	10 681	9 098	10 681	9 098
Auditor's remuneration - internal	526	(1 214)	526	(1 214)
Remuneration other than to employees				
Consulting and professional services	35 480	36 041	25 108	23 716

* Other income relates to mainly expense recoveries of R52 million recovered by Keaton Mining from the consortium operating Vanggatfontein Colliery, rental income and other income.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

25. 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

Movement in payroll accrual relates to leave, long service awards and bonuses.

Employee costs – composition and analysis

As at 31 March 2026, the group had 176 permanent employees (FY25: 122). The total cost of employment of all employees including executive directors was as follows:

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Salaries, wages, bonuses and other benefits	87 524	51 002	31 975	34 852
Retirement benefit plans: defined contribution expense	4 335	3 616	1 300	1 127
Payroll accrual movement	16 606	5 712	7 770	1 822
Total employee costs	108 465	60 330	41 046	37 801

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

25. Operating profit/(loss) continued**Depreciation and amortisation**

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Depreciation of property, plant and equipment	272 822	236 349	202	243
Depreciation of right-of-use assets	3 086	2 568	1 275	1 275
Amortisation of intangible assets	183	1 189	116	397
Total depreciation and amortisation	276 091	240 106	1 594	1 915
<i>Less: Depreciation included in cost of merchandise sold and inventories</i>	(270 439)	(234 650)	-	-
Total depreciation and amortisation expensed	5 652	5 457	1 594	1 915
Impairment losses				
Property, plant and equipment	-	326	-	-
	-	326	-	-
Movement in credit loss allowances				
Trade and other receivables	39 033	(13 932)	36 959	32 034
Financial assets at amortised cost	124	(545)	124	(545)
Loans receivable	(652)	8 885	(5 255)	2 005
	38 505	(5 591)	31 827	33 494
Other				
Repairs and maintenance	322	198	6	2
Bank charges	1 100	1 376	909	1 204
Health and safety	6 869	4 580	-	-
Social Labour Plan	11 164	9 586	-	-
Office overheads and other costs	56 214	46 134	15 761	8 160
Loss on settlement of liability	-	32 951	-	-
Insurance and guarantees	16 332	21 838	12 339	17 184
Loss/(profit) on exchange differences	(1)	30	-	30

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

26. 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	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Interest on bank deposits	4 310	682	1 997	408
Other interest income*	13 040	22 214	12 709	11 917
Restricted cash and cash equivalents	877	1 455	-	-
Deferred gain – finance income	20 394	8 497	-	-
Total interest income	38 621	32 848	14 706	12 326
Cash flow reconciliation				
Cash interest				
Interest on bank deposits	4 310	682	1 997	408
Other interest income*	364	10 345	34	49
	4 674	11 027	2 030	457
Non-cash interest				
Restricted cash	877	1 455	-	-
Deferred gain – finance income	20 394	8 497	-	-
Other interest income*	12 676	11 869	12 676	11 869
	33 947	21 821	12 676	11 869
	38 621	32 848	14 706	12 326

* Other interest relates to interest received from SARS and interest received from the investment in B-BBEE preference shares.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

27. 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

	Notes	GROUP		COMPANY	
		FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Interest-bearing borrowings	17	11 387	42 027	11 387	42 027
Lease liabilities	19	1 316	518	255	388
Financial liabilities at amortised cost		–	3 629	–	–
Bank overdraft		2 206	4 348	2 206	4 348
Unwinding of discount on provisions and other liabilities	20	194 033	207 601	–	–
Other interest paid		1 080	693	216	579
Shareholder loan	18	6 650	7 829	5 204	6 463
Total finance costs		216 672	266 645	19 268	53 806

Cash flow reconciliation

	Notes	GROUP		COMPANY	
		FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Cash flow reconciliation					
Cash finance cost					
Interest-bearing borrowings	17	11 387	42 027	11 387	42 027
Lease liabilities	19	1 316	518	255	388
Other interest paid		1 080	693	216	579
Bank overdraft		2 206	4 348	2 206	4 348
		15 990	47 586	14 064	47 343
Non-cash finance cost					
Shareholder loan	18	6 650	7 829	5 204	6 463
Unwinding of discount on provisions and other liabilities	20	194 033	207 601	–	–
Financial liabilities at amortised cost		–	3 629	–	–
		200 682	219 059	5 204	6 463
		216 672	266 645	19 268	53 806

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

28. Taxation

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Major components of the tax expense (income)				
Current				
Local income tax – current period	104 167	109 816	-	-
Local income tax – recognised in current tax for prior periods	7 975	3 361	-	3 030
	112 141	113 177	-	3 030
Deferred				
Originating and reversing temporary differences	(47 138)	(168 764)	(5 936)	(9 369)
Arising from prior period adjustments	5 602	(40)	-	(40)
	(41 535)	(168 804)	(5 936)	(9 409)
	70 606	(55 627)	(5 936)	(6 378)

