ANNUAL FINANCIAL STATEMENTS

2021

EFORA ENERGY LIMITED

CONTENTS

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa, 2008 (Act No. 71 of 2008), as amended.

Audit And Risk Committee Report

by Malande Tonjeni

The Audit and Risk Committee ("the Committee") is pleased to present its report for the year ended 28 February 2021 to shareholders in compliance with the requirements of the Companies Act, the JSE Listings Requirements and King IV™. The report aims to provide details about how the Committee satisfied its responsibilities and further aims to highlight significant matters that arose during the year under review.

COMPOSITION, GOVERNANCE AND COMMITTEE ASSESSMENT

In compliance with the Companies Act, the following Committee members were elected by shareholders at the Annual General Meeting ("AGM") of the Company held in July 2021 to serve until the next AGM and their meeting attendance for the year under review is summarised below.

Membership and attendance	
Malande Tonjeni (Chairperson)[1]	1/1
Thuto Masasa[2, 3]	7/7
Vuyo Ngonyama[3]	10/10
Patrick Mngconkola[3]	3/3
Zanele Radebe	10/10

[1] Appointed to the Committee on 10 February 2021 and appointed as Chairperson on 1 April 2021.
[2] Resigned on 31 July 2020.
[3] Thuto Masasa served as Chairperson of the Committee until 31 July 2020 and was replaced by Vuyo Ngonyama from 13 August 2020 until 31 March 2021. Due to the reconstitution of the Board and the appointment of Vuyo Ngonyama as Chairman of the Board, he no longer serves on the Committee and was replaced by Patrick Mngconkola.

In compliance with the requirements of the Companies Act, as well as the recommended practices of King IV™, all members of the Committee during and post the reporting period are Independent Non-executive Directors. The composition of the Committee changed during the year as highlighted above. The Committee now comprises Ms Malande Tonjeni (Chairperson), Patrick Mngconkola and Zanele Radebe, all of whom are Independent Non-executive Directors. The Board is satisfied that all members of the Committee have adequate qualifications, knowledge and experience to carry out their duties. Shareholders will, at the next AGM scheduled for 14 June 2023, be requested to approve the continued appointment and remuneration of the members of the Committee. Fees paid to Committee members are detailed on page 64 of the annual financial statements.

The Chairman of the Board is not a member of the Committee. Other Directors, the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and representatives of the Internal and External Auditors may attend meetings of the Committee by invitation. The Group Company Secretary is also the Secretary of the Committee.

In accordance with its Terms of Reference, the Committee meets at least four times annually, but more often if necessary. During the period under review the Committee met ten times.

An evaluation of the effectiveness of the Committee was conducted by the Company Secretary. Overall, it was concluded that the Committee discharged its duties effectively. The Board is satisfied that the Committee adequately carried out its mandate for the year under review, based on reporting from the Committee.

ROLE AND RESPONSIBILITIES OF THE COMMITTEE

The Committee has an independent role with accountability to both the Board and to shareholders. The Committee's responsibilities include the statutory duties prescribed in section 94 of the Companies Act, activities recommended by King IV™, as well as additional responsibilities assigned to the Committee by the Board as set out in its Terms of Reference which are available on the Company's website at www.eforaenergy.com. The Committee's Terms of Reference are reviewed annually and updated where necessary. The Committee has conducted its affairs in compliance with these Terms of Reference and has discharged its responsibilities contained therein. The Committee has also discharged its responsibilities as outlined in the Companies Act except as disclosed on page 3.

The Committee also meets separately and independently with the External and Internal Auditors.

ACTIVITIES OF THE COMMITTEE

KEY FOCUS AREAS DURING THE YEAR

- Reviewed and approved the condensed provisional consolidated reviewed results for the year ended 29 February 2020, key accounting considerations, related Stock Exchange News Service ("SENS") and results announcements
- Monitored the implementation of actions to remedy the late publication of the audited annual financial statements and integrated report for the year ended 29 February 2020
- Monitored engagement with the JSE (through monthly update letters) and shareholders (through quarterly SENS announcements) regarding the late publication of results and the status of affairs at Efora
- Reviewed and monitored the quality and effectiveness of the internal and external audit processes, and assessed the independence of both functions
- Reviewed and considered the internal and external audit findings
- Recommended the continued engagement and remuneration of Internal and External Auditors, and approved their scope of work
- Recommended the approval of the combined assurance model and plan by the Board
- Recommended the approval of the Group budgets, forecasts and cost allocation model by the Board
- Regularly monitored the performance and financial position of the Group, taking into consideration:
  - the impact of COVID-19 on the operations and performance of the Group; and
  - loan restructuring at a key subsidiary and its impact on the going concern assertion applicable to the Group
- Regularly reviewed and considered Group risks and mitigations in place to address risks, including emerging risks
- Recommended the approval of the Know Your Customer Framework, Compliance Policy, and Governance and Compliance Framework by the Board
- Monitored compliance with laws and regulations
- Monitored the Group's ethics and fraud hotline
- Reviewed and considered the report and queries on Proactive Monitoring from the JSE
- Monitored legal matters within the Group

- Made submissions to the Board on matters concerning the Company's accounting policies, financial controls, financial performance and position, and its reporting
- Monitored the effectiveness of the finance function and assessed the qualifications and experience of the CFO
- Assessed the impact of the Group restructuring on the finance function
- Had oversight of the Group's financial controls systems and information technology ("IT") governance
- Had oversight of the Group's business development initiatives and the restructuring of operations
- Reviewed and considered the Terms of Reference, annual work plan, strategy and delegation of authority

The Chairperson of the Committee, with the assistance of the Company Secretary, provided regular written reports to the Board summarising the Committee's considerations and recommendations. The Board was satisfied with the Committee's reporting in this regard. Given the late publication of the annual financial statements and integrated annual report for the year ended 28 February 2020, the Committee also undertook the following post the reporting period:

- Reviewed and approved the annual financial statements and integrated report for the year ended 29 February 2020, both of which were issued on 1 July 2021
- Reviewed and approved the condensed consolidated unreviewed interim financial statements for the six months ended 31 August 2020 which were issued on 9 December 2021
- Monitored the business rescue proceedings at Afric Oil which commenced in April 2021
- Continued to monitor engagement with the JSE and shareholders regarding the late publication of results and the status of affairs at Efora
- Reviewed and approved the annual financial statements and integrated report for the year ended 28 February 2021

Reasons for the late publication of the above results are highlighted on page 3. Developments at Afric Oil which led to the business rescue proceedings are highlighted on page 76.

EVALUATION OF FINANCIAL STATEMENTS AND ACCOUNTING PRACTICES

The Committee considered the annual financial statements, the accounting practices and the internal financial controls of the Group with respect to its year ended 28 February 2021. Furthermore, the Committee considered, reviewed and discussed these Group annual financial statements with the independent External Auditors and finance team. The Committee also reviewed the following key and significant accounting matters:

MATTER	RESPONSE OF THE COMMITTEE
Going concern	Management performs an annual assessment of the ability of the Company to remain a going concern in light of plans in place to ensure the continued sustainability of the Group. Management presented its most recent assessment to the Committee and highlighted the key assumptions and judgements which support this evaluation. The Committee was satisfied that the plans in place are adequate to support the going concern assertion as highlighted in note 38 of the annual financial statements.
Impairment assessments of intangible assets, oil and gas properties, and investments in subsidiaries	Management performed assessments as at 28 February 2021 in order to determine the impairment of intangible assets, oil and gas properties, and investments in subsidiaries. The impairment assessments are based on recoverable amounts that are supported by estimations of future cash flows, discount rates, growth rates, margins and market share and, in the instance of investments in subsidiaries, the underlying net asset values. The Committee satisfactorily reviewed the results of the impairment assessments and the process and methodologies followed to support the impairment charges recognised in the annual financial statements as detailed in note 37.
Impairment of financial assets	The Committee satisfactorily reviewed the appropriateness of the methodologies and key judgements applied by management in determining the impairment of financial assets as outlined in notes 7.1, 17 and 18 of the annual financial statements.
Events after the reporting period	Management performed an assessment of significant events that occurred subsequent to the reporting date, as outlined in note 35, with a particular focus on the economic effects of COVID-19 and the resultant business rescue proceedings at Afric Oil. The Committee concurs with management's assessment to treat these developments as non-adjusting events.
Internal controls over financial reporting	The Committee considered the outcomes of the implementation of the combined assurance plan, various audits by the Internal and External Auditors, reporting by management as part of the overall Enterprise Risk Management and the existing IT framework and processes, and noted the material internal control weaknesses which were isolated to the financial reporting of Afric Oil as highlighted on page 3.

The Committee is satisfied that the Group and Company annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations as issued by the International Financial Reporting Interpretations Committee ("IFRIC") as well as the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited and in a manner required by the Companies Act. It is also satisfied that the adoption of the going concern basis in preparing the annual financial statements is appropriate. The annual financial statements will be open for discussion at the forthcoming AGM. The Chairperson of the Committee and, in the instance of her absence, the other members of the Committee will attend the AGM to answer questions falling under the mandate of the Committee.

After due consideration and review the Committee recommended the approval by the Board of the Group and Company annual financial statements for the year ended 28 February 2021. The Committee is of the opinion that the audited annual financial statements should be accepted and read together with the report of the independent External Auditor. The Board approved the annual financial statements on 4 May 2023.

INTERNAL CONTROLS, RISK MANAGEMENT AND IT GOVERNANCE

The Committee has an oversight responsibility for internal controls, IT governance and risk management which are managed through various frameworks, policies, procedures and practices. Ultimately the Board, assisted by the Committee, is responsible for the effectiveness of these processes.

During the year under review, as part of the ongoing assessment and strengthening of the internal control environment, the Committee:

- reviewed and approved the combined assurance model and plan;
- reviewed and approved the internal audit and external audit scope and monitored findings from (i) the internal audits of the Group's debtors management, inventory management, financial discipline, regulatory compliance and environmental impact processes and (ii) the external audit of financial statements;
- monitored the outcomes of management control self-assessments; and
- monitored the remediation of control deficiencies identified from audit and control self-assessment processes.

The Committee periodically reviews the Company's maturity in respect of IT governance. The IT Committee actively manages the IT governance and IT risk management matters and is responsible for the Group's adherence to the various IT policies and procedures. The IT Committee met twice during the year and provided feedback to the Committee through the Executive Committee. During the year under review a disaster recovery and business continuity plan was successfully implemented. At year-end the Board was satisfied with the status and effectiveness of IT governance.

The Board considers risk management as a key process in the responsible pursuit of strategic objectives and in the effective management of related material issues and risks. Four reports were provided to the Committee during the year on outcomes from the Group-wide Enterprise Risk Management processes. The Committee is satisfied with the safeguards in place with respect to identified risks.

The Committee considered the outcomes of the implementation of the combined assurance plan, various audits by the Internal and External Auditors, reporting by management as part of the overall Enterprise Risk Management and the existing IT framework and processes, and is of the opinion that whilst opportunities for improving the overall control environment exist, the Group's system of internal financial controls is adequate to form a basis for the preparation of reliable financial statements, except as highlighted in the paragraph below.

MATERIAL WEAKNESSES IN FINANCIAL CONTROLS AT A KEY SUBSIDIARY

The External Auditor of the Group issued a disclaimer opinion on the consolidated annual financial statements of Efora for the year ended 28 February 2021 due to internal control deficiencies at Afric Oil which resulted in the audit findings highlighted on page 8. As a result of the significance of the internal control deficiencies, the External Auditor was unable to verify that the annual financial statements of Afric Oil, which were consolidated to arrive at the Group annual financial statements presented, did not contain a material misstatement. Afric Oil was a key subsidiary of Efora prior to its disposal to Royale Energy Proprietary Limited ("Royale") on 1 March 2022 pursuant to the implementation of the business rescue plan. As highlighted on page 76, Afric Oil was placed under voluntary business rescue in April 2021 at which point its management was effectively taken over by the appointed business rescue practitioners.

The commencement of business rescue proceedings at Afric Oil resulted in a number of changes within the company including a change in management and high staff turnover, amongst other developments, which resulted in the loss of institutional knowledge and led to the control failings highlighted on page 8. Afric Oil had in the past retained accurate and complete accounting records evidenced by the unqualified audit opinion on its annual financial statements for the year ended 29 February 2020. Given the commencement of business rescue proceedings at Afric Oil in April 2021 and its subsequent disposal to Royale in March 2022, the remediation of the control deficiencies highlighted fell outside the control of the Group and as such these control failures have impacted the consolidated annual financial statements presented. From an accounting perspective, the commencement of business rescue proceedings at Afric Oil signified Efora's loss of control of the entity with effect from the date on which the business rescue proceedings commenced. This will result in the deconsolidation of Afric Oil and its operations from April 2021 in future consolidated results of the Company. There were no material internal control weaknesses identified with respect to the separate annual financial statements of the Company.

COMPLIANCE

The Committee is responsible for reviewing any major breaches of relevant legal and regulatory requirements. The Committee is satisfied that there has been no material non-compliance with laws and regulations during the year under review, save for the inability by the Company to timeously publish the annual financial statements for the years ended 28 February 2021 and 28 February 2022, and the interim results for the six months ended 31 August 2021 and 31 August 2022. The main challenge which was out of the control of the Company was the completion of the Afric Oil audit for the year ended 28 February 2021. Afric Oil was placed under business rescue in April 2021 which posed challenges with respect to the completion of the annual audit for the year then ended. Afric Oil was sold to Royale on 1 March 2022 as part of the implementation of the business rescue plan. Royale appointed a new Auditor, Derek Arrow and Associates, who completed the outstanding audit in the first quarter of 2023. The audited annual financial statements of Afric Oil for the year ended 28 February 2021 were then subsequently provided to Efora in March 2023 which enabled the completion of the Group annual financial statements presented.

INTERNAL AUDIT

The internal audit function provides information to assist in the establishment and maintenance of an effective system of internal controls to manage the risks associated with the business and forms a third line of defence. The Committee is responsible for ensuring that the Group's internal audit function is independent and has the necessary resources, standing and authority within the Group to discharge its duties. The Internal Auditors are responsible for reporting the findings of the internal audit work executed against the agreed internal audit plan to the Committee at each Committee meeting.

The Group's Internal Auditor is BDO Advisory Services Proprietary Limited. The Committee is satisfied with the independence and expertise of the Group's Internal Auditors.

EXTERNAL AUDITORS

SizweNtsalubaGobodo Grant Thornton Inc., the External Auditor of the Group, is afforded unrestricted access to the Group's records and management, and presents any significant issues arising from the annual audit to the Committee. In addition, Mr Altaf Fajandar, the designated audit partner, where necessary, raises matters of concern directly with the Chairperson of the Committee. The Committee considered and recommended to the Board the approval of the Auditor's remuneration and terms and scope of engagement.

The Committee was satisfied that the External Auditor is independent of the Group as required by the Companies Act. The independence of the External Auditor is regularly reviewed. The requisite assurance was provided by the External Auditor to support and demonstrate its claim to independence and the Committee was satisfied with same.