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

28. Taxation continued

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense				
Profit/(loss) before taxation	279 453	(45 216)	(12 708)	(14 713)
Tax at the applicable tax rate of 27%	75 452	(12 208)	(3 431)	(3 973)
Adjustments				
Non-deductible expenses				
Legal, consulting and professional fees	1 784	1 631	1 784	1 617
Interest expense	(1)	-	-	-
Apportionment (value added tax)	42	(88)	42	(88)
Donations	44	258	-	216
Impairment of investments	-	90 903	-	-
Fines	2	-	-	-
Penalties and interest	527	385	490	21
Expected credit losses	(13 867)	(131 403)	(1 402)	547
Amortisation of mineral right	221	21	-	-
Guarantee fees	156	259	-	-
Other expenses	-	994	-	14
Non-taxable income				
Preference shares income	(3 422)	(3 205)	(3 422)	(3 205)
Interest received – finance lease liability	(30)	-	-	-
Gain on financial instrument – valuation	(675)	-	-	-
Finance income – deferred gain	(5 506)	(2 294)	-	-
Other income	14 759	(1)	-	(1)
Other adjustments				
Assessed loss previously not recognised as deferred tax asset	2 116	-	-	-
Other adjustments	(3 606)	(1 206)	2	(1 526)
Adjustment in respect of prior periods	2 610	331	-	-
	70 606	(55 627)	(5 936)	(6 378)

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

29. Cash generated from operations

	Notes	GROUP		COMPANY	
		FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Profit/(loss) before taxation		279 453	(45 216)	(12 708)	(14 713)
Adjusted for:				-	-
Depreciation on property, plant and equipment	3	272 822	236 349	202	243
Amortisation of intangible assets	6	183	1 189	116	397
Amortisation of right-of-use asset	4	3 086	2 568	1 275	1 275
Loss/(gain) on sale of assets	25	(201)	(34)	(1)	(6)
Impairment of property, plant and equipment	3	-	326	-	-
(Gain)/loss on settlement of financial liability	25	(11 383)	32 951	-	-
Interest income	26	(38 621)	(32 848)	(14 706)	(12 326)
Finance costs	27	216 672	266 645	19 268	53 806
Fair value gains	9	(15 151)	(13 476)	-	-
Inventory write down	24	(46 414)	49 470	-	-
Expected credit losses on group loans	10	-	-	(5 255)	2 005
Expected credit loss	25	38 505	(5 591)	37 083	31 489
Changes in working capital:					
(Increase)/decrease in inventories		(8 220)	1 240	-	-
(Increase)/decrease in trade and other receivables		207 081	47 828	(35 252)	9 831
Increase/(decrease) in trade and other payables		(283 304)	(79 738)	(3 751)	(36 067)
		614 509	461 663	(13 728)	35 935

30. Tax paid

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Balance at the beginning of the year	17 337	(56 223)	7 253	3 049
Current tax for the year recognised in profit or loss	(112 141)	(113 177)	-	(3 030)
Balance at the end of the year	(18 866)	(17 337)	(10 375)	(7 253)
	(113 671)	(186 737)	(3 123)	(7 234)

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

31. Contingent assets and liabilities**31.1 South African Revenue Service**

In July 2020, SARS initiated a diesel audit process on Keaton Mining Proprietary Limited ("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 for the entire period under audit based on the reasons mentioned in a 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 Mining disputed the audit outcome based on factual reasons that SARS did not take into consideration in arriving at their conclusion. Keaton Mining is of the view that SARS' basis for seeking to claw back diesel refunds previously paid to Keaton Mining during the audit period is misdirected.

Keaton Mining 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 dispute filed and paid the diesel refunds to the amount of R33 million in December 2022. Keaton Mining was of the view that SARS had not considered all the facts when deciding to issue a partial refund, and applied through the Alternative Dispute Resolution mechanism on the basis that 70% of the remaining disallowed diesel refund of R44 million could still be refunded. 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. The matter remains unresolved at the reporting date. As the liability has already been settled through set-off against value added tax refunds, no further outflow of economic resources is expected. However, uncertainty exists regarding the recovery of amounts previously set off by SARS. Management has estimated the potential recovery to be approximately R27 million.

31.2 Neosho SARS diesel rebates

In October 2022, SARS initiated a diesel audit covering the rebate refund period from July 2021 to July 2022. Following a SARS site visit in October 2024, the audit period was subsequently extended to September 2024.

In December 2025, SARS issued a letter disallowing diesel rebates amounting to R76 million. Management appealed the decision on 13 March 2026 on the basis that SARS had not considered certain submissions made during the audit process.

On 21 May 2026, SARS issued a notification extending the response period by 30 business days from the original due date of 14 June 2026. Management therefore expects an outcome before the end of September 2026.

Management has estimated the potential recovery at approximately R71 million.

32. Commitments**Authorised capital expenditure**

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Authorised capital expenditure				
Already contracted for but not provided for	34 955	35 201	1 634	1 595

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

33. 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
FY26					
Loan to investee	10	-	15 957	15 957	-
Financial asset at amortised cost	11	-	99 896	99 896	-
Restricted investments	9	273 454	-	273 454	273 454
Trade and other receivables	14	-	335 432	335 432	-
Cash and cash equivalents	15	-	67 073	67 073	-
Restricted cash	15	-	13 298	13 298	-
		273 454	531 656	805 110	273 454
FY25					
Loan to investee	10	-	56 244	56 244	-
Financial asset at amortised cost	11	-	87 344	87 344	-
Restricted investments	9	166 952	-	166 952	166 952
Trade and other receivables	14	-	570 256	570 256	-
Cash and cash equivalents	15	-	62 014	62 014	-
Restricted cash	15	-	10 663	10 663	-
		166 952	786 520	953 472	166 952

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33. 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

	Notes	COMPANY		
		Amortised cost R'000	Total R'000	Fair value R'000
FY26				
Loan to investee	10	15 957	15 957	–
Loans to group companies	10	5 933	5 933	–
Financial asset at amortised cost	11	99 896	99 896	–
Trade and other receivables	14	26 359	26 359	–
Cash and cash equivalents	15	4 856	4 856	–
		153 002	153 002	–
FY25				
Loan to investee	10	15 957	15 957	–
Loans to group companies	10	143 885	143 885	–
Financial asset at amortised cost	11	87 344	87 344	–
Trade and other receivables	14	30 895	30 895	–
		278 081	278 081	–

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

33. 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

	Notes	GROUP		
		Amortised cost R'000	Total R'000	Fair value R'000
FY26				
Trade and other payables	21	456 261	456 261	–
Loan from shareholder	18	40 421	40 421	–
Loan from investee	18	208 942	208 942	–
		705 625	705 625	–
FY25				
Trade and other payables	21	752 082	752 082	–
Interest-bearing borrowings	17	224 549	224 549	–
Loan from shareholder	18	53 771	53 771	–
Bank overdraft	15	85 461	85 461	–
		1 115 863	1 115 863	–

Unless stated otherwise, the carrying value of the long-term financial assets and liabilities approximates the fair value.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

33. Financial instruments and risk management continued**Financial instruments and risk management – composition and analysis** continued**Financial liabilities** continued**Categories of financial liabilities** continued

	Notes	COMPANY		
		Amortised cost R'000	Total R'000	Fair value R'000
FY26				
Trade and other payables	21	16 682	16 682	–
Loans from group companies	22	501 096	501 096	–
Loan from shareholder	18	28 092	28 092	–
		545 870	545 870	–
FY25				
Trade and other payables	21	18 573	18 573	–
Loans from group companies	22	278 788	278 788	–
Interest-bearing borrowings	17	224 549	224 549	–
Loan from shareholder	18	42 888	42 888	–
Bank overdraft	15	85 623	85 623	–
		650 419	650 419	–

Unless stated otherwise, the carrying value of the financial assets and liabilities approximates the fair value due to their short-term nature.

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 the 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%. The facilities (refer to "liquidity risk") with Nedbank CIB and Standard Bank Limited represent a high concentration risk.

The group's gearing ratio has decreased during the year, as a result of settling the RCF and GBF facilities.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

33. Financial instruments and risk management continued**Capital risk management** continued

The capital structure and gearing ratio at 2025 and 2026, respectively, were as follows:

	Notes	GROUP		COMPANY	
		FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Loans from group companies	22	-	-	501 096	278 788
Interest-bearing borrowings	17	-	224 549	-	224 549
Loan from shareholder	18	40 421	53 771	28 092	42 888
Lease liabilities	19	9 795	3 267	1 889	3 267
Bank overdraft	15	-	85 461	-	85 623
Total borrowings		50 216	367 048	531 076	635 114
Cash and cash equivalents	15	(67 073)	(62 014)	(4 856)	-
Net borrowings		(16 857)	305 034	526 220	635 114
Equity		223 648	14 801	(348 212)	(341 440)
Total capital		206 791	319 835	178 008	293 674
Capital gearing ratio (%)		24	95	298	216

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.

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, also exposed to a specific industry namely, coal mining and is further exposed to specific Mpumalanga regions. Trade receivables consist mainly of Eskom, government institutions and private sector and mining entities. Eskom has a history of no defaults and credit ratings of B+. Eskom's credit rating increased 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 10 for further information.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

33. 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.

The 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 recognises 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
FY26						
Loan to investee	100.00	–	–	189 558	–	189 558
Financial asset at amortised cost	8.95	100 904	–	–	–	100 904
Trade receivables	8.95	319 772	–	108 139	–	427 911
Other trade receivables	8.95	10 152	–	–	–	10 152
Gross carrying amount		430 829	–	297 697	–	728 525
Expected credit loss		(45 202)	–	(232 038)	–	(277 240)
Net carrying amount		385 626	–	65 659	–	451 285
FY25						
Loan to investee	100.00	–	–	230 496	–	230 496
Financial asset at amortised cost	8.39	88 229	–	–	–	88 229
Trade receivables	8.39	534 795	–	89 558	–	624 353
Other trade receivables	8.39	9 501	–	–	–	9 501
Gross carrying amount		632 524	–	320 054	–	952 578
Expected credit loss		(25 075)	–	(238 735)	–	(238 735)
Net carrying amount		607 450	–	81 319	–	713 844

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

33. 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
FY26						
Loans to investee	100	-	-	189 558	-	189 558
Loans to group companies	2 – 100	5 393	-	1 200	-	6 593
Financial asset at amortised cost	8.39	100 904	-	-	-	100 904
Trade receivables	8.39	130 251	-	-	-	130 251
Other trade receivables	8.39	547	-	-	-	547
Gross carrying amount		237 095	-	190 758	-	427 853
Expected credit loss		(115 215)	-	(174 227)	-	(289 442)
Net carrying amount		121 880	-	16 531	-	138 412
FY25						
Loans to investee	100	-	-	188 136	-	-
Loans to group companies	2 – 100	4 363	144 647	1 200	-	150 210
Financial asset at amortised cost	8.39	88 229	-	-	-	88 229
Trade receivables	8.39	97 947	-	-	-	97 947
Other trade receivables	8.39	427	-	-	-	427
Gross carrying amount		190 966	144 647	189 336	-	336 814
Expected credit loss		(78 137)	(5 761)	(173 720)	-	(257 618)
Net carrying amount		112 829	138 886	15 616	-	79 197