The Committee has nominated, for approval at the AGM, SizweNtsalubaGobodo Grant Thornton Inc. as the External Auditor and Mr Altaf Fajandar as the designated audit partner for the 2022 financial year, having satisfied itself, as required by the JSE Listings Requirements, that:

- the audit firm is accredited by the JSE;
- the quality of the external audit is satisfactory; and
- the External Auditor has confirmed its responsibilities pursuant to paragraph 22.15(h) of the JSE Listings Requirements.

FEES PAID TO EXTERNAL AUDITORS

The Committee determines the fees to be paid to the External Auditors. The approved Group annual audit fee for the financial year under audit was approximately R4.0 million (2020: R4.4 million).

NON-AUDIT SERVICES

The Committee determines the nature and extent of non-audit services that auditors may provide to the Group. There were no non-audit services for the year under review (2020: Rnil).

COMBINED ASSURANCE

During the year under review the Group implemented a combined assurance model and plan to optimise, co-ordinate and integrate the assurance obtained from management, and internal and external assurance providers, on risks facing the Group. The Group's combined assurance model is closely aligned with the strategic direction of the Group, as well as the Enterprise Risk Management framework which identifies risks facing the Group and implements the necessary internal controls.

The combined assurance model and plan is developed on the basis of a well-established "three lines of defence" model which recognises the different roles and responsibilities of management, oversight functions and independent assurance providers. The primary objective of the combined assurance plan is to provide an acceptable level of assurance to the Board that key risks are identified and managed effectively through the application of an effective control framework, without incurring duplication of effort and ensuring the most efficient use of resources.

For the year under review the Committee is satisfied with assurance obtained from management, the External and Internal Auditors and Actuaries with respect to the Group's financial and non-financial processes. Various reports were presented to the Committee by management which enabled the Committee to monitor the implementation and effectiveness of the combined assurance model.

LITIGATION

Throughout the year the Committee monitored the Group's outstanding litigation, in particular our claims against Encha Group Limited ("Encha"), Transnational Corporation of Nigeria PLC ("Transcorp") and Mr Robin Vela. We are also pleased to report that the litigation between Efora and Mr Robin Vela was fully and finally settled during the year and neither party has a residual claim against the other.

On 9 November 2020 SacOil 281, a wholly owned subsidiary of Efora, and EER 281 reached a settlement agreement with Transcorp, the terms of which are outlined on page 45 which brought to an end a protracted litigation process that commenced in 2016. Transcorp made the last payment of US$1.25 million in December 2021 pursuant to the terms of the settlement agreement and has discharged in full its indebtedness to the Company.

Post the reporting period Efora concluded a settlement agreement with Encha pursuant to which Encha paid R40.0 million in April 2022 in full and final settlement of all amounts owed to Efora. Efora has, in total, recovered R45.75 million from Encha of which R5.75 million was received in July and August 2020. The original debt owing to the Company by Encha was in the amount of R75.0 million excluding interest. This settlement concluded another protracted legal process that commenced in 2016.

EVALUATION OF THE FINANCE FUNCTION

Ms Tariro Gadzikwa was the Group's CFO for part of the year under review. The Committee satisfied itself as to the appropriateness of the expertise and experience of Ms Gadzikwa in accordance with paragraph 3.84g(i) of the JSE Listings Requirements. This was confirmed by the Board. On 6 July 2020 Ms Gadzikwa resigned from her role as a Director and left the Group on 30 September 2020. In April 2021 the Board appointed Mr Thabang Monametsi as the Interim CFO.

The Committee also considered the expertise of the finance department during the year under review and was satisfied that it had the appropriate expertise and was adequately resourced.

Post the reporting period, on 28 February 2023, Mr Thabang resigned from his role as Executive Director and Interim CFO.

PROACTIVE MONITORING

The Committee confirms that it has considered the findings contained in the JSE's various proactive monitoring and thematic review reports, when reviewing the Group annual financial statements for the year ended 28 February 2021. The Committee is satisfied that the necessary adjustments and improvements to the Group annual financial statements have been made.

FRAUD HOTLINE

The Committee in conjunction with the Social, Ethics and Remuneration Committee is also responsible for reviewing arrangements made by the Group to enable employees and external whistle-blowers to report, in confidence, their concerns about possible improprieties or non-compliance with laws and regulations or the Group's Code of Conduct and Ethics. There were no incidents reported during the year under review.

Whistleblowers Proprietary Limited maintains and manages the Group's hotline.

COVID-19

The Committee regularly monitored the performance of the Group and the impact of developments with COVID-19 on the operations of the Group. Hardest hit were the fuel distribution operations at Afric Oil which necessitated the revision of previously approved budgets (approved prior to the COVID-19 pandemic) to align with market conditions. Key revisions included downward adjustments to revenue to reflect volumes which could realistically be achieved in a market that was mostly under lockdown for the year under review and the containment of costs, especially remuneration being a key cost of the Group. A high-level commentary covering the performance of the Group for this unprecedented year is provided in the Finance Review on page 70 of the Integrated Annual Report for the year ended 28 February 2021 which is available on the website of the Company www.eforaenergy.com

KEY FOCUS AREAS FOR THE YEAR AHEAD

- Finalisation and publication of outstanding financial results
- Appointment of a permanent CFO
- Continued monitoring of the assurance provided by the combined assurance plan
- Monitoring the Group's business development initiatives
- Continued monitoring of key actions implemented to improve the performance and financial position of the Group

CONCLUSION

The Committee is committed to ensuring that the financial results of the Group fairly represent the performance and financial position of the Group and Company, and that adequate controls are maintained to ensure the integrity of our reporting.

Malande Tonjeni
Chairperson of the
Audit and Risk Committee

4 May 2023

Statement of Accountability and Responsibility

The Directors of the Company are responsible for the maintenance of accounting records and for the preparation, integrity and fair presentation of the Group and Company annual financial statements of Efora Energy Limited.

The annual financial statements of the Group and Company for the year ended 28 February 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations as issued by the International Financial Reporting Interpretations Committee ("IFRIC") as well as the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited and in a manner required by the Companies Act of South Africa, 2008 (Act No. 71 of 2008), as amended. The Group and Company adopted all the new accounting pronouncements that became effective in the current reporting period. IFRS changes adopted on 1 March 2020 had no material impact on the results, financial position or cash flows of the Group or Company. The Group and Company annual financial statements have been prepared on a going concern basis and include amounts based on judgements and estimates made by management. Based on forecasts and the disclosures provided in note 38, the Directors have a reasonable expectation to believe that the Group and Company will remain going concerns in the foreseeable future. The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and Company and to prevent and detect fraud and other irregularities.

The Directors have also prepared the other information included in the annual integrated report for the year ended 28 February 2021 and are responsible for both its accuracy and consistency with the Group and Company annual financial statements.

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 annual financial statements, except as highlighted on page 3. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors are not aware of any legal or arbitration proceedings active, pending or threatened against or being brought by the Group or Company, other than as disclosed in the Directors' Report on page 4, which may have a material effect on the Group's and Company's financial position. The Group and Company annual financial statements have been audited by the independent accounting firm, SizweNtsalubaGobodo Grant Thornton Inc., which was given unrestricted access to all financial records and related data, including minutes of all shareholders', Directors' and Committee meetings. The Directors believe that all representations made to the independent Auditors during their audit were valid and appropriate.

The Independent Auditors' Report is presented on page 8. The annual financial statements were approved by the Board on 4 May 2023 and are signed on its behalf by:

Vuyo Ngonyama
Chairman of the Board

Darrin Arendse
Group Chief Executive Officer (Interim)

4 May 2023

Company Secretary's Certification

In terms of section 88(2)I of the Companies Act of South Africa, 2008 (Act No. 71 of 2008), as amended, I hereby certify and confirm that to the best of my knowledge and belief, Efora Energy Limited has, in respect of the financial year ended 28 February 2021, lodged with the Companies and Intellectual Properties Commission all returns and notices required of a public company in terms of the Companies Act in respect of the year under review and that all such notices are true, correct and up to date, save for the inability by the Company to timeously release its annual financial statements for the year ended 28 February 2021.

Melinda van den Berg
Fusion Corporate Secretarial Services Proprietary Limited
Company Secretary

4 May 2023

Preparation of Annual Financial Statements

The Group and Company annual financial statements were prepared under the supervision of Ms Tariro Gadzikwa, CA (SA).

Directors’ Report

The Directors submit their report on the affairs of the Group together with the consolidated and separate annual financial statements of Efora Energy Limited (“Efora”) for the year ended 28 February 2021.

PRINCIPAL ACTIVITIES

Efora is a South African-based independent African oil and gas company, listed on the Johannesburg Stock Exchange (“JSE”) with a focus on delivering energy for the African continent by using Africa’s own resources to meet the significant demand for energy expected over the next decade. The Group previously managed a diversified portfolio of assets comprising oil production in Egypt, oil and gas exploration in the Democratic Republic of Congo, crude oil trading in Nigeria and downstream distribution operations throughout South Africa, in Zimbabwe and Mauritius. Currently, the Group is exploring midstream and downstream opportunities in line with the change in strategy.

FINANCIAL RESULTS

The results of the Group and the Company and the state of its affairs are set out in the consolidated and separate annual financial statements and accompanying notes for the year ended 28 February 2021. The Group reported a loss after tax of R541.1 million (2020: R57.9 million), a basic loss per share of 46.52 cents (2020: 1.86 cents) and headline loss per share of 34.01 cents (2020: headline earnings per share of 4.96 cents) for the year ended 28 February 2021.

A review of the financial performance of the Group for the year under review is provided in the Finance Review section of the Integrated Annual Report of the Group for the year ended 28 February 2021 which is available on the Company's website www.eforaenergy.com

INTERNAL FINANCIAL CONTROLS

During the year under review the Board, through the Audit and Risk Committee, assessed the results of the documented review of the Group’s system of internal controls and risk management, including the design, implementation and effectiveness of the internal financial controls conducted by internal audit, and considered information and explanations given by management and discussions with the External Auditors on the results of the audit. Although certain weaknesses in financial controls, whether in design, implementation or execution were identified, the Board does not consider these control weaknesses (individually or in combination with other weaknesses) to have resulted in actual material financial loss, fraud or material errors, other than as disclosed in these annual financial statements on page 3. Based on the above results, nothing has come to the attention of the Board that caused it to believe that the Group’s system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable annual financial statements, except as highlighted on page 3. The Board’s opinion is supported by the Audit and Risk Committee.

STATED CAPITAL

There were no changes to the stated capital during the year ended 28 February 2021. The Company’s stated capital is disclosed in note 25.

DIVIDENDS

The Directors did not recommend the distribution of dividends for the financial year under review (2020: Nil).

DIRECTORS

During the year Tariro Gadzikwa and Thuto Masasa resigned from their positions as Directors of the Company on 6 July 2020 and 31 July 2020, respectively. Malande Tonjeni was appointed as a Director on 10 February 2021.

Changes in directorate after the year under review are summarised below:

- Damain Matroos resigned from his role as a Director on 5 February 2021 and left the Company on 4 May 2021.
- Boas Seruwe resigned from his roles as Director and Chairman of the Board on 15 April 2021. Vuyo Ngonyama, an existing Director, was subsequently appointed as the Chairman of the Board on 16 April 2021.
- Darrin Arendse was appointed as a Director of the Company on 5 May 2021.
- Thabang Monametsi was appointed as a Director of the Company on 1 April 2021 and subsequently resigned on 28 February 2023.

DIRECTORS’ INTERESTS IN SHARES

	2021		2020	
	Direct beneficial	% of issued share capital	Direct beneficial	% of issued share capital
Damain Matroos[1]	–	–	73 198	0.007
Total	–	–	73 198	0.007

[1] *Resigned from role as Director on 5 February 2021*

BORROWING FACILITIES AND POWERS

The Group's borrowing facilities are disclosed in note 27 of the annual financial statements. In terms of the Memorandum of Incorporation, the borrowing powers of the Company are unlimited.

CONTROL OF UNISSUED SHARE CAPITAL

The issuance of ordinary shares is subject to a general authority granted to the Directors by shareholders in terms of section 38 of the Companies Act. At the Annual General Meeting ("AGM") held on 30 July 2021, the shareholders voted against the ordinary resolution to place the unissued ordinary shares under the control of the Directors. As the withdrawal of this general authority remains valid until the next AGM scheduled for 14 June 2023, shareholders will be asked at that meeting to consider an ordinary resolution placing the said unissued ordinary shares, to a maximum of 5% of the Company's issued share capital, under the control of the Directors until the next AGM.

GOING CONCERN

After agreeing that the going concern premise was appropriate, having considered the matters highlighted in notes 35 and 38, the Board approved the Group and Company annual financial statements on 4 May 2023 on the recommendation of the Audit and Risk Committee.

EVENTS AFTER THE REPORTING PERIOD

Events which occurred after the reporting period and up to the date of this report are disclosed in note 35.

SPECIAL RESOLUTIONS PASSED

The only special resolution passed at the AGM held on 30 July 2021 was the approval of the remuneration of Non-executive Directors.

LITIGATION UPDATE

Refer to page 4 for the litigation update.

ACCOUNTING POLICIES

The Group's and Company's annual financial statements for the year ended 28 February 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in a manner required by the Companies Act as disclosed in note 2.1.

The Group's and Company's accounting policies used in the preparation of the annual financial statements for the year ended 28 February 2021 are consistent with those applied in the previous year, except in circumstances where there was an adoption of new or revised standards as disclosed in the annual financial statements (see note 4).

RETIREMENT FUNDS

The Group introduced a defined contribution retirement scheme on 1 April 2015 for its South African-based employees to improve the employee value proposition.

SUBSIDIARIES

Details of the subsidiaries of the Company are set out in note 15.1 of the annual financial statements.

Chief Executive Officer's Responsibility Statement

The Director, whose name is stated below, hereby confirms that:

(a) The annual financial statements set out on pages 12 to 81, fairly present in all material respects the financial position, financial performance and cash flows of Efora Energy Limited in terms of International Financial Reporting Standards, save for paragraph (f) below.

(b) To the best of my knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading.

(c) Internal financial controls have been put in place to ensure that material information relating to Efora Energy Limited and its consolidated subsidiaries has been provided to effectively prepare the financial statements of Efora Energy Limited.

(d) The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled my role and function as Executive Director with primary responsibility for implementation and execution of controls.

(e) Where I was not satisfied, I have disclosed to the Audit and Risk Committee and the Auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies.

(f) I wish to draw attention to the existence of material weaknesses in internal control over financial reporting. Refer to the report of the Audit and Risk Committee on page 3 of these annual financial statements.

(g) I am not aware of any fraud involving Directors.

Darrin Arendse
Group Chief Executive Officer (Interim)

Independent Auditor’s Report

To the Shareholders of Efora Energy Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

DISCLAIMER OF OPINION ON CONSOLIDATED FINANCIAL STATEMENTS AND UNQUALIFIED OPINION ON THE SEPARATE FINANCIAL STATEMENTS

We were engaged to audit the consolidated financial statements and we have audited the separate financial statements of Efora Energy Limited and its subsidiaries (“the Group”) set out on pages 12 to 81, which comprise the consolidated and separate statement of financial position as at 28 February 2021, 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 a summary of significant accounting policies.