	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 2025	63 598	885	174 252	238 735
New financial assets acquired	39 033	124	(652)	38 505
Balance as at 31 March 2026	102 631	1 009	173 600	277 240

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

33. Financial instruments and risk management continued**Credit risk** continued

	COMPANY			Total R'000
	12-month ECL R'000	Lifetime ECL – not credit- impaired R'000	Lifetime ECL – credit- impaired R'000	
Balance as at 1 April 2025	242 599	885	14 150	257 634
New financial assets acquired	36 959	124	(5 255)	31 828
Balance as at 31 March 2026	279 558	1 009	8 895	289 462

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 receivable, 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 2025 or 1 April 2026, 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 annual financial statements continued

for the year ended 31 March 2026

33. Financial instruments and risk management continued**Credit risk** continued**Financial assets**

All of the entity's financial assets at amortised cost and fair value through profit or loss 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
FY26				
Loan to investee	10	189 558	(173 600)	15 957
Financial asset at amortised cost	11	100 904	(1 009)	99 896
Restricted investments	9	273 454	-	273 454
Trade and other receivables	14	427 911	(102 631)	325 280
Cash and cash equivalents	15	67 073	-	67 073
		1 058 900	(277 241)	781 661
FY25				
Loan to investee	10	229 480	(173 236)	56 244
Financial asset at amortised cost	11	88 229	(885)	87 344
Restricted investments	9	166 952	-	166 952
Trade and other receivables	14	624 353	(63 598)	560 755
Cash and cash equivalents	15	62 014	-	62 014
		1 171 027	(237 719)	933 309

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

33. Financial instruments and risk management continued**Credit risk** continued**Other financial assets at amortised cost** continued

	Notes	COMPANY		
		Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost R'000
FY26				
Loan to investee	10	189 558	(173 600)	15 957
Loans to group companies	10	6 593	(660)	5 933
Financial asset at amortised cost	11	100 904	(1 009)	99 896
Trade and other receivables	14	140 470	(114 173)	26 298
Cash and cash equivalents	15	4 856	-	4 856
		442 382	(289 442)	152 940
FY25				
Loan to investee	10	189 149	(173 191)	15 957
Loans to group companies	10	150 210	(6 325)	143 885
Financial asset at amortised cost	11	88 229	(885)	87 344
Trade and other receivables	14	97 947	(77 214)	20 734
		525 535	(257 614)	267 921

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 annual financial statements continued

for the year ended 31 March 2026

33. 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
FY26						
Non-current liabilities						
Lease liabilities	19	-	7 821	-	7 821	6 511
Trade and other payables	21	-	173 411	-	173 411	173 411
Loan from shareholder	18	-	-	10 451	-	10 451
Current liabilities						
Trade and other payables	21	282 851	-	-	282 851	282 851
Loan from shareholder	18	29 970	-	-	29 970	29 970
Lease liabilities	19	4 184	-	-	4 184	3 284
		317 005	181 232	10 451	498 237	506 477
FY25						
Non-current liabilities						
Lease liabilities	19	-	1 870	-	1 870	1 774
Trade and other payables	21	-	172 711	88 576	261 287	252 790
Loan from shareholder	18	-	-	9 225	-	9 225
Current liabilities						
Trade and other payables	21	499 292	-	-	499 292	499 292
Interest-bearing borrowings	17	224 549	-	-	224 549	224 549
Loan from shareholder	18	44 546	-	-	44 546	44 546
Lease liabilities	19	1 748	-	-	1 748	1 493
Bank overdraft	15	85 461	-	-	85 461	85 461
		855 595	174 581	97 802	1 118 753	1 119 130

Notes to the consolidated and separate annual financial statements continued

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33. Financial instruments and risk management continued**Liquidity risk** continued

	Notes	COMPANY				Carrying amount R'000
		Less than one year R'000	One to two years R'000	Two to five years R'000	Total R'000	
FY26						
Non-current liabilities						
Lease liabilities	19	-	1 315	-	1 315	-
Current liabilities						
Trade and other payables	21	16 682	-	-	16 682	16 682
Loans from group companies	22	501 096	-	-	501 096	501 096
Loan from shareholder	18	28 092	-	-	28 092	28 092
Lease liabilities	19	1 889	-	-	1 889	1 889
		547 759	1 315	-	549 074	547 759
FY25						
Non-current liabilities						
Lease liabilities	19	-	518	1 870	2 388	1 774
Current liabilities						
Trade and other payables	21	18 573	-	-	18 573	18 573
Loans from group companies	22	278 788	-	-	278 788	278 788
Interest-bearing borrowings	17	224 549	-	-	224 549	224 549
Loan from shareholder	18	42 888	-	-	42 888	42 888
Lease liabilities	19	1 748	-	-	1 748	1 493
Bank overdraft	15	85 623	-	-	85 623	85 623
		652 168	518	1 870	654 556	653 687

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:

- 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 annual financial statements continued

for the year ended 31 March 2026

33. 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 18).

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 and equity by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as 2025.

	GROUP			
	FY26		FY25	
	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				
Financial assets at amortised cost 1% (FY25: 1%)	999	(999)	873	(873)
Interest-bearing borrowings 1% (FY25: 1%)	-	-	(2 245)	2 245
Loan from shareholder 1%	(404)	404	(538)	(538)
COMPANY				
Increase or decrease in rate				
Impact on profit or loss and equity				
Financial assets at amortised cost 1% (FY25: 1%)	999	(999)	873	(873)
Interest-bearing borrowings 1% (FY25: 1%)	-	-	(2 245)	2 245
Loan from shareholder 1%	(281)	281	(429)	(429)

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 as at 31 March 2026 was indexed to JIBAR. The South African Reserve Bank has announced its intention to discontinue JIBAR and replace it with ZARONIA, with effect from 31 December 2026. The group has assessed the potential impact of this benchmark reform on its financial instruments and funding arrangements. As at November 2025, the group has fully settled its RCF loan, and the remaining GBF facilities were fully settled by March 2026, prior to the effective date of the transition.

Accordingly, the group does not expect the transition from JIBAR to ZARONIA to have a material impact on its financial position, financial performance or cash flows.

Notes to the consolidated and separate annual financial statements continued

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33. Financial instruments and risk management continued**Price risk**

The entity is exposed to equity securities price risk arising from its investments in listed unit trusts. These investments are subject to market fluctuations resulting from changes in equity prices and economic conditions. The risk is managed through diversification of the portfolio and ongoing monitoring by management.

A 1% increase or decrease in the equity securities price at the reporting date would have increased/(decreased) profit and equity by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as 2025.

	GROUP			
	FY26		FY25	
	Increase R'000	Decrease R'000	Increase R'000	Decrease R'000
Increase or decrease in price				
Impact on profit or loss and equity				
Restricted Investments 1% (FY25: 1%)	2 735	(2 735)	1 670	(1 670)

The entity has no significant exposure to commodity price risk.

34. Fair value information**Fair value hierarchy**

The table below 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.

Recurring fair value measurements**Level 1**

	Note	GROUP		COMPANY	
		FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Assets					
Financial assets mandatorily at fair value through profit or loss					
Restricted investments in rehabilitation portfolio	9	273 454	166 952	-	-
		273 454	166 952	-	-

The restricted investment portfolio is managed primarily by Centriq and Old Mutual which are mainly invested in actively trading unit trust shares, equity and cash.

Level 1 fair values for debt instruments held in the environmental rehabilitation funds are based on quotes 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 annual financial statements continued

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35. Going concern

Group results

The group generated a profit of R209 million (FY25: R10 million). EBITDA for the year amounted to R734 million (FY25: R429 million) and operating profit improved to R458 million (FY25: R189 million).

The significant improvement in performance was mainly attributable to the following:

- Neosho ramped up its production and increased sales to Eskom;
- Third-party rectification sales through Neosho continued for the first three quarters of the year;
- Keaton Mining's Vanggatfontein Mine operated under the section 155 creditors' compromise;
- There were no inventory losses arising from burning stock due to spontaneous combustion as a result of improved operating procedures for stockpile management.

Cash generated from operations amounted to R615 million (FY25: R462 million) which enabled the group to fully settle R236 million (FY25: R191 million) which includes interest of R12 million (FY25: R42 million) remaining on the RCF. The GBF of R90 million was also fully settled in the current year.

Significant judgements and estimates were applied in assessing the group's and company's ability to continue as going concerns. The cash flow forecasts used in the assessment were based on the following key assumptions:

- A significant increase in sales at Salungano Trading as a result of the turnaround strategy being implemented by that business unit;
- Achievement of production and sales targets for mining operations;
- Extension of the Neosho Trading CSA with Eskom; and
- Continued successful implementation of the section 155 plan, resulting in repayment of all long-outstanding creditors in Keaton Mining.

Group

As at 31 March 2026, the group had a bank balance of R67 million (FY25: R23 million net of overdraft) and there were no available facilities (FY25: R5 million) as the GBF was fully settled and cancelled on 18 March 2026.

As at 31 March 2026, the group's total assets exceeded total liabilities by R224 million (FY25: R15 million), indicating that the group is solvent. The solvency position improved significantly despite the recognition of an impairment of R39 million (FY25: R5 million) relating to financial assets in profit or loss and other comprehensive income.

The group's current assets of R616 million (FY25: R801 million) exceeded current liabilities of R547 million (FY25: R885 million), indicating that the group is liquid at year-end. This is a significant improvement over the prior year's net current liability position of R84 million.

Neosho Trading 86 Proprietary Limited (Moabsvelden Mine) is in the process of extending its CSA with Eskom. In October 2025, Keaton Mining (Vanggatfontein Mine) entered into a CSA with Eskom to supply coal to Eskom for approximately five years.

Cash generation from Neosho Trading enabled the group to settle the RCF by the end of November 2025. Additional proceeds from the banks' repossession of the Keaton Mining yellow equipment were used during the current financial year to reduce the RCF balance. The GBF was also fully settled in March 2026. These factors form the basis for the group's cash flow forecasts for the next 12 months ending June 2027.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

35. Going concern continued

Company

The company incurred a loss of R7 million (FY25: R8 million loss). These losses arose mainly from high ECLs on trade and other receivables and intercompany loans.