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

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of Efora Energy Limited as at 28 February 2021, and its separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR DISCLAIMER OF OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We were unable to obtain sufficient, appropriate audit evidence for Afric Oil Proprietary Limited, a material subsidiary, to support the financial position, financial performance and cash flows of the consolidated financial statements. The following matters were identified during the conduct of the audit at Afric Oil Proprietary Limited:

- Differences between the trial balance, the general ledger, the general ledger control accounts and sub-ledgers.
- Failure to execute an effective data migration process, resulting in suspense accounts and unreconciled take on balances.
- Lack of supporting documents for audit samples selected, on the following financial statement line items:
  - Revenue/Trade receivables
  - Cost of sales/Creditors
  - Expenses
  - Cash and bank
- Property, plant and equipment was not supported by a detailed asset register that could be verified and included differences in opening balances. The asset register supplied also did not reconcile with the general ledger control accounts.

We could not determine the effect of the issues identified above on the consolidated financial position of the Company at 28 February 2021, or the consolidated financial performance and consolidated cash flows for the year then ended.

BASIS FOR OPINION ON THE SEPARATE FINANCIAL STATEMENTS

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 Financial Statements section of our report. We are independent of the Company in accordance with the Independent Regulatory Board for Auditors’ Code of Professional Conduct for Registered Auditors (“IRBA Code”) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the separate financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

IDENTIFIED KEY AUDIT MATTER	AUDIT RESPONSE
COMPANY	
Impairment of financial assets (loans to Group companies)	
Included in the financial assets of the Company are loans to Group companies as disclosed in note 17 of the Company financial statements. The assessment is determined by the key factors such as the default risk, credit rating and available facts on recoverability. Due to the significant judgement involved in the determination of a potential impairment, resulting in significant work effort from the audit team, the valuation and impairment of these assets is considered a key audit matter.	***Our audit procedures included, amongst others:*** • We assessed inputs into the model and the reasonableness of assumptions applied by management. • We reviewed the underlying correspondence and documents on the terms and conditions of these assets and evidence of future credit quality. • We evaluated whether the disclosure of significant estimates and judgements was adequate given the circumstances.
Impairment of financial assets (loans and other receivables)	
Included in the financial assets are loans and other receivables as disclosed in note 18. Management has carried out an impairment review in line with the IFRS 9 – Expected Credit Loss guidelines. The assessment is determined by the key factors such as the default risk, credit rating and available facts on recoverability. Due to the significant judgement involved in the determination of a potential impairment, resulting in significant work effort from the audit team, the valuation and impairment of these assets is considered a key audit matter.	***Our audit procedures included, amongst others:*** • We assessed the reasonableness of assumptions applied by management. • We reviewed the underlying correspondence and documents on the terms and conditions of these assets. • We reviewed the credit rating and default risk applied by management.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the document titled "Efora Energy Limited Annual Financial Statements 2021", which includes the Directors' Report, the Audit and Risk Committee Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated and 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.

However, due to the disclaimer of opinion on the consolidated financial statements and in terms of the International Standard on Auditing ("ISA") 705 (Revised), Modifications to the Opinion in the Independent Auditor's Report, we are unable to report further on this other information.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group'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 or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the consolidated financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the 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 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 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'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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 related safeguards.

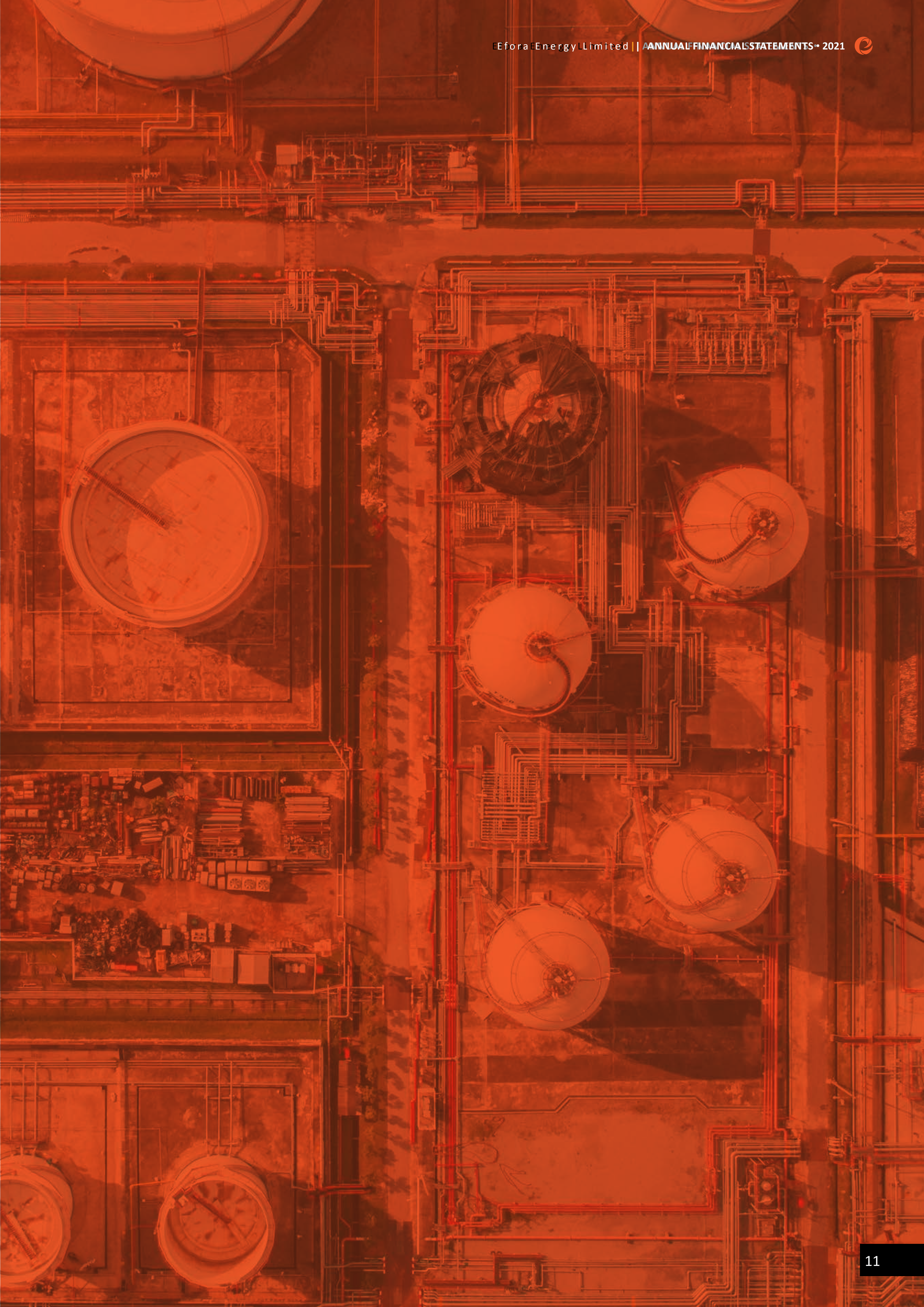
From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that SizweNtsalubaGobodo Grant Thornton Inc. has been the auditor of Efora Energy Limited for four years.

SizweNtsalubaGobodo Grant Thornton Inc.
Altaf Fajandar
Director
Registered Auditor
4 May 2023

20 Morris Street East
Woodmead



CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 28 February 2021

		GROUP		COMPANY	
	Notes	**2021 R'000**	2020 R'000	**2021 R'000**	2020 R'000
Revenue	5, 6	**1 204 423**	1 957 309	**–**	–
Cost of sales		**(1 189 543)**	(1 901 223)	**–**	–
Gross profit		**14 880**	56 086	**–**	–
Other income		**8 467**	149 032	**4 213**	123 526
Impairment losses on financial assets	7.1	**(318 088)**	(29 530)	**(244 704)**	(60 253)
Other operating costs		**(380 847)**	(251 013)	**(117 392)**	(38 128)
(Loss)/profit from operations	7.2	**(675 588)**	(75 425)	**(357 883)**	25 145
Finance income	8	**32 545**	78 425	**29 410**	76 740
Finance costs	9	**(17 622)**	(26 524)	**–**	(1)
Net monetary gain/(loss)	15.2	**119 525**	(39 151)	**–**	–
(Loss)/profit before taxation		**(541 140)**	(62 675)	**(328 473)**	101 884
Taxation	10	**–**	4 777	**–**	4 488
(Loss)/profit for the year		**(541 140)**	(57 898)	**(328 473)**	106 372
Other comprehensive income:					
Items that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations[1]		**349**	39 446	**–**	–
Other comprehensive income for the year		**349**	39 446	**–**	–
Total comprehensive (loss)/income for the year		**(540 791)**	(18 452)	**(328 473)**	106 372
(Loss)/profit attributable to:					
Equity holders of the Company		**(513 549)**	(20 578)	**(328 473)**	106 372
Non-controlling interest		**(27 591)**	(37 320)	**–**	–
(Loss)/profit for the year		**(541 140)**	(57 898)	**(328 473)**	106 372
Total comprehensive (loss)/income attributable to:					
Equity holders of the Company		**(512 912)**	13 460	**(328 473)**	106 372
Non-controlling interest		**(27 879)**	(31 912)	**–**	–
Total comprehensive (loss)/income for the year		**(540 791)**	(18 452)	**(328 473)**	106 372
Loss per share					
Basic and diluted (cents)	30	**(46.52)**	(1.86)		

[1] *This component of other comprehensive income does not attract taxation*

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

As at 28 February 2021

		GROUP		COMPANY	
	Notes	2021 R'000	2020 R'000	2021 R'000	2020 R'000
ASSETS					
Non-current assets					
Exploration and evaluation assets	13	–	110 857	–	–
Oil and gas properties	14	–	32 147	–	–
Investments in subsidiaries	15.1	–	–	–	89 454
Loans to Group companies	17	–	–	–	33 759
Loans and other non-current receivables	18	12 043	256 189	12 043	127 845
Property, plant and equipment	19	34 530	53 167	62	162
Right-of-use assets	19.1(a)	–	7 154	–	–
Intangible assets	20	–	9 953	–	–
Total non-current assets		46 573	469 467	12 105	251 220
Current assets					
Loans and other current receivables	18	76 015	124 187	40 429	124 187
Loans to Group companies	17	–	–	–	–
Inventories	21	2 777	11 223	–	–
Trade and other receivables	22	40 476	93 240	1 067	2 463
Cash and cash equivalents	23	8 309	68 188	335	10 277
Total current assets		127 577	296 838	41 831	136 927
Assets held for sale	24	12 721	–	4 540	–
Total assets		186 871	766 305	58 476	388 147
EQUITY AND LIABILITIES					
Shareholders' equity					
Stated capital	25	1 668 354	1 668 354	1 668 354	1 668 354
Reserves	25	137 509	136 872	10 579	10 579
Accumulated loss		(1 868 790)	(1 355 241)	(1 646 276)	(1 317 803)
Equity attributable to equity holders of the Company		(62 927)	449 985	32 657	361 130
Non-controlling interest		(64 114)	(36 235)	–	–
Total shareholders' equity		(127 041)	413 750	32 657	361 130
LIABILITIES					
Non-current liabilities					
Lease liabilities	19.1(b)	–	6 434	–	–
Loan from Group company	17	–	–	318	–
Total non-current liabilities		–	6 434	318	–
Current liabilities					
Loan from Group company	17	–	–	–	318
Borrowings	27	196 921	186 062	776	710
Lease liabilities	19.1(b)	–	463	–	–
Loan from joint venture	28	12 263	12 940	12 263	12 940
Taxation payable		8 164	8 366	8 164	8 365
Trade and other payables	29	93 637	138 290	4 298	4 684
Total current liabilities		310 985	346 121	25 501	27 017
Total liabilities		310 985	352 555	25 819	27 017
Liabilities directly associated with assets held for sale	24	2 927	–	–	–
Total equity and liabilities		186 871	766 305	58 476	388 147

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 28 February 2021

	Stated capital (Note 25) R'000	Foreign currency translation reserve (Note 25) R'000	Share-based payment reserve (Note 25) R'000	Total reserves R'000	Accumulated loss R'000	Total equity attributable to equity holders of the Company R'000	Non-controlling interest ("NCI") R'000	Total equity R'000
GROUP								
Balance at 1 March 2019	1 668 354	92 341	10 493	102 834	(1 333 414)	437 774	(3 813)	433 961
Changes in equity:								
Effect of the adoption of IFRS 16	–	–	–	–	(1 249)	(1 249)	(510)	(1 759)
Adjusted balance at 1 March 2019	1 668 354	92 341	10 493	102 834	(1 334 663)	436 525	(4 323)	432 202
Loss for the year	–	–	–	–	(20 578)	(20 578)	(37 320)	(57 898)
Other comprehensive income for the year	–	34 038	–	34 038	–	34 038	5 408	39 446
Total comprehensive (loss)/income for the year	–	34 038	–	34 038	(20 578)	13 460	(31 912)	(18 452)
Total changes	–	34 038	–	34 038	(20 578)	13 460	(31 912)	(18 452)
Balance at 29 February 2020	1 668 354	126 379	10 493	136 872	(1 355 241)	449 985	(36 235)	413 750
Balance at 1 March 2020	**1 668 354**	**126 379**	**10 493**	**136 872**	**(1 355 241)**	**449 985**	**(36 235)**	**413 750**
Changes in equity:								
Loss for the year	**–**	**–**	**–**	**–**	**(513 549)**	**(513 549)**	**(27 591)**	**(541 140)**
Other comprehensive income/(loss) for the year	**–**	**637**	**–**	**637**	**–**	**637**	**(288)**	**349**
Total comprehensive income/(loss) for the year	**–**	**637**	**–**	**637**	**(513 549)**	**(512 912)**	**(27 879)**	**(540 791)**
Total changes	**–**	**637**	**–**	**637**	**(513 549)**	**(512 912)**	**(27 879)**	**(540 791)**
Balance at 28 February 2021	**1 668 354**	**127 016**	**10 493**	**137 509**	**(1 868 790)**	**(62 927)**	**(64 114)**	**(127 041)**

	Stated capital (Note 25) R'000	Foreign currency translation reserve (Note 25) R'000	Share-based payment reserve (Note 25) R'000	Total reserves R'000	Accumulated loss R'000	Total equity attributable to equity holders of the Company R'000
COMPANY						
Balance at 1 March 2019	1 668 354	86	10 493	10 579	(1 424 175)	254 758
Changes in equity:						
Profit for the year	–	–	–	–	106 372	106 372
Total comprehensive income for the year	–	–	–	–	106 372	106 372
Total changes	–	–	–	–	106 372	106 372
Balance at 29 February 2020	1 668 354	86	10 493	10 579	(1 317 803)	361 130
Balance at 1 March 2020	**1 668 354**	**86**	**10 493**	**10 579**	**(1 317 803)**	**361 130**
Changes in equity:						
Loss for the year	**–**	**–**	**–**	**–**	**(328 473)**	**(328 473)**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(328 473)**	**(328 473)**
Total changes	**–**	**–**	**–**	**–**	**(328 473)**	**(328 473)**
Balance at 28 February 2021	**1 668 354**	**86**	**10 493**	**10 579**	**(1 646 276)**	**32 657**

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

For the year ended 28 February 2021

		GROUP		COMPANY	
	Notes	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Cash flows from operating activities					
Cash (used in)/from operations	31	**(67 867)**	87 627	**(16 623)**	(20 839)
Finance income		**1 425**	2 345	**21**	293
Finance costs		**(829)**	(1 093)	**–**	(1)
Net cash (used in)/from operating activities		**(67 271)**	88 879	**(16 602)**	(20 547)
Cash flows from investing activities					
Purchase of property, plant and equipment	19	**(952)**	(762)	**–**	(744)
Proceeds on disposal of property, plant and equipment	19	**46**	81	**–**	–
Purchase of intangible assets	20	**–**	(60)	**–**	–
Loans advanced to Group companies		**–**	–	**(5 730)**	(7 271)
Loan advanced to joint venture		**(63)**	–	**(63)**	–
Repayments of loans advanced to Group companies		**–**	–	**2 500**	25 000
Proceeds from repayments of loans and receivables advanced		**13 755**	–	**9 953**	–
Advances of loans and other receivables		**–**	(500)	**–**	–
Net cash from/(used in) investing activities		**12 786**	(1 241)	**6 660**	16 985
Cash flows from financing activities					
Repayments of interest borrowings	27	**(6 000)**	(80 408)	**–**	–
Repayments of lease liabilities	19.1(b)	**(636)**	(1 026)	**–**	–
Net cash used in financing activities		**(6 636)**	(81 434)	**–**	–
Total movement in cash and cash equivalents for the year		**(61 121)**	6 204	**(9 942)**	(3 562)
Foreign exchange differences on cash and cash equivalents		**1 262**	109	**–**	–
Cash and cash equivalents at the beginning of the year		**68 188**	61 875	**10 277**	13 839
Cash and cash equivalents at the end of the year	23	**8 329**	68 188	**335**	10 277

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2021

1 GENERAL INFORMATION

Efora Energy Limited ("the Company", together with its subsidiaries and joint venture, "the Group"), is a company incorporated in South Africa and is listed on the JSE. General company information is included on page 83 of the annual financial statements. During the year under review the Group had a diverse portfolio of assets spanning production in Egypt, exploration and appraisal in the Democratic Republic of Congo, a midstream project relating to crude trading in Nigeria and material downstream distribution operations in South Africa. Following the developments post the reporting outlined in note 35, the Group is now exploring midstream and downstream opportunities in line with the change in strategy. The focus of the Group is on delivering energy for the African continent by using Africa's own resources to meet the significant growth in demand expected over the next decade.