As at 31 March 2026, the company had a cash balance of R5 million (FY25: R86 million net overdraft), and there were no available facilities on the GBF (FY25: R4 million) as the overdraft facilities were fully settled on 18 March 2026 and cancelled.

The company's total liabilities exceeded total assets by R348 million (FY25: R341 million), indicating that the company was not solvent at year-end. The company's current liabilities exceeded current assets by R509 million (FY25: R482 million), indicating that the company is not liquid at year-end. This indicates the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and, accordingly, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The company's solvency position was significantly impacted by the impairment of investments in subsidiaries amounting to R585 million recognised in FY24. Furthermore, additional impairment losses of R32 million (FY25: R33 million) relating to financial assets recognised in profit or loss further weakened the company's solvency position.

The negative liquidity position is a result of the intercompany loans. Intercompany loans of R275 million owing to Salungano Trading and R225 million owing to Keaton Energy Holdings are classified as current liabilities as they have no fixed repayment terms, however, the entity will defer repayment until liquidity has been restored.

Adequate cash is expected to be generated by Neosho Trading to enable the company to meet all its commitments.

Based on the cash flow forecasts for the next 12 months ending June 2027, expected operational improvements and settlement of the RCF and GBF during the year, the directors believe that the group and company will have adequate resources to continue operating for the foreseeable future. Accordingly, the consolidated and separate financial statements have been prepared on a going concern basis, which assumes that the realisation of assets and settlement of liabilities will occur in the normal course of business.

36. Post-financial year-end events

36.1 Neosho SARS diesel rebates

In December 2025, SARS issued a letter to disallow diesel rebates amounting to R76 million which resulted in the diesel rebates receivable being reversed in FY25 in accordance with IAS 10 as an adjusting event. During March 2026, management appealed the decision taken by SARS. On 21 May 2026, SARS issued a notification of extension by 30 business days from the due date of 14 June 2026, therefore management expects an outcome before the end of September 2026 (refer to note 31).

36.2 Appointment of group CFO

Subsequent to year-end, Mr Jannie Muller was appointed as group CFO and executive director with effect from 1 April 2026.

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

37. Related parties

Relationships

Subsidiaries	Salungano Trading Proprietary Limited Salungano Resources Proprietary Limited Salungano Power Proprietary Limited Blanford 006 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 7
Investees	Wescoal Mining Proprietary Limited (refer to note 8) Proud Afrique Trading 147 Proprietary Limited (refer to note 8)
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 39)

Notes to the consolidated and separate annual financial statements continued

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37. Related parties continued

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Related party balances				
Loan accounts – owing (to)/by related parties				
Salungano Trading Proprietary Limited	-	-	(274 558)	(277 638)
Proud Afrique Trading 147 Proprietary Limited	1 016	1 016	1 016	1 016
Wescoal Mining Proprietary Limited	188 542	229 480	188 542	188 133
Wescoal Mining Proprietary Limited	(208 942)	(206 622)	-	-
Salungano Resources Proprietary Limited	-	-	(602)	(602)
Blanford 006 Proprietary Limited	-	-	5 355	4 325
Salungano Power Proprietary Limited	-	-	(548)	(548)
Keaton Energy Holdings Limited	-	-	-	144 647
Salungano Agriculture Proprietary Limited	-	-	38	38
Keaton Mining Proprietary Limited	-	-	1 200	1 200
RBFT Investments Proprietary Limited	(40 421)	(53 771)	(28 092)	(42 888)
Refer to notes 9, 19 and 22 for terms and conditions.				
Amounts included in trade receivables/(trade payables) regarding related parties				
Blanford 006 Proprietary Limited	-	-	5 602	4 327
Keaton Energy Holdings Limited	-	-	81	89
Keaton Energy Holdings Limited	-	-	(971)	(971)
Keaton Mining Proprietary Limited	-	-	46 258	33 777
Keaton Mining Proprietary Limited	-	-	(910)	(534)
Keaton Mining Proprietary Limited	-	-	9 672	9 672
Neosho Trading 86 Proprietary Limited	-	-	-	16 812
Neosho Trading 86 Proprietary Limited	-	-	(3 425)	(52)
Wescoal Mining Proprietary Limited	-	-	37 552	28 512
Salungano Trading Proprietary Limited	-	-	18 574	13 739
Salungano Trading Proprietary Limited	-	-	(117)	(460)
Wescoal Mining Proprietary Limited	-	-	(1 283)	(1 283)
Investment in preference shares				
K2016316243 (SA) Proprietary Limited (refer to note 11)	100 904	88 229	100 904	88 229
Shares held by the trust				
Wescoal Share Trust (number of shares '000)	9 508	9 508	9 508	9 508

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

37. Related parties continued

	GROUP		COMPANY	
	FY26 R'000	FY25 R'000	FY26 R'000	FY25 R'000
Related party transactions				
Interest (received from)/paid to related parties				
RBFT Investments Proprietary Limited	6 650	7 829	5 204	6 463
K2016316243 (SA) Proprietary Limited	(12 676)	(11 838)	(12 676)	(11 838)
Administration fees paid to/(received from) related parties				
Blanford 006 Proprietary Limited	-	-	(1 316)	(1 582)
Wescoal Mining Proprietary Limited	(6 582)	(9 308)	(6 582)	(9 308)
Salungano Trading Proprietary Limited	-	-	(3 949)	(4 745)
Keaton Mining Proprietary Limited	-	-	(13 163)	(15 815)
Neosho Trading 86 Proprietary Limited	-	-	(106 623)	(126 702)
Other related party expenses				
Office rentals from Simeka Capital Holdings Proprietary Limited	1 633	1 633	1 633	1 633
Transportation services from Gundo Logistics & Projects Proprietary Limited	41 379	2 502	-	-
Compensation to directors and other key management				
Non-executive directors' fees	3 819	3 863	-	-
Remuneration	9 603	11 827	-	-
Retirement and medical contributions	369	592	-	-
Fringe benefits and bonuses	1 640	3 365	-	-

38. Earnings per share

Basic earnings per share

The calculation of basic 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	
	FY26 R'000	FY25 R'000
Basic earnings per share (cents)		
Net profit attributable to owners of the company (rand)	208 847	10 411
Weighted average number of ordinary shares in issue	410 408	410 408
Basic earnings per share (cents)	50.89	2.54

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

38. Earnings per share continued**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	
	FY26 R'000	FY25 R'000
Diluted earnings per share (cents)		
Weighted average number of ordinary shares in issue	410 408	410 408
Weighted average number of shares for diluted earnings per share	410 408	410 408
Diluted earnings per share (cents)	50.89	2.54

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:

	GROUP			
	FY26		FY25	
	Gross	Net of tax	Gross	Net of tax
Headline/diluted headline earnings/(loss) per share				
Net profit/(loss) for the year attributable to owners of the company	279 453	208 847	(45 216)	10 411
(Profit)/loss on disposal of property, plant and equipment	(201)	(143)	34	24
Impairment of property, plant and equipment	-	-	326	326
Headline earnings	279 252	208 704	(44 857)	10 761
Headline earnings per share (cents)	-	50.85	-	2.62
Diluted headline earnings per share (cents)	-	50.85	-	2.62

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

39. Directors' and prescribed officers' emoluments**Executives**

Remuneration and benefits paid to current and past directors and prescribed officers for services to the company

	GROUP				
	Remuneration R'000	Medical and provident fund con- tributions R'000	Annual bonus R'000	Fringe and other benefits R'000	Cash total R'000
FY26					
MR Ramaite	5 050	-	823	-	5 873
T Tshithavhane	4 553	369	817	-	5 739
	9 603	369	1 640	-	11 612
FY25					
MR Ramaite	4 761	-	403	-	5 163
KM Maroga*	2 833	248	280	2 301	5 662
T Tshithavhane	4 234	343	381	-	4 958
	11 827	592	1 064	2 301	15 784

* Ms Kabelo Maroga resigned as CFO on 18 February 2025 and Mr Jannie Muller was appointed as the CFO effective from 1 April 2026.

Non-executives

Non-executive remuneration for attending meetings.

	GROUP	
	FY26 R'000	FY25 R'000
HLM Mathe	766	931
C Maswanganyi	392	433
ET Mzimela	420	490
TT Tshikovhi	826	656
M Malunga	721	676
SN Maninjwa	693	676
	3 819	3 863

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

40. 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, who is 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 annual financial statements continued

for the year ended 31 March 2026

40. Segment report continued

	GROUP					
	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 2026						
Local	42 063	80 511	1 520	-	-	124 094
Eskom sales	3 858 902	-	-	-	(548 044)	3 310 857
Rental income	-	-	2 647	-	(117)	2 529
Transport	1 179 803	5 707	-	-	(161 814)	1 023 695
Administration and management fees	-	-	-	131 633	(125 051)	6 582
External customers	5 080 767	86 218	4 167	131 633	(835 028)	4 467 757
External customers	5 080 767	86 218	4 167	131 633	(835 028)	4 467 757
Depreciation – cost of sales	(246 106)	(837)	(12)	(33)	(23 451)	(270 439)
Cost of sales	(4 246 997)	(70 384)	-	-	794 714	(3 522 667)
Gross profit/(loss)	587 664	14 996	4 155	131 600	(63 764)	674 651
Other income/(expenses)	219 021	17	46	16	(139 519)	79 582
Operating expenses	(300 957)	(28 986)	(5 450)	(275 601)	320 241	(290 754)
Operating profit/(loss)	505 727	(13 972)	(1 249)	(143 984)	116 958	463 478
Finance income	23 508	74	101	125 379	(110 441)	38 621
Finance cost	(305 546)	(2 298)	(1)	(19 269)	110 441	(216 672)
Depreciation and amortisation	(2 036)	(2 023)	-	(1 915)	-	(5 973)
Profit/(loss) before income tax	221 654	(18 220)	(1 149)	(39 789)	116 958	279 453
Total assets	3 622 044	311 586	129 897	859 334	(1 485 330)	3 437 530
Total liabilities	(4 517 983)	(271 618)	(196 815)	(1 253 830)	3 026 366	(3 213 879)
EBITDA	751 632	(13 135)	(1 237)	(143 951)	140 408	733 716