The consolidated and separate annual financial statements of the Company for the year ended 28 February 2021 were authorised for issue in accordance with a resolution of the Board of Directors dated 4 May 2023.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated and separate annual financial statements of the Company for the year ended 28 February 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations as issued by the International Financial Reporting Interpretations Committee ("IFRIC"), as well as the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited and in a manner required by the Companies Act of South Africa, 2008 (Act No. 71 of 2008), as amended ("Companies Act"). The accounting policies applied in the preparation of these consolidated and separate annual financial statements of the Company are consistent in all material respects with those used in the prior financial year, except for the adoption of new standards, interpretations and amendments to published standards which became effective for the first time for its financial year ended 28 February 2021. Note 4 discloses the impact of new standards, interpretations and amendments to published standards on the consolidated and separate annual financial statements of the Company.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, expenses, income and the application of accounting policies. Actual results may differ from estimated results. Information about significant areas of estimation uncertainty and critical judgements in applying the accounting policies that have the most significant effect on the amounts presented in the consolidated and separate annual financial statements of the Company are disclosed in note 3.

These consolidated and separate annual financial statements have been prepared under the historical cost convention unless stated otherwise.

The consolidated and separate financial statements are presented in the functional currency of the Company, being South African Rands ("Rands") and are rounded to the nearest thousand ("R'000"), except where otherwise stated.

Going concern

The consolidated and separate annual financial statements of the Company have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Refer to note 38 for further disclosures on going concern matters.

2.2 BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are all investees over which the Group has control. The Group controls an investee when the Group is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. The Group attributes the total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests, even if this results in the non-controlling interests having a deficit balance. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Investments in subsidiaries are accounted for at cost less impairment in the separate financial statements.

Interests in joint arrangements

Joint operations

In relation to its interests in joint operations, the Group recognises its share of:

- assets, including its share of any assets held jointly, classified according to the nature of the assets;
- liabilities, including its share of any liabilities incurred jointly;
- revenue from the sale of its share of the output arising from the joint operation;
- revenue from the sale of the output by the joint operation; and
- expenses, including its share of any expenses incurred jointly.

All such amounts are measured in accordance with the terms of each arrangement which are in proportion to the Group's interest in the joint operation.

Joint ventures
The Group's investment in joint ventures is accounted for using the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses, movements in other comprehensive income and other equity movements. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

The aggregate of the Group's share of profit or loss of the joint venture is shown on the face of the statement of profit or loss as a separate line, i.e. "share of profit or loss from joint venture". At each reporting date the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as "share of profit or loss from joint venture" in the statement of profit or loss.

The Company accounts for its investment in joint venture on the same basis as the Group.

Reimbursement of costs of the operator of the joint arrangement
When the Group charges a management fee (based on a fixed percentage of total costs incurred for the year) to cover other general costs incurred in carrying out the activities on behalf of the joint arrangement, it is not acting as an agent. Therefore, the general overhead expenses and the management fee are recognised in the statement of profit or loss as an expense and income, respectively.

2.3 TRANSACTIONS WITH NCIs

Non-controlling shareholders are treated as equity participants and are identified separately from the Group's equity. The interests of non-controlling shareholders are initially measured at the NCIs' proportionate share of the fair value of the acquirer's identifiable net assets. Subsequent to acquisition, the carrying amount of NCIs is the amount of those interests at initial recognition plus the NCIs' share of subsequent changes in equity. Acquisitions and disposals of additional interests in the Group's subsidiaries are accounted for as equity transactions and the excess of the purchase consideration over the carrying value of net assets acquired is recognised directly in equity. Profits and losses arising on transactions with NCIs where control is maintained subsequent to the disposal are recognised directly in equity. Any dilution gains or losses are also recognised directly in equity.

2.4 SEGMENT REPORTING

The Group has identified reportable segments that are used by the chief operating decision-maker to make key operating decisions, allocate resources and assess performance (see note 5). The reportable segments are grouped according to their geographical locations and reporting lines to the chief operating decision-maker. The Group's chief operating decision-maker is the Group Executive Committee.

2.5 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency
Items included in the consolidated and separate annual financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated and separate annual financial statements are presented in South African Rands ("Rands") which is the functional and presentation currency of the Company.

Transactions and balances
Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end or reporting date exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations
The results and financial position of all Group entities that have a functional currency different from the presentation currency and which do not operate in a hyperinflationary economy, are translated into the presentation currency as follows:

- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).
- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position.
- All resulting exchange differences are recognised in other comprehensive income.

The results and the financial position of the Group entities which are accounted for as entities which operate in hyperinflationary economies and that have a functional currency that is different from the presentation currency of the Group are translated into the presentation currency of the Group at the exchange rates ruling at the reporting date.

Hyperinflation

Hyperinflation accounting requires transactions and balances of each reporting period presented to be stated in terms of the measuring unit current at the end of the reporting period in order to account for the loss of purchasing power during the period. The Group has elected to use the Zimbabwe Consumer Price Index ("CPI"), published by the Reserve Bank of Zimbabwe, as the measuring unit (or general price index) to restate amounts as CPI provides an observable indication of the change in the price of goods and services.

The results and the financial position, including comparative amounts, of the Group entities whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit current at the end of the reporting period.

As the presentation currency of the Group is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in the price level or exchange rates in the current year. Differences between these comparative amounts and the hyperinflation-adjusted equity opening balances are recognised in other comprehensive income as part of foreign currency translations for the current period.

The carrying amounts of non-monetary assets and liabilities are adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. An impairment loss is recognised in profit or loss if the restated amount of a non-monetary item exceeds its estimated recoverable amount.

Gains or losses on the net monetary position are recognised in profit or loss.

All items recognised in the statement of comprehensive income are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

At the beginning of the first period of application, the components of owners' equity, except retained earnings, are restated by applying a general price index from the dates the components were contributed or otherwise arose. These restatements are recognised in other comprehensive income. Restated retained earnings are derived from all other amounts in the restated statement of financial position. At the end of the first period and in the subsequent periods, all components of owners' equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later.

All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

2.6 PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses, except for land which is carried at historical cost and is not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the items, including borrowing costs attributable to qualifying assets, where appropriate. Subsequent costs are included in the asset's carrying value or recognised as a separate asset, as appropriate, only 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. All other repairs and maintenance are charged to profit or loss during the period in which it is incurred. Major spare parts and stand-by equipment which are expected to be used for more than one year are included in property, plant and equipment.

As the functional currency of the Group's subsidiary in Zimbabwe is a currency of a hyperinflationary economy, property, plant and equipment relating to these subsidiaries are restated by applying the change in the general price indices from the date of acquisition to the current reporting date (refer to accounting policy note 2.5).

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate cost to residual values over their estimated useful lives. Items of property, plant and equipment are depreciated from the date that they are installed and/or available for use as determined by management. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives or lease term. Leasehold improvements are capitalised and depreciated over the term of the lease. The major categories of property, plant and equipment are depreciated at the following rates:

Furniture and fittings	10 – 20 years
Motor vehicles	4 – 6 years
Computer equipment	3 – 5 years
Buildings	20 years
Plant and equipment	10 – 25 years
Signage	10 years
Leasehold improvements	5 years

Depreciation is charged to profit or loss under operating expenses in the year in which it occurs.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate as a change in accounting estimate, at the end of each reporting date. In determining residual values, the Group uses management's best estimate based on market prices of similar items. Useful lives of property, plant and equipment are based on management's estimates and take into account historical experience with similar assets, the expected usage of the asset, physical wear and tear, technical or commercial obsolescence and legal restrictions on the use of the assets. Impairment tests are performed for property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of plant, property 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.

2.7 EXPLORATION AND EVALUATION ASSETS

Oil and natural gas exploration, evaluation and development expenditure are accounted for using the successful efforts method of accounting. Under the successful efforts method only those costs that lead directly to the discovery, acquisition or development of mineral reserves are capitalised. Costs that fail to meet this criteria are charged to profit or loss as an expense in the period in which they are incurred.

Pre-licence costs
Pre-licence costs are expensed in the period in which they are incurred. These are costs incurred prior to the acquisition of the legal right to explore for oil and gas.

Licence and property acquisition costs
Exploration licence and leasehold property acquisition costs are capitalised in exploration and evaluation assets. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit. Licence and property acquisition costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine that the discovery is economically viable based on a range of technical and commercial considerations, and sufficient progress is being made on establishing development plans and timing.

If no future activity is planned or the licence has been relinquished or has expired, the carrying value of the licence and property acquisition costs is written off through profit or loss. Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas properties.

Exploration and evaluation costs
Exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalised as exploration and evaluation intangible assets until the drilling of the well is complete and the results have been evaluated. These costs include directly attributable materials used, geological and geophysical costs, rig costs and payments made to contractors.

If no potentially commercial hydrocarbons are discovered, the exploration asset is written off through profit or loss as a dry hole. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g. the drilling of additional wells), are likely to be capable of being commercially developed, the costs continue to be carried as exploration and evaluation intangible assets while sufficient or continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalised as an intangible asset.

All such capitalised costs are subject to technical, commercial and management review, as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case the costs are written off through profit or loss.

When proved reserves of oil and natural gas are identified and development is sanctioned by management, the relevant capitalised expenditure is first assessed for impairment and (if required) any impairment loss is recognised, then the remaining balance is transferred to oil and gas properties. Other than licence costs, no amortisation is charged during the exploration and evaluation phase.

For exchanges or parts of exchanges that involve only exploration and evaluation assets, the exchange is accounted for at the carrying value of the asset given up and no gain or loss is recognised.

Development costs
Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within oil and gas properties.

2.8 OIL AND GAS PROPERTIES

Initial recognition
Oil and gas properties are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation where applicable and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

When a development project moves into the production stage, the capitalisation of certain construction or development costs ceases and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to oil and gas property asset additions, improvements or new developments.

Depreciation/amortisation
Oil and gas properties are depreciated/amortised on a unit-of-production basis over the total proved plus probable developed and undeveloped reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. Rights and concessions are depleted on the unit-of-production basis over the total proved developed and undeveloped reserves of the relevant area. The unit-of-production rate calculation for the depreciation/amortisation of field development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure.

The asset's residual values, useful lives and methods of depreciation/amortisation are reviewed at each reporting period and adjusted prospectively, if appropriate.

Major maintenance, inspection and repairs
Expenditure on major maintenance refits, inspections or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset, or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the Group, the expenditure is capitalised. Where part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) and is immediately written off. Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection. All other day-to-day repairs and maintenance costs are expensed as incurred.

2.9 INTANGIBLE ASSETS
Intangible assets include brands, customer relationships, computer software and petroleum reserves.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. The Group does not have intangible assets with indefinite useful lives. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in "other operating expenses".

Useful lives of intangible assets are based on management's estimates and take into account historical experience with similar assets, as well as future events which may impact the useful lives. The useful lives of the Group's intangible assets are as follows:

Brands	5 years
Customer relationships	5 years
Computer software	3 years
Petroleum reserves	12 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss within other income or other operating costs when the asset is derecognised.

Impairment is discussed under accounting policy note 2.11.

2.10 FINANCIAL INSTRUMENTS
Recognition and derecognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets
Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss ("FVTPL"); and
- fair value through other comprehensive income ("FVOCI").

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs and finance income, except for the impairment of financial assets which is presented within other operating costs.

For the year ended 28 February 2021 the Group does not have any financial assets categorised as FVOCI or FVTPL.

Subsequent measurement of financial assets
Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and other receivables and loans and other receivables fall into this category of financial instruments. The Company's financial assets at amortised cost also include loans to Group companies.

Classification and measurement of financial liabilities
The Group's financial liabilities include borrowings, trade and other payables, financial liabilities, and loan from joint venture. The Company's financial liabilities also include loans from Group companies.

Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs. Subsequently, financial liabilities are measured at amortised cost using the effective interest method. All interest-related charges are reported in profit or loss within finance costs.

As at 28 February 2021 the Group does not have financial liabilities designated at FVTPL or derivative financial instruments.

Off-setting financial instruments
Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a legally enforceable right to off-set the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Fair value of financial instruments
The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising, where possible, the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.11 IMPAIRMENT OF ASSETS

2.11.1 Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the "expected credit loss ('ECL') model". This replaced IAS 39's "incurred loss model". Specific to the Group, instruments within the scope of the new requirements include loans and other receivables, trade and other receivables and cash and cash equivalents measured at amortised cost. With respect to the Company this also includes loans to Group companies.

The recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring ECLs, including past events, current conditions and reasonable and supportable forecasts that affect the expected collectibility of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("stage 1"); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date. Once there is objective evidence of impairment of a financial asset, interest on the financial asset is calculated on its net carrying amount after recognising ECLs, from the time the financial asset becomes credit impaired.