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

40. Segment report continued

	GROUP					Consolidated R'000
	Mining R'000	Trading R'000	Property rental and other R'000	Investment holding R'000	Inter- segment eliminations R'000	
31 March 2025						
Local	54 760	95 899	1 715	-	-	152 374
Eskom sales	3 404 674	-	-	-	(258 772)	3 145 902
Export sales	-	-	-	-	-	-
Rental income	1 354	-	8 167	-	(2 790)	6 731
Transport	1 142 900	8 800	-	-	(96 660)	1 055 039
Administration and management fees	-	-	-	158 151	(148 843)	9 308
External customers	4 603 688	104 699	9 882	158 151	(507 065)	4 369 354
Total revenue	4 603 688	104 699	9 882	158 151	(507 065)	4 369 354
Depreciation and amortisation - cost of sales	(213 484)	(940)	(12)	(33)	(20 181)	(234 650)
Cost of sales	(4 026 694)	(91 513)	(237)	-	355 432	(3 763 013)
Gross profit/(loss)	363 510	12 246	9 632	158 118	(171 814)	371 692
Other income/(expenses)	42 416	17	44	6	-	42 482
Operating expenses	(360 849)	(28 512)	(10 012)	(353 516)	533 078	(219 810)
Operating profit/(loss)	45 076	(16 249)	(335)	(195 392)	361 264	194 363
Finance income	20 221	56	1	119 964	(107 393)	32 848
Finance cost	(318 888)	(1 338)	(6)	(53 806)	107 393	(266 645)
Depreciation and amortisation	(1 225)	(2 317)	-	(1 915)	-	(5 457)
Impairment	-	-	(326)	-	-	(326)
Profit/(loss) before income tax	(254 816)	(19 848)	(666)	(131 149)	361 264	(45 216)
Total assets	3 026 898	103 189	122 091	21 351	299 589	3 573 118
Total liabilities	(4 056 216)	(49 751)	(188 242)	(382 261)	1 118 154	(3 558 316)
EBITDA	258 560	(15 343)	(323)	(195 359)	381 445	428 980

Notes to the consolidated and separate annual financial statements continued

for the year ended 31 March 2026

41. Reportable irregularities

ID	Irregularity	Detailed 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 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 the year ended 31 March 2025 by the stipulated deadline of 30 June 2025, leading to non-compliance with paragraph 2.15 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 2025 were published on 27 March 2026.	Resolved



SHAREHOLDER INFORMATION

Analysis of ordinary shareholders

as at 31 March 2026

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	419 916 854	100

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	419 916 854	100

Pursuant to the provisions of section 56 of the Companies Act, disclosures from foreign nominee companies have been included in this analysis.

Analysis of ordinary shareholders continued

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	419 916 854	100

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 1 April 2025	R0.50
Closing price 31 March 2026	R0.50
Closing high for the period	R0.00
Closing low for the period	R0.00
Number of shares in issue	419 916 854
Volume traded during the period	-
Ratio of volume traded to shares issued (%)	0.00
Rand value traded during the period	R0
Price/earnings ratio as at 31 March 2026	0.01
Earnings yield as at 31 March 2026	10 177.53
Dividend yield as at 31 March 2026	-
Market capitalisation as at 31 March 2026	R209 958 427

Definitions

AGM	Annual general meeting
B-BBEE	Broad-based Black Economic Empowerment
Centriq	Centriq Insurance Innovation
CEO	Chief executive officer
CFO	Chief financial officer
CGU	Cash-generating unit
CIPC	Companies and Intellectual Property Commission
Companies Act	Companies Act of South Africa, 71 of 2008
CSA	Coal supply agreement
EAR Rule	IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023
EBITDA	Earnings before interest, tax, depreciation and amortisation
ECL	Expected credit loss
Eskom	Eskom Holdings SOC Limited
FY24	Financial year ended 31 March 2024
FY25	Financial year ended 31 March 2025
FY26	Financial year ended 31 March 2026
GBF	General banking facility
HEPS	Headline earnings per share
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IBORs	Interbank Offered Rates
IFRS	IFRS® Accounting Standards as issued by the International Accounting Standards Board
IRBA	Independent Regulatory Board for Auditors
IRBA Code	Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors

ISQM	International Standards on Quality Management
IT	Information technology
JIBAR	Johannesburg Interbank Average Rate
JSE	Johannesburg Stock Exchange Limited
Keaton Mining	Keaton Mining Proprietary Limited
King IV™	King IV Report on Corporate Governance for South Africa, 2016™
LGD	Loss given default
LOM	Life of mine
Moabsvelden	Moabsvelden Mine/Colliery/Project
Nedbank	Nedbank Limited
PD	Probability of default
RCF	Revolving credit facility
ROM	Run of mine
SAICA	South African Institute of Chartered Accountants
Salungano	Salungano Group Limited
SARS	South African Revenue Service
SME	Small to medium-sized enterprise
SNG Grant Thornton	SizweNtsalubaGobodo Grant Thornton
SPV	Special purpose vehicle
Standard Bank	Standard Bank of South Africa Limited
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 2025
The year	The year ended 31 March 2026
WACC	Weighted average cost of capital
ZARONIA	South African Rand Overnight Index Average

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*)
J Muller (*Chief Financial Officer*)
ET Mzimela (*Non-executive*)
MR Ramaite (*Chief executive officer*)
T Tshithavhane (*Executive*)

Company secretary

Yolande Lemmer
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PO Box 61051, Marshalltown 2107, South Africa
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Nedbank and Standard Bank of South Africa

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