"Twelve-month ECLs" are recognised for the first category while "lifetime ECLs" are recognised for the second and third categories. Measurement of the ECLs is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables
The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime ECLs. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the ECLs, using a provision matrix. The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and they have been grouped based on the days past due. Trade and other receivables are written off where there is no reasonable expectation of recovering amounts due. Refer to note 34(1)(b) for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Other financial assets
Refer to note 34(1)(b) for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

2.11.2 Impairment of non-financial assets
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

2.12 INVENTORIES

Inventories are stated at the lower of cost or net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of consumables is determined using the first in, first out method. The cost of petroleum products is measured using the weighted average cost formula.

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. 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.

2.13 TRADE RECEIVABLES

The Group's trade receivables do not contain a significant financing component and are accounted for as disclosed in accounting policy notes 2.10 and 2.11.1.

2.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the statement of financial position initially at fair value and subsequently at amortised cost using the effective interest method. In the consolidated and separate statements of financial position and cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. The Group does not have overdraft facilities.

2.15 STATED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that all of the facility will be drawn down. Borrowings are classified as current liabilities unless the Group and Company have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

The Group has elected to present repayments of interest on borrowings within financing activities which is permissible under IAS 7 paragraph 33.

2.17 TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method.

2.18 REVENUE

To determine whether to recognise revenue, the Group follows a five-step process:

1 identifying the contract(s) with a customer;

2 identifying the performance obligations in the contract;

3 determining the transaction price;

4 allocating the transaction price to the performance obligations in the contract; and

5 recognising revenue when (or as) the entity satisfies a performance obligation.

Revenue is represented by the oil sales made by the Group's Cyprus subsidiary, Mena International Petroleum Company Limited ("Mena"), and the sale of petroleum products by other Group entities in South Africa. The sales made by Mena to the Egyptian General Petroleum Company ("EGPC") are governed by the Lagia Concession Agreement ("LCA"). The sales by the other Group entities are governed by various customer contracts ("VCCs").

A performance obligation is either:

- a good or service (or a bundle of goods or services) that is distinct; or
- a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

The performance obligation is the transfer of crude oil or petroleum products for the LCA and VCCs, respectively. This performance obligation is distinct and separable.

The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The transaction price for the LCA and VCCs is readily determinable as the oil price with respect to the Group's oil sales is determined by the EGPC or is otherwise regulated with respect to the sale of petroleum products.

The Group entities each have one performance obligation. As such the transaction price as established can be allocated to each of these performance obligations.

The Group only recognises revenue when it satisfies an identified performance obligation by transferring a promised good or service to a customer. A good or service is considered transferred when the customer obtains control. The Group recognises revenue as follows:

- Mena: when oil is delivered to the EGPC facilities; and
- other Group entities: when petroleum products are delivered to customers or the customers pick the product up directly from the depot.

Invoices for products transferred are payable between 15 and 30 days depending on the credit terms granted to the customers. Payments are otherwise due immediately upon delivery for cash customers.

Refer to note 6 for further detail regarding the disaggregation of revenue from contracts with customers.

2.19 SLATE INCOME

Slate income comprises the reimbursement of under-recoveries realised by the Group in respect to daily changes between the Basic Fuels Price ("BFP") of all grades of petrol and diesel, and the BFP applicable in the petrol and diesel price structures as announced by the Department of Mineral Resources and Energy in the monthly Fuel Price Media Release. An under-recovery means that the actual BFP was higher than the BFP in the price structures for the period, hence the Group is reimbursed for the differential. Slate income is recognised in profit or loss under other income.

The Group does not consider slate income to be revenue in nature as the Department of Mineral Resources and Energy is not considered to be a customer of the Group as defined by IFRS 15 – Revenue, as it does not obtain goods or services that are an output of the Group's ordinary activities in exchange for consideration. Furthermore, the Group does not consider this to be a reduction in cost of sales as the refund does not relate to the fuel purchases by the Group.

2.20 FINANCE INCOME

Finance income is recognised using the effective interest method. Finance income comprises interest income on funds invested and interest on financial assets.

2.21 TAXATION

The tax expense comprises current (where applicable) and deferred taxes. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income ("OCI") or directly in equity. In this case the tax is also recognised in OCI or directly in equity, respectively.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where Group entities operate and generate taxable income.

Deferred tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax assets and liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

As the functional currency of the subsidiary in Zimbabwe is a currency of a hyperinflationary economy, deferred income tax relating to these subsidiaries is recognised using the liability method, providing for temporary differences arising between the tax bases of assets and liabilities and their restated carrying amounts (refer to accounting policy note 2.5).

Off-setting

Deferred income tax assets and liabilities are off-set when there is a legally enforceable right to off-set current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.22 SHARE-BASED PAYMENTS

Employees (including Senior Executives) of the Company receive remuneration in the form of share-based payment transactions whereby employees render services as consideration for equity instruments (equity-settled transactions). The Group has no cash-settled share-based payment transactions.

Equity-settled transactions

Equity-settled transactions include share options granted to Directors and employees of the Group and also include transactions that are equity settled by the Group. The cost of equity-settled transactions is recognised on the grant date, together with a corresponding increase in other capital reserves in equity, over the period during which the performance and/or services are fulfilled. The cumulative expense recognised in employee benefit expenses for equity-settled transactions at each reporting period, reflects the extent to which the vesting period has expired, and the Group's best estimate of the number of equity instruments that will ultimately vest. The initial valuation of the expense at the grant date is not revalued and is credited to equity through profit or loss. When share options lapse or are forfeited after the vesting date the Group does not reverse the cost previously recognised in the share-based payments reserve attributable to the lapsed or forfeited share options.

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the grant date. In estimating fair value the Group uses the most appropriate valuation model which is dependent on the terms and conditions of each grant. The estimate also requires determining the most appropriate inputs to the valuation model, including the expected life of the share option, volatility and dividend yield, and making assumptions about them. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings and headline earnings per share. Equity-settled transactions are detailed in note 12.

2.23 EMPLOYEE BENEFITS

Defined contribution plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Pension fund payments are ordinarily charged as an expense under “other operating costs” as they fell due.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. These include salaries and wages, paid annual leave and paid sick leave and bonuses. Short-term employee benefits are included under “other operating costs” in profit or loss. A liability for bonuses is recognised only when there is no realistic alternative other than to settle the liability, and at least one of the following conditions is met:

- there is a formal plan and the amounts to be paid can be reliably estimated; or
- achievements of previously agreed bonus criteria has created a valid expectation by employees that they will receive a bonus and the amount can be reliably estimated.

Salaries and wages including accumulated leave pay (remuneration), that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised as a liability and are measured at the amounts expected to be paid when the liabilities are settled.

2.24 LEASES

The Group as a lessee

The Group considers whether a contract is, or contains a lease. A lease is defined as “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration”. To apply this definition the Group assesses whether the contract meets three key evaluations, which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract the Group has the right to direct the use of the identified asset throughout the period of use; and
- whether it has the right to direct “how and for what purpose” the asset is used throughout the period of use.

One of the Group’s subsidiaries leases a workshop under a 10-year lease which commenced on 1 March 2017. This lease does not include a non-lease component and does not impose any covenants other than the security interests in the leased assets that are held by the lessor. The lease is fairly straightforward with lease payments that vary annually based on an escalation of 8%. The lease does not contain other fixed payments, residual value guarantees or purchase or extension options. The Group does not anticipate early termination of this lease. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a ROU asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate the Group, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

ROU assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the ROU asset, or profit or loss if the ROU asset is already reduced to zero.

ROU assets are generally depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis. Payments associated with short-term leases of other assets and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise assets with values less than R80 000 per leased asset.

Operating leases – lessee
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. The Group leases various premises and sites under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. Penalties are charged on certain leases should they be cancelled before the end of the agreement.

2.25 RELATED PARTIES

Related parties' transactions constitute the transfer of resources, services or obligations between the Group and a party related to the Group, regardless of whether a price is charged. For the purposes of these annual financial statements, a party is considered to be related to the Company if:

(a) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with the Company, has an interest in the Company that gives it significant influence over the Company, or has joint control over the Company;

(b) the party is an associate of the Company;

(c) the party is a joint venture in which the Company is a venture;

(d) the party is a member of the key management personnel of the Company or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of employees of the Company or of any entity that is a related party of the Company.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated and separate annual financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In particular, the Group has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the consolidated and separate annual financial statements.

JUDGEMENTS
In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

3.1 JOINT ARRANGEMENTS

Judgement is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement, such as approval of the capital expenditure programme for each year and appointing, remunerating and terminating the key management personnel or service providers of the joint arrangement. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries. Refer to accounting policy note 2.2 for more details.

Judgement is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess their rights and obligations arising from the arrangement. Specifically, the Group considers:

- the structure of the joint arrangement – whether it is structured through a separate vehicle; and
- when the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
  - the legal form of the separate vehicle;
  - the terms of the contractual arrangement; and
  - other facts and circumstances (when relevant).

This assessment often requires significant judgement and a different conclusion on joint control, and also whether the arrangement is a joint operation or a joint venture, may materially impact the accounting. The Group's joint arrangements are disclosed in notes 16 and 26.

3.2 CONTINGENCIES

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events. Contingencies are disclosed in note 36.

3.3 GOING CONCERN

Management's assessment of the entity's ability to continue as a going concern involves making a judgement, at a particular point in time, about inherently uncertain future outcomes of events or conditions. Any judgement about the future is based on information available at the time at which the judgement is made. Subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made. Management has taken into account the following:

- the Group's financial position;
- the risks facing the Group that could impact its business model and capital adequacy; and
- the matters identified in note 38.

Management considers it appropriate to continue to adopt the going concern basis in preparing the consolidated and separate annual financial statements of the Company. Judgements pertaining to going concern are disclosed in note 38.

ESTIMATES AND ASSUMPTIONS

3.4 EXPLORATION AND EVALUATION EXPENDITURES

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether it is likely that future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact on whether the Group capitalises exploration and evaluation expenditure. The capitalisation policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is impaired in profit or loss in the period when the new information becomes available. Exploration and evaluation assets are detailed in note 13.

3.5 HYDROCARBON RESERVE AND RESOURCE ESTIMATES

Hydrocarbon reserves are estimates of the amount of hydrocarbons that can be economically and legally extracted from the Group's oil and gas properties. The Group estimates its commercial reserves and resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates. Commercial reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to the host government under the terms of the production-sharing agreements. Future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs. The carrying amount of oil and gas development and production assets at 28 February 2021 is shown in note 14.

The Group estimates hydrocarbon reserves in line with the principles contained in the Society of Petroleum Engineers ("SPE") Petroleum Resources Management Reporting System ("PRMS") framework. As the economic assumptions used may change as additional geological information is obtained during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Group's reported financial position and results as follows:

- The carrying values of exploration and evaluation assets (see note 13) and oil and gas properties (see note 14) may be affected due to changes in estimated future cash flows.
- Depreciation and amortisation charges in the statement of profit or loss may change where such charges are determined using the Units of Production ("UOP") method, or where the useful life of the related assets change (see notes 7.2 and 14).

3.6 UOP DEPRECIATION OF OIL AND GAS PROPERTIES

Oil and gas properties are depreciated using the UOP method over total proved plus probable developed and undeveloped hydrocarbon reserves. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining production from the field.

The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation/amortisation will be impacted to the extent that actual production in the future is different from current forecast production based on total proved reserves, or future capital expenditure estimates change. Changes to proved reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- the effect on proved and probable reserves of differences between actual commodity prices and commodity price assumptions; and
- unforeseen operational issues.

The Group's depreciation of oil and gas properties is disclosed in notes 7.2 and 14.

3.7 RECOVERABILITY OF OIL AND GAS PROPERTIES

The Group assesses its oil and gas properties at each reporting period to determine whether any indication of impairment exists. As part of this process, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal ("FVLCD") and value in use ("VIU"). The assessments require the use of estimates and assumptions such as long-term oil prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, decommissioning costs, exploration potential, reserves (see note 3.5 Hydrocarbon reserves and resource estimates above) and operating performance (which includes production and sales volumes). These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs. The estimates and assumptions used in carrying out the impairment assessment of oil and gas properties as at 28 February 2021 are disclosed in note 37.

3.8 FAIR VALUE MEASUREMENT

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see note 33).

3.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its VIU. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The VIU calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the next three years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to intangibles recognised by the Group (see note 37).

3.10 VALUATION OF SHARE-BASED PAYMENTS

The Group has a share option scheme in place. The fair value of awards under this scheme is determined at inception using an appropriate valuation model which takes into account market conditions, discount rates, share price volatility and estimated forfeitures. The market conditions at inception may significantly differ from the eventual outcome. The assumptions and model used to determine the fair value of share-based payment transactions are disclosed in note 12.

3.11 TAXES

The Group is subject to income taxes in numerous jurisdictions. As a result significant judgement is required in determining the Group's provision for income taxes. Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Differences could arise between actual results and the assumptions made, thereby necessitating future adjustments to income taxes.

3.12 EXPECTED CREDIT LOSSES

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date the historical observed default rates are updated with the assistance of an actuary and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forward-looking information and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forward-looking information. The Group's estimation of ECLs may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 34(1)(b).

The Group also uses an actuary to assist with the estimation of default rates applicable to its other financial assets as disclosed in note 34(1)(b). Actual default rates for each of the attributed financial assets may differ significantly from the estimated default rates which may have a significant impact on the carrying amounts of financial assets and the ECLs recognised by the Group.

4 ADOPTION OF NEW AND REVISED STANDARDS

4.1 STANDARDS AND AMENDMENTS EFFECTIVE FOR THE 2021 FINANCIAL YEAR

The following amendments became effective for the first time for annual periods beginning on or after 1 January 2020. The impact of the amendments on the consolidated and separate financial statements is outlined below.

- **Amendments to IFRS 3 – Business Combinations – Regarding the Definition of a Business (effective 1 January 2020)[1]**
  These amendments: (a) clarified that a business must include substantive inputs and a process and must together significantly contribute to creating outputs; (b) narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities; and (c) added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

- **Amendments to IFRS 7 – Financial Instruments: Disclosures, IFRS 9 – Financial Instruments and IAS 39 – Financial Instruments: Recognition and Measurement (effective 1 January 2020)[1]**
  Interest Rate Benchmark Reform: The amendments to IFRS 9, IAS 39 and IFRS 7 amend requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates ("IBORs") on hedge accounting.

- **Amendments to IAS 1 – Presentation of Financial Statements – Definition of Material (effective 1 January 2020)[2]**
  The amendments clarify and align the definition of "material" and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

- **Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – Disclosure Initiative (effective 1 January 2020)[2]**
  The amendments clarify and align the definition of "material" and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

4.2 STANDARDS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

The following standards have been issued and will become effective for annual periods beginning on or after 1 January 2021 as indicated below.

- **Amendments to IFRS 7 – Financial Instruments: Disclosures, IFRS 9 – Financial Instruments, IFRS 4 – Insurance Contracts, IFRS 16 – Leases and IAS 39 – Financial Instruments: Recognition and Measurement (effective 1 January 2021)[3]**
  Interest Rate Benchmark Reform – Phase 2: The amendments to IFRS 7, 9, 4, 16 and IAS 39 introduce a practical expedient for modifications required by the reform and clarify that hedge accounting is not discontinued solely because of the IBOR reform. New disclosures are required that indicate the nature and risks arising from the IBOR reform and how those risks are managed. Entities are also required to indicate their progress in transitioning from IBORs to alternative benchmark rates.

- **Amendments to IFRS 3 – Business Combinations – Reference to the Conceptual Framework (effective 1 January 2022)[3]**
  The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

- **Amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards, IFRS 9 – Financial Instruments and IFRS 16 – Leases – Annual Improvements to IFRS Standards 2018 – 2020 (effective 1 January 2022)[3]**
  The amendment to IFRS 1 permits a subsidiary (that becomes an adopter of IFRS later than its parent) to measure its assets and liabilities, but not components of equity, based on the parent's date of transition to IFRS. The amendment to IFRS 9 clarifies which fees an entity can include when it applies the 10% test. The amendment to IFRS 16 relates to the update of the Example 13 accompanying IFRS 16.

- **Amendments to IAS 1 – Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective 1 January 2024)[4]**
  Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities with uncertain settlement date as current or non-current.

- **Amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards and IFRS Practice Statement 2 – Disclosure of Accounting Policies (effective 1 January 2023)[4]**
  The amendments require that an entity discloses its material accounting policies instead of its significant accounting policies.

- **Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates (effective 1 January 2023)[4]**
  The amendments to IAS 8 update the definition of accounting estimates. Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. A change in accounting estimate that results in new information is therefore not a correction on an error.

- **Amendments to IAS 12 – Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (effective 1 January 2023)[3]**
  The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

[1] *Management assessed that these amendments are not applicable as the Group does not have transactions covered by the amendments*
[2] *Management has assessed the impact of these amendments and foresees only minor disclosure changes*
[3] *Management assessed that these amendments are not applicable as the Group does not currently have transactions covered by the amendments. The amendments will be adopted should transactions of this nature arise in future*
[4] *Management assessed that these amendments are likely to result in minor disclosure changes*

5 SEGMENTAL REPORTING

The Group has identified reportable segments that are used by the Group Executive Committee (chief operating decision-maker) to make key operating decisions, allocate resources and assess performance. For management purposes the Group is organised and analysed by geographical locations. For the period under review the Group operated in the following locations: South Africa, Egypt, Nigeria, DRC, Zimbabwe, Zambia and Mauritius. The Group's externally reportable operating segments are shown below.

Head office activities include the general management, financing and administration of the Group. The Group's operations in Zambia, which were immaterial for the current period, did not meet the recognition criteria for externally reportable segments and have been aggregated under the South Africa segment as they meet the aggregation criteria permitted by IFRS.

There are no differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

	Notes	Egypt R'000	Nigeria R'000	DRC R'000	South Africa R'000
2021					
Revenue					
External customers		1 785	–	–	1 202 638
Total revenue[1]	6	1 785	–	–	1 202 638
Cost of sales[1]		(3 682)	–	–	(1 185 861)
Gross (loss)/profit		(1 897)	–	–	16 777
Other income	7.2	–	346	–	7 195
Provision for impairment of financial assets	34.1(b)	–	762	–	(14 751)
Impairment of non-financial assets					
– oil and gas properties	14, 37	(26 789)	–	–	–
– other intangible properties	20, 37	(6 145)	–	–	–
– exploration and evaluation assets	13, 37	–	–	(107 008)	–
– property, plant and equipment	19, 37	–	–	–	(12 520)
– investments in subsidiaries	15, 37	–	–	–	–
Impairment of financial assets	18	–	(100 902)	–	(18 770)
Write-off of computer software	37	–	–	–	(649)
Depreciation and amortisation	7.2	(714)	–	–	(6 746)
Net foreign exchange losses	7.2	–	–	–	(4 570)
Employee benefit expense	7.2, 11	(4 644)	–	–	(25 842)
Motor vehicle expenses	7.2	–	–	–	(7 802)
Other operating costs		(1 664)	(391)	(542)	(23 171)
Finance income	8	–	10 780	–	1 404
Finance costs	9	–	–	–	(26 606)
Net monetary gain	15.2	–	–	–	–
Loss for the year		(41 853)	(89 405)	(107 550)	(116 051)
Segment assets – non-current		–	–	–	17 366
– current		–	35 586	–	168 696
– assets held for sale		12 721	–	–	–
Segment liabilities – non-current		–	–	(83 196)	(29 931)
– current		–	(402)	(1 096)	(493 650)
– liabilities directly associated with assets held for sale		(172 083)	–	–	–

[1] *There were no inter-segment revenue or cost of sales transactions during the current and prior year*

Zimbabwe R'000	Mauritius R'000	Head office R'000	Eliminations R'000	Consolidated R'000
–	–	–	–	1 204 423
–	–	–	–	1 204 423
–	–	–	–	(1 189 543)
–	–	–	–	14 880
1 042	–	4 350	(4 466)	8 467
–	–	(83 332)	37 705	(59 616)
–	–	–	–	(26 789)
–	–	–	–	(6 145)
–	–	–	–	(107 008)
–	–	–	–	(12 520)
–	–	(84 944)	84 944	–
(18)	–	(161 372)	22 590	(258 472)
–	–	–	–	(649)
(76)	–	(100)	–	(7 636)
(122 413)	–	(10 667)	5 138	(132 512)
(405)	(15)	(12 986)	–	(43 892)
–	–	–	–	(7 802)
(564)	(32)	(10 193)	663	(35 894)
–	–	29 410	(9 049)	32 545
(65)	–	–	9 049	(17 622)
119 525	–	–	–	119 525
(2 974)	(47)	(329 834)	146 574	(541 140)
16 676	–	12 105	426	46 573
63	18	41 932	(118 718)	127 577
–	–	4 540	(4 540)	12 721
(44 084)	(13 905)	(30)	171 146	–
(110 284)	(66)	(25 819)	320 332	(310 985)
–	–	–	169 156	(2 927)

5 SEGMENTAL REPORTING (CONTINUED)

	Notes	Egypt R'000	Nigeria R'000	DRC R'000	South Africa R'000
2020					
Revenue					
External customers		3 091	–	–	1 954 218
Total revenue[1]	6	3 091	–	–	1 954 218
Cost of sales[1]		(7 239)	–	–	(1 893 984)
Gross (loss)/profit		(4 148)	–	–	60 234
Gain on derecognition of borrowings and other payables	7.2	–	–	–	10 263
Encha Refund	7.2	–	–	–	–
Recovery of past business development costs	7.2	–	–	–	–
Other income	7.2	–	556	–	16 215
Provision for impairment of financial assets	34.1(b)	–	(752)	–	(4 016)
Impairment of financial assets	18	–	(12 912)	–	–
Impairment of non-financial assets					
– oil and gas properties	14, 37	(53 512)	–	–	–
– intangible assets	20, 37	(13 513)	–	–	(45 067)
Depreciation and amortisation	7.2	(4 174)	–	–	(20 323)
Net foreign exchange gains/(losses)	7.2	–	–	–	6 643
Employee benefit expense	7.2	(3 865)	–	–	(25 011)
Motor vehicle expenses	7.2	–	–	–	(11 197)
Other operating costs		(1 784)	(345)	(766)	(30 186)
Finance income	8	–	12 001	–	2 051
Finance costs	9	–	–	–	(38 890)
Net monetary loss		–	–	–	–
Taxation	10	–	–	–	289
(Loss)/profit for the year		(80 996)	(1 452)	(766)	(78 995)
Segment assets – non-current		40 265	127 845	110 857	57 643
– current		9 618	3	27	264 310
Segment liabilities – non-current		(168 417)	–	(86 151)	(7 787)
– current		(3 684)	(374)	(674)	(430 033)

[1] *There were no inter-segment revenue or cost of sales transactions during the current and prior year*

Details relating to the impairment of non-financial assets disclosed under the South Africa, Egypt, DRC and Head office segments are provided in note 37.

BUSINESS SEGMENTS

At 28 February 2021 the operations of the Group comprised oil and gas exploration and production, crude oil trading and the sale of petroleum products.

REVENUE

For the years ended 28 February 2021 and 29 February 2020 the Group derived revenue from the following sources:

- The sale of crude oil from the Lagia Oil Field to the Egyptian General Petroleum Corporation ("EGPC"). This revenue is included under the Egypt segment.
- Sales of petroleum products to a diversified customer base which includes local government and mining, construction, transport, manufacturing, retail and agricultural customers. These revenues are included under the South Africa segment.

Inter-segment revenues when applicable are eliminated upon consolidation and are reflected in the "eliminations" column. There was no inter-segment revenue or cost of sales for the year under review (2020: Rnil).

The disaggregation of revenue is provided in note 6.

	Zimbabwe R'000	Mauritius R'000	Head office R'000	Eliminations R'000	Consolidated R'000
	–	–	–	–	1 957 309
	–	–	–	–	1 957 309
	–	–	–	–	(1 901 223)
	–	–	–	–	56 086
	–	–	–	–	10 263
	–	–	75 000	–	75 000
	–	–	11 814	–	11 814
	975	–	1 028	(1 459)	17 315
	–	–	1 063	–	(3 705)
	–	–	(12 913)	–	(25 825)
	–	–	–	–	(53 512)
	–	–	–	–	(58 580)
	(2 945)	–	(901)	–	(28 343)
	(869)	–	35 684	(6 818)	34 640
	(597)	–	(16 750)	–	(46 223)
	–	–	–	–	(11 197)
	(1 119)	(218)	(21 244)	2 504	(53 158)
	–	–	76 740	(12 367)	78 425
	–	–	(1)	12 367	(26 524)
	(39 151)	–	–	–	(39 151)
	–	–	4 488	–	4 777
	(43 706)	(218)	154 008	(5 773)	(57 898)
	20 569	45 686	498 194	(431 592)	469 467
	350	63	137 775	(115 308)	296 838
	(43 203)	(14 364)	–	313 488	(6 434)
	(111 018)	(110)	(26 800)	226 572	(346 121)

TAXATION – EGYPT

No income or deferred tax has been accrued by Mena International Petroleum Company Limited ("Mena") as the Concession Agreement between the EGPC, the Ministry of Petroleum and Mena provides that the EGPC is responsible for the settlement of income tax on behalf of Mena, out of the EGPC's share of petroleum produced. The Group has elected the net presentation approach in accounting for this deemed income tax. Under this approach Mena's revenue is not grossed up for income tax payable by the EGPC on behalf of Mena. Consequently, no income or deferred tax is accrued.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2021 (continued)

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
6 REVENUE				
Revenue from contracts with customers is disaggregated as follows:				
Sale of crude oil	**1 785**	3 091	**–**	–
Sale of petroleum products	**1 202 638**	1 954 218	**–**	–
	1 204 423	1 957 309	**–**	–

During the year ended 28 February 2021, R0.3 billion (or 28%) (2020: R0.7 billion (or 38%)) of the Group's revenue depended on the sale of petroleum products by Afric Oil to one customer (2020: one customer) under the South Africa segment. Afric Oil was not able to renew the contract with the customer following its expiration on 30 September 2020. The disaggregation of revenue by geographical location is provided in note 5.

		GROUP		COMPANY	
	Notes	**2021 R'000**	2020 R'000	**2021 R'000**	2020 R'000
7.1 IMPAIRMENT LOSSES ON FINANCIAL ASSETS					
Impairment of financial assets	18	**(258 472)**	(25 825)	**(161 372)**	(12 912)
Provision for impairment of financial assets	34.1(b)	**(59 616)**	(3 705)	**(83 332)**	(47 341)
		(318 088)	(29 530)	**(244 704)**	(60 253)
7.2 (LOSS)/PROFIT FROM OPERATIONS					
(Loss)/profit from operations for the year is stated after accounting for the following income and (expense) items:					
Other income comprises:		**8 467**	149 032	**4 213**	123 526
Gain on derecognition of borrowings and other payables		**–**	10 263	**–**	–
Parking fees		**1 042**	–	**–**	–
Transport income		**2 990**	–	**–**	–
Storage fees		**1 810**	–	**–**	–
Gain on derecognition of right-of-use assets		**1 101**	–	**–**	–
Slate income		**–**	9 782	**–**	–
Net foreign exchange gains		**–**	34 640	**–**	35 684
Lease remeasurement		**–**	2 271	**–**	–
Management fees	32	**91**	125	**399**	1 028
Encha Refund	18	**–**	75 000	**–**	75 000
Recovery of past business development costs		**–**	11 814	**–**	11 814
Recovery of SacOil 281 Nigeria Limited loan previously written off		**–**	–	**3 803**	–
Other		**1 433**	5 137	**11**	–

	Notes	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
7.2 (LOSS)/PROFIT FROM OPERATIONS (CONTINUED)					
Expenses comprise:					
Write-off of computer software	20	**(649)**	–	**–**	–
Impairment of investments in subsidiaries	15.1, 37	**–**	–	**(84 913)**	(323)
Impairment of brands, customer relationships and other intangible assets	20, 37	**(6 145)**	(58 580)	**–**	–
Impairment of oil and gas properties	14, 37	**(26 789)**	(53 512)	**–**	–
Impairment of exploration and evaluation assets	13, 37	**(107 008)**	–	**–**	–
Impairment of property, plant and equipment	19, 37	**(12 520)**	–	**–**	–
Net foreign exchange losses		**(132 512)**	–	**(9 270)**	–
Donations		**–**	(133)	**–**	(32)
Corporate costs[1]		**(1 330)**	(2 199)	**(1 259)**	(1 854)
External auditors' remuneration		**(3 908)**	(6 465)	**(2 003)**	(2 728)
Audit fees		**(4 025)**	(4 408)	**(2 305)**	(2 176)
Audit fees – prior-year over/(under) provision		**117**	(2 057)	**302**	(552)
Internal auditors' remuneration		**(535)**	–	**(178)**	–
Audit fees		**(603)**	–	**(246)**	–
Audit fees – prior-year overprovision		**68**	–	**68**	–
Employee benefit expense	11	**(43 892)**	(46 223)	**(12 986)**	(16 750)
Loss on disposal of property, plant and equipment		**(100)**	(601)	**–**	(53)
Consulting fees		**(8 431)**	(9 444)	**(1 619)**	(2 543)
Legal fees		**(2 623)**	(4 490)	**(1 679)**	(2 355)
Business development		**(750)**	(3 098)	**(750)**	(3 098)
Travel and accommodation		**(23)**	(1 799)	**(23)**	(1 194)
Repairs and maintenance		**(1 528)**	(612)	**–**	(1)
Subscriptions		**(483)**	(282)	**(231)**	(282)
Motor vehicle expense		**(7 802)**	(11 197)	**–**	–
Depreciation and amortisation		**(7 636)**	(29 389)	**(100)**	(900)
Oil and gas properties[2]	14	**–**	(1 049)	**–**	–
Property, plant and equipment	19	**(4 162)**	(9 243)	**(100)**	(900)
Right-of-use assets	19.1(a)	**(1 575)**	(1 827)	**–**	–
Intangible assets	20	**(1 899)**	(17 270)	**–**	–
Lease expenses					
Short-term leases		**(1 165)**	(2 879)	**(449)**	(1 220)

1 *Corporate costs comprise listing fees, company secretarial fees and investor relations and marketing costs*
2 *There was no depreciation recognised as the volumes produced from the Lagia Oil Field were immaterial for the year under review*

		Notes	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
8	**FINANCE INCOME**					
	Interest received on financial assets at amortised cost comprises:					
	Interest received on cash and cash equivalents		**1 425**	2 291	**21**	292
	Interest receivable on loans to Group companies		**–**	–	**9 049**	12 367
	Interest receivable on trade and other receivables		**–**	54	**–**	1
	Interest on loans and other receivables	18	**31 120**	76 080	**20 340**	64 080
			32 545	78 425	**29 410**	76 740
9	**FINANCE COSTS**					
	Interest on borrowings at amortised cost	27	**16 793**	25 420	**–**	–
	Interest paid on trade payables at amortised cost		**760**	10	**–**	–
	Total interest expense on financial liabilities at amortised cost		**17 553**	25 430	**–**	–
	Interest on leasing arrangements	19.1(b)	**69**	1 093	**–**	–
	Interest and penalties paid to the South African Revenue Service		**–**	1	**–**	1
			17 622	26 524	**–**	1

10 TAXATION

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Major components of the tax expense are detailed below:				
Current:				
Current tax				
Prior year	–	4 777	–	4 488
	–	4 777	–	4 488
Deferred:				
Relating to the origination and reversal of temporary differences[1]	–	–	–	–
	–	4 777	–	4 488

	GROUP 2021 %	GROUP 2020 %	COMPANY 2021 %	COMPANY 2020 %
Reconciliation of the tax expense:				
Reconciliation between applicable tax rate and average effective tax rate				
Applicable tax rate	28.00	28.00	28.00	(28.00)
Permanent differences:				
Impairments of financial assets	(13.37)	(11.87)	(13.76)	(3.76)
Imputed interest on financial assets	1.05	5.36	1.73	3.30
Impairments of non-financial assets	(7.89)	(50.08)	(7.24)	(0.09)
Expenses relating to dividend income	(0.58)	(6.53)	(0.96)	(4.02)
Loans recovered – capital	0.20	33.51	0.32	20.61
Expenses paid on behalf of subsidiaries	–	–	(0.01)	(0.23)
Donations	–	(0.02)	–	(0.01)
Assessed losses	(7.41)	1.63	(8.08)	12.20
Average effective tax rate	–	–	–	–

[1] *The Group and Company are in a net deferred tax asset position. The Group and Company have therefore not recognised a deferred tax asset or deferred tax credit as there is uncertainty regarding the availability of future taxable profits*

The Group's tax losses in the current year for which no deferred tax asset has been recognised amount to R41.6 million (2020: R65.1 million). These losses do not expire by the effluxion of time.

11 EMPLOYEE BENEFIT EXPENSE

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Salaries and wages	41 194	43 519	12 344	16 136
Pension costs – defined contribution plans	2 698	2 704	642	614
Total	43 892	46 223	12 986	16 750

12 SHARE-BASED PAYMENTS

The Group operates a share option scheme for Directors and employees of the Group. Options are granted at the discretion of the Board, taking into account various factors that promote improved performance within the Group. Options are issued at the 15-day volume weighted average price per share on the JSE on the grant date. The options expire after 10 years from the grant date if they remain unexercised and are forfeited (except at the discretion of the Board) if the Director or employee leaves the Group. The Group has no legal or constructive obligation to repurchase or settle the share options in cash. Details of share options outstanding during the year are as follows:

	GROUP AND COMPANY					
	Weighted average exercise price		Number of share options (000's)		Share-based payment reserve (note 25)	
	2021 (R)	2020 (R)	**2021 (000's)**	2020 (000's)	**2021 (R'000)**	2020 (R'000)
At 1 March	**2.23**	3.86	**3 592**	4 432	**10 493**	10 493
Lapsed during the year	**0.41**	(1.63)	**(564)**	(840)	**–**	–
At 28/29 February	**2.64**	2.23	**3 028**	3 592	**10 493**	10 493
Exercisable at 28/29 February			**3 028**	3 592		

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

		Exercise price		Number of share options	
Grant date	**Expiry date**	**2021 (R)**	2020 (R)	**2021 (000's)**	2020 (000's)
8 July 2010	7 July 2020	**–**	2.90	**–**	313
20 June 2014	19 June 2024	**–**	5.28	**–**	250
10 June 2015	9 June 2025	**2.33**	2.33	**483**	483
10 October 2016	9 October 2026	**2.70**	2.70	**2 545**	2 546
				3 028	3 592

The fair value of the options issued was determined using the binomial option pricing model. The significant inputs into the model were the exercise price shown above, volatility of 65%, dividend yield of 0%, an expected option life of 10 years and spot price at the grant date. The risk-free interest rates were taken from the swap curve as at the valuation date.

Share options issued before 12 September 2014 vested as follows:

- 50% on grant date;
- 25% on the first anniversary of the grant date; and
- 25% on the second anniversary of the grant date.

Share options issued after 12 September 2014 vest as follows:

- A third on the first anniversary of the grant date;
- A third on the second anniversary of the grant date; and
- A third on the third anniversary of the grant date."

There were no equity-settled transactions during the year under review (2020: Nil).

13 EXPLORATION AND EVALUATION ASSETS

	GROUP			
	Cost R'000	**Accumulated amortisation R'000**	**Impairment R'000**	**Carrying value R'000**
2021				
Exploration and evaluation assets	**107 008**	**–**	**(107 008)**	**–**
2020				
Exploration and evaluation assets	110 857	–	–	110 857

13 EXPLORATION AND EVALUATION ASSETS (CONTINUED)

	GROUP			
	Opening balance R'000	Exchange differences R'000	Impairment (note 37) R'000	Total R'000
Reconciliation of exploration and evaluation assets				
2021				
Block III, DRC	**110 857**	**(3 849)**	**(107 008)**	**–**
2020				
Block III, DRC	99 275	11 582	–	110 857

At 28 February 2021 the Group owned a 42.5% interest in Block III in the DRC, located in the north-eastern part of the country, bordering Uganda. The other participants on the block were the DRC Government (15%) and Divine Inspiration Group (42.5%).

There were no costs incurred by the Group in relation to the block in the current year (2020: Rnil). In line with the Group's policy, the exploration and evaluation costs of R107.0 million (2020: R110.9 million) capitalised as part of Block III were not amortised.

At 28 February 2021 an impairment charge amounting to R107.0 million (2020: Rnil) was recognised under other operating costs as discussions and processes for the renewal of the exploration licence were ongoing at the time (see note 37.3). The licence expired in July 2020. Subsequent to the year-end the Board of Directors of Efora made a decision to relinquish the exploration licence for Block III (see note 35).

14 OIL AND GAS PROPERTIES

		GROUP
	Notes	Total R'000
Cost		
At 1 March 2019		**219 005**
Exchange differences		**9 900**
At 29 February 2020		**228 905**
At 1 March 2020		**228 905**
Transfer to assets held for sale	24	**(227 789)**
Exchange differences		**(1 116)**
At 28 February 2021		**–**
Depreciation and impairment		
At 1 March 2019		**(142 197)**
Depreciation		**(1 049)**
Impairment	37	**(53 512)**
At 29 February 2020		**(196 758)**
At 1 March 2020		**(196 758)**
Transfer to assets held for sale	24	**223 547**
Impairment	37	**(26 789)**
At 28 February 2021		**–**
Net book value		
At 28 February 2019		**76 808**
At 29 February 2020		**32 147**
At 28 February 2021		**–**

There was no depreciation recognised as the volumes produced from the Lagia Oil Field were immaterial for the year under review.

Details pertaining to the impairment of oil and gas properties are disclosed in note 37.

15 INVESTMENTS IN SUBSIDIARIES AND HYPERINFLATION ACCOUNTING

15.1 INVESTMENTS IS SUBSIDIARIES

A list of all the investments in subsidiaries, including the name, percentage interest, country of registration and principal place of business, is given below:

Name of Company	Country of registration	Principal place of business	% holding 2021	% holding 2020	Carrying amount 2021 R'000	Carrying amount 2020 R'000
Directly held:						
SacOil Proprietary Limited	RSA	RSA	**100**	100	**19 818**	19 818
Pioneer Coal Proprietary Limited	RSA	RSA	**100**	100	**318**	318
Baltimore Manganese Mine Proprietary Limited	RSA	RSA	**100**	100	**1**	1
RDK Mining Proprietary Limited	RSA	RSA	**100**	100	**24 591**	24 591
Bushveld Pioneer Proprietary Limited	RSA	RSA	**100**	100	**1**	1
Transfer Holdings Proprietary Limited	Botswana	Botswana	**–**	100	**–**	3
SacOil Holdings Nigeria Limited	Nigeria	Nigeria	**100**	100	**1**	1
SacOil 281 Nigeria Limited	Nigeria	Nigeria	**100**	100	**1**	1
SacOil 233 Nigeria Limited	Nigeria	Nigeria	**100**	100	**1**	1
Mena International Petroleum Company Limited[1]	Cyprus	Egypt	**100**	100	**–**	151 725
Afric Oil Holdings Proprietary Limited	RSA	RSA	**100**	100	**126 758**	126 758
					171 490	323 218
Impairment (note 37)					**(171 490)**	(233 764)
					–	89 454
Indirectly held:						
SacOil DRC SARL	DRC	DRC	**100**	100		
Afric Oil Proprietary Limited	RSA	RSA	**71**	71		
Boland Diesel Proprietary Limited	RSA	RSA	**100**	100		
Afric Oil Logistics Proprietary Limited	RSA	RSA	**100**	100		
Afric Oil Petroleum Private Limited	Zimbabwe	Zimbabwe	**100**	100		
Pallematic Freight Private Limited	Zimbabwe	Zimbabwe	**100**	100		
Afric Oil Mauritius Proprietary Limited	Mauritius	Mauritius	**100**	100		
Afric Oil Zambia Limited	Zambia	Zambia	**100**	100		
Afric Oil Congo SARL	DRC	DRC	**100**	100		

[1] *The investment in Mena International Petroleum Company Limited was transferred to assets held for sale (see note 24)*

All entities within the Group are consolidated. There are no unconsolidated structured entities. Mena International Petroleum Company Limited has a December year-end; however, the consolidated annual financial statements include its results for the twelve months ended 28 February 2021.

Transfer Holdings Proprietary Limited was deregistered on 3 December 2020 following the relinquishment of the petroleum exploration licences in June 2017 and the subsequent decision not to pursue further business in Botswana. Transactions arising from the deregistration process are not material.

Details pertaining to the impairments of investments in subsidiaries are provided in note 37. The impairment charge was recognised under other operating costs in the statement of comprehensive income.

15 INVESTMENTS IN SUBSIDIARIES AND HYPERINFLATION ACCOUNTING (CONTINUED)

15.1 INVESTMENTS IS SUBSIDIARIES (CONTINUED)

Subsidiary with material non-controlling interest ("NCI")

	NCI in subsidiary		Total comprehensive loss allocated to NCI		Accumulated NCI	
	2021 %	2020 %	**2021 R'000**	2020 R'000	**2021 R'000**	2020 R'000
Afric Oil Proprietary Limited ("Afric Oil")	**29**	29	**(27 879)**	(31 912)	**(64 114)**	(36 235)

	2021 R'000	2020 R'000
Summarised statement of comprehensive income (100%)		
Revenue	**1 202 638**	1 954 218
Cost of sales	**(1 185 861)**	(1 893 985)
Gross profit	**16 777**	60 233
Other income	**8 237**	27 453
Other operating costs	**(214 419)**	(140 678)
Net finance costs	**(25 267)**	(36 838)
Net monetary gain/(loss)	**119 525**	(39 151)
Taxation	**–**	289
Loss for the year	**(95 147)**	(128 692)
Other comprehensive (loss)/income[1]	**(996)**	18 648
Total comprehensive loss for the year	**(96 143)**	(110 044)
Summarised statement of financial position (100%)		
Non-current assets	**34 468**	62 494
Current assets	**50 060**	150 440
Non-current liabilities	**–**	(6 434)
Current liabilities	**(404 337)**	(430 167)
Summarised cash flows (100%)		
Cash flows (used in)/from operating activities	**(37 745)**	116 918
Cash flows used in investing activities	**(916)**	(362)
Cash flows used in financing activities	**(10 814)**	(106 436)
Net (decrease)/increase in cash and cash equivalents	**(49 475)**	10 120

[1] *Exchange differences on translation of foreign operations*

Afric Oil did not declare a dividend during the year under review (2020: Nil). See note 35 for developments post the reporting period relating to Afric Oil.

15 INVESTMENTS IN SUBSIDIARIES AND HYPERINFLATION ACCOUNTING (CONTINUED)

15.2 HYPERINFLATION ACCOUNTING

At 28 February 2021 the Company had an indirectly held subsidiary which is incorporated in Zimbabwe, namely Afric Oil Petroleum Private Limited ("AOP"). On 11 October 2019 the Public Accountants and Auditors Board of Zimbabwe classified Zimbabwe as a hyperinflationary economy in accordance with the provisions of IAS 29 – Financial Reporting in Hyperinflationary Economies ("IAS 29"), applicable to entities operating in Zimbabwe.

The general price index, as published by the Reserve Bank of Zimbabwe, used to adjust the historical cost local currency results, net liabilities and cash flows of AOP. The adjustment factors used to restate the financial statements of AOP at 28 February 2021, using 29 February 2020 as a base year, are as follows:

	Indices	Adjusting factors
28 February 2021	**2 698.89**	**1.00**
29 February 2020	640.16	4.22

Exchange rate applied in translating the results, net liabilities and cash flows of the Group's operations in Zimbabwe
The results, net liabilities and cash flows of AOP have been translated into the Group's presentation currency at the closing rate in accordance with the hyperinflationary accounting provisions of IAS 21 – The Effects of Changes in Foreign Exchange Rates ("IAS 21") and consolidated in the Group results at this rate. The closing rate in this regard was the official exchange rate of ZWL$1:ZAR0.17975 as at 28 February 2021.

	R'000
Summarised statement of financial position[1]	
Current assets	**63**
Total assets	**16 739**
Current liabilities	**(110 284)**
Total liabilities	**(154 368)**
Summarised statement of comprehensive income[1]	
Other income	**1 042**
Other operating costs	**(123 541)**
Net monetary gain	**119 525**
Loss for the year	**(2 974)**

[1] *Determined using the official rate of ZWL$1:ZAR0.17975*

16 INVESTMENT IN JOINT VENTURE

GROUP AND COMPANY	Country of registration	Principal place of business	Nature of activities	Participating interest 2021 %	Participating interest 2020 %
SacOil Energy Equity Resources Limited ("SEER")	Seychelles	Nigeria	Crude trading	**50**	50

CRUDE TRADING, NIGERIA

Efora, jointly with Energy Equity Resources Trading Limited, through SEER, participates in crude trading in Nigeria. Efora's share of this arrangement is 50%. The interest in this joint venture is accounted for using the equity accounting method. SEER entered into an agreement with the Nigerian National Petroleum Corporation ("NNPC") for the purchase of crude oil grades for onward sale. There was no crude oil available under the contract with the NNPC in March and April 2020, and the crude trading licence expired in May 2020. As such, there was no crude trading activity during the year under review. The Group is currently exploring other crude trading opportunities on the African continent.

Summarised financial statement information (100%) of the joint venture, based on its IFRS financial statements, is set out below:

	2021 R'000	2020 R"000
Summarised statement of comprehensive income		
Revenue	–	961 149
Cost of sales	–	(956 305)
Other income	**681**	–
Other operating costs	**(13 759)**	(35 685)
Loss for the year	**(13 078)**	(30 841)
Group/Company's share of loss for the year	**(6 539)**	(15 420)
Summarised statement of financial position		
Non-current assets	**1**	3
Current assets	**2**	5
Current liabilities	**(14 923)**	(14 885)
Equity	**(14 920)**	(14 877)
Portion of the Group/Company's ownership	**(7 460)**	(7 438)

The Group policy on accounting for its interest in joint ventures provides that when the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. In this regard, the losses incurred by SEER for the year ended 28 February 2021 and its assets and liabilities have not been recognised in the Group's statements of comprehensive income and financial position. The cumulative SEER losses which the Group has not recognised total R22.0 million (2020: R15.4 million).

	2021	2020
Reconciliation of carrying amount		
Balance at 1 March	–	–
Share of profit	–	–
Exchange differences	–	–
Gross carrying amount	–	–
Impairment	–	–
Balance at 28/29 February	–	–

The joint venture had no contingent liabilities or capital commitments as at 28 February 2021. SEER cannot distribute its profits until it obtains the consent of the two joint venture partners. SEER is domiciled in Seychelles and is tax exempt.

17 LOANS TO/(FROM) GROUP COMPANIES

	Notes	COMPANY 2021 R'000	COMPANY 2020 R'000
Loans to Group companies			
Non-current			
SacOil DRC SARL[1]		**44 350**	45 907
Mena International Petroleum Company Limited[1,4]		**–**	168 729
RDK Mining Proprietary Limited[1]		**30**	32
		44 380	214 668
Provision for impairment[4]	34.1(b)	**(44 380)**	(180 909)
		–	33 759
Current			
Afric Oil Proprietary Limited[2]		**120 350**	114 553
Provision for impairment	34.1(b)	**(120 350)**	(114 553)
		–	–
Total		**–**	33 759
Loan from Group company			
Non-current			
Pioneer Coal Proprietary Limited[3]		**(318)**	–
		(318)	–
Current			
Pioneer Coal Proprietary Limited[3]		**–**	(318)
		–	(318)
		(318)	(318)
Total		**(318)**	33 441

[1] *These loans are interest free, unsecured and have no fixed repayment terms. These loans are denominated in US dollars*
[2] *This loan incurs interest at the prime interest rate plus 2%, is unsecured and was due on 29 February 2020. The loan is denominated in Rands. Interest totalling R9.0 million (2020: R12.4 million) was recognised in finance income in the statement of comprehensive income. The restructuring of this loan was under negotiation at 28 February 2021. Afric Oil Proprietary Limited was subsequently placed under business rescue as outlined in note 35*
[3] *The loan is interest free, unsecured and has no fixed repayment terms. The loan is denominated in Rands*
[4] *The loan was transferred to assets held for sale together with the impairment provision attributable to the loan (see note 24)*

All remaining loans with no fixed repayment dates are payable by subsidiaries on demand from the Company. These loans are however not expected to be repaid within 12 months.

Note 34.1(b) includes disclosures relating to the credit risk exposures and analyses relating to the provision for impairment. The fair values of loans to/from Group companies are disclosed in note 33. The provision for impairment of loans to Group companies is based on lifetime expected credit losses.

Loans to/from Group companies are measured at amortised cost.

18 LOANS AND OTHER RECEIVABLES

	Notes	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Non-current					
Transcorp Refund[1]		–	258 246	–	129 123
Encha Refund[2]		48 174	–	48 174	–
Supplier development loans		4 318	4 318	–	–
		52 492	262 564	48 174	129 123
Provision for impairment	34.1(b)	(40 449)	(6 375)	(36 131)	(1 278)
		12 043	256 189	12 043	127 845
Current					
Transcorp Refund[1]		72 204	–	36 100	–
Encha Refund[2]		19 373	128 009	19 373	128 009
Phembani Group Proprietary Limited		827	827	–	–
Deferred consideration on disposal of Greenhills Plant		–	1 805	–	1 805
		92 404	130 641	55 473	129 814
Provision for impairment	34.1(b)	(16 389)	(6 454)	(15 044)	(5 627)
		76 015	124 187	40 429	124 187
		88 058	380 376	52 472	252 032

[1] *A settlement agreement was concluded with Transcorp on 9 November 2020 as summarised below. As such, all amounts due from Transcorp were classified as current as at 28 February 2021. Foreign exchange losses totalling R5.8 million (Company: R2.9 million) and interest totalling R21.6 million (Company: R10.8 million) were recognised during the year with respect to the Transcorp Refund. An impairment charge of R194.2 million (Company: R97.1 million) was also recognised to align amounts recoverable to the new settlement agreement. A payment of R7.6 million (US$0.5 million) (Company : R3.8 million (US$0.25 million)) was received during the year*

[2] *The Encha Refund was recognised in the prior year pursuant to the arbitration award granted on 15 November 2019, whereby Encha was ordered to pay R75.0 million plus interest and costs with respect to the Group's claim against Encha. Efora's claim was with respect to R75.0 million which it paid in 2011 to Encha for exploration prospects which did not materialise. On 5 August 2020 the Company agreed to a deferred payment plan whereby Encha would pay R85.75 million over a four-year period. Amounts totalling R5.75 million (for Group and Company) were paid in August and September 2020 pursuant to this plan. Thereafter, R20.0 million was due and payable on 30 June of each year (until June 2024). Interest totalling R9.6 million (for Group and Company) was recognised during the year with respect to the Encha Refund. An impairment charge of R64.3 million (for Group and Company) was also recognised to align the amount recoverable to the new settlement agreement. This note should be read together with note 35*

SETTLEMENT AGREEMENT CONCLUDED WITH TRANSCORP

Following summarised judgments issued by the Nigeria Court of Appeal on 27 May 2020 which ordered SacOil 281 and EER 281 ("the Parties") to proceed with arbitration in their claim against Transcorp, and following further engagement with the latter, the Parties and Transcorp reached a settlement agreement on 9 November 2020 the terms of which are summarised below:

- Transcorp would pay US$0.5 million to the Parties within 10 business days of the execution of the settlement agreement;
- Transcorp would make four quarterly payments of US$1.25 million each to the Parties on the last business day of each quarter (based on the calendar year) which payments commenced on 31 March 2021;
- Transcorp reserved the right to defer the payment of US$0.5 million of the last quarterly payment due on 31 December 2021 to the first quarter of 2022;
- all such payments were to be made to Efora pursuant to a prior settlement agreement reached between the Parties;
- all lawsuits and disputes would be dismissed by the Parties and Transcorp; and
- all payments made as set out would represent full and final settlement of Transcorp's indebtedness to the Parties.

Transcorp met its repayment obligations and made its final payment in December 2021. Transcorp discharged in full its indebtedness to the Company.

18 LOANS AND OTHER RECEIVABLES (CONTINUED)

Movements in the significant loans and other receivable are as follows:

	Gross carrying amount at 29 February 2020 R'000	Interest[1] R'000	Foreign exchange loss R'000	Receipts R'000
GROUP				
2021				
Transcorp Refund	**258 246**	**21 560**	**(5 797)**	**(7 605)**
Encha Refund	**128 009**	**9 560**	**–**	**(5 750)**
Supplier development loans	**4 318**	**–**	**–**	**–**
Deferred consideration on disposal of Greenhills Plant	**1 805**	**–**	**–**	**(400)**
Phembani Group Proprietary Limited	**827**	**–**	**–**	**–**
	393 205	**31 120**	**(5 797)**	**(13 755)**

[1] *Unwinding of discount applied on the initial measurement of financial assets*
[2] *Write-down of amounts due from Encha and Transcorp to align with amounts recoverable under the deferred payment plan and the settlement agreement, respectively (written off against the gross carrying amount)*
[3] *Time value adjustments attributable to the deferral of the receipt of expected contractual cash flows (adjusted against the gross carrying amount)*
[4] *Impairments recognised with respect to the Encha Refund and Transcorp Refund total R258.5 million (2020: R25.8 million) as presented in note 7.1 under impairment of financial assets*

	Gross carrying amount at 28 February 2019 R'000	Interest[1] R'000	Foreign exchange gains R'000	Other R'000
GROUP				
2020				
Transcorp Refund	231 203	24 001	28 867	–
Encha Refund	–	52 079	–	75 930
Loan due from Energy Equity Resources Norway Limited ("EERNL")	69 970	–	8 164	–
Supplier development loans	3 818	–	–	500
Deferred consideration on disposal of Greenhills Plant	1 805	–	–	–
Phembani Group Proprietary Limited	827	–	–	–
	307 623	76 080	37 031	76 430

[1] *Unwinding of discount applied on the initial measurement of financial assets*
[2] *Time value adjustments attributable to the deferral of the receipt of expected contractual cash flows (adjusted against the gross carrying amount)*

Gross carrying amount at 28 February 2021 R'000	Impairments: Write-off[4] R'000	Impairments: Specified impairments[3,4] R'000	Utilisation of provision for impairment R'000	Provision for impairment R'000	Carrying amount at 28 February 2021 R'000
266 404	(188 761)	(5 438)	–	(1 033)	71 172
131 819	(48 250)	(16 023)	–	(50 660)	16 886
4 318	–	–	–	(4 318)	–
1 405	–	–	(1 405)	–	–
827	–	–	–	(827)	–
404 773	(237 011)	(21 461)	(1 405)	(56 838)	88 058

Gross carrying amount at 29 February 2020 R'000	Impairments: Write-off R'000	Impairments: Specified impairments[2] R'000	Provision for impairment R'000	Carrying amount at 29 February 2020 R'000
284 071	–	(25 825)	(2 557)	255 689
128 009	–	–	(3 822)	124 187
78 134	(78 134)	–	–	–
4 318	–	–	(3 818)	500
1 805	–	–	(1 805)	–
827	–	–	(827)	–
497 164	(78 134)	(25 825)	(12 829)	380 376

18 LOANS AND OTHER RECEIVABLES (CONTINUED)

	Gross carrying amount at 29 February 2020 R'000	Interest[1] R'000	Foreign exchange loss R'000	Receipts R'000
COMPANY				
2021				
Transcorp Refund	**129 123**	**10 780**	**(2 900)**	**(3 803)**
Encha Refund	**128 009**	**9 560**	**–**	**(5 750)**
Deferred consideration on disposal of Greenhills Plant	**1 805**	**–**	**–**	**(400)**
	258 937	**20 340**	**(2 900)**	**(9 953)**

1 Unwinding of discount applied on the initial measurement of financial assets
2 Write-down of amounts due from Encha and Transcorp to align with amouts recoverable under the deferred payment plan and the settlement agreement, respectively (written off against the gross carrying amount)
3 Time value adjustments attributable to the deferral of the receipt of expected contractual cash flows (adjusted against the gross carrying amount)
4 Impairments recognised with respect to the Encha Refund and Transcorp Refund total R161.4 million (2020: R12.9 million) as presented in note 7.1 under impairment of financial assets

	Gross carrying amount at 28 February 2019 R'000	Interest[1] R'000	Foreign exchange gains R'000	Other R'000
COMPANY				
2020				
Transcorp Refund	115 601	12 001	14 433	–
Encha Refund	–	52 079	–	75 930
Loan due from EERNL	69 970		8 164	–
Deferred consideration on disposal of Greenhills Plant	1 805	–	–	–
	187 376	64 080	22 597	75 930

1 Unwinding of discount applied on the initial measurement of financial assets
2 Time value adjustments attributable to the deferral of the receipt of expected contractual cash flows (adjusted against the gross carrying amount)

Interest on loans and other receivables recognised in finance income comprises:

		GROUP		COMPANY	
	Note	**2021 R'000**	2020 R'000	**2021 R'000**	2020 R'000
Encha Refund		**9 560**	52 079	**9 560**	52 079
Transcorp Refund		**21 560**	24 001	**10 780**	12 001
	8	**31 120**	76 080	**20 340**	64 080

Note 34.1(b) includes disclosures relating to the credit risk exposures, risk management policies and analysis relating to the provision for impairment. The fair values of loans and other receivables are disclosed in note 33. The provision for impairment of loans and other receivables is based on lifetime expected credit losses. Loans and other receivables are measured at amortised cost.

Gross carrying amount at 28 February 2021 R'000	Impairments: Write-off[4] R'000	Impairments: Specified impairments[3,4] R'000	Utilisation of provision for impairment R'000	Provision for impairment R'000	Carrying amount at 28 February 2021 R'000
133 200	(94 380)	(2 719)	–	(515)	35 586
131 819	(48 250)	(16 023)	–	(50 660)	16 886
1 405	–	–	(1 405)	–	–
266 424	(142 630)	(18 742)	(1 405)	(51 175)	52 472

Gross carrying amount at 29 February 2020 R'000	Impairments: Write-off R'000	Impairments: Specified impairments[2] R'000	Provision for impairment R'000	Carrying amount at 29 February 2020 R'000
142 035	–	(12 912)	(1 278)	127 845
128 009	–	–	(3 822)	124 187
78 134	(78 134)	–	–	–
1 805	–	–	(1 805)	–
349 983	(78 134)	(12 912)	(6 905)	252 032

19 PROPERTY, PLANT AND EQUIPMENT

GROUP

	Land and buildings R'000	Signage and leasehold improvements R'000	Plant and equipment R'000	Furniture and fittings R'000	Motor vehicles R'000	Computer equipment R'000	Total R'000
Cost							
At 1 March 2019	26 085	579	28 551	3 498	32 143	1 552	92 408
Transfer to right-of-use assets	–	–	–	–	(3 772)	–	(3 772)
Exchange differences	(4 076)	(56)	(16 878)	11 760	(503)	367	(9 386)
Additions	–	744	–	–	–	18	762
Disposals	–	–	–	(2 653)	(679)	(413)	(3 745)
Write-off	–	–	–	(174)	–	(1)	(175)
At 29 February 2020	22 009	1 267	11 673	12 431	27 189	1 523	76 092
At 1 March 2020	**22 009**	**1 267**	**11 673**	**12 431**	**27 189**	**1 523**	**76 092**
Exchange differences	**(293)**	**–**	**(1 269)**	**(1 276)**	**76**	**–**	**(2 762)**
Additions	**–**	**–**	**911**	**–**	**–**	**41**	**952**
Disposals	**–**	**–**	**–**	**–**	**(590)**	**(35)**	**(625)**
Write-off[1]	**–**	**(744)**	**–**	**–**	**–**	**–**	**(744)**
At 28 February 2021	**21 716**	**523**	**11 315**	**11 155**	**26 675**	**1 529**	**72 913**
Accumulated depreciation and impairment							
At 1 March 2019	(809)	(396)	(6 443)	(1 894)	(8 701)	(1 260)	(19 503)
Transfer to right-of-use assets	–	–	–	–	2 514	–	2 514
Write-off	–	–	–	121	–	1	122
Disposals	–	–	–	2 154	624	407	3 185
Depreciation	(467)	(871)	(1 176)	(2 407)	(4 021)	(301)	(9 243)
At 29 February 2020	(1 276)	(1 267)	(7 619)	(2 026)	(9 584)	(1 153)	(22 925)
At 1 March 2020	**(1 276)**	**(1 267)**	**(7 619)**	**(2 026)**	**(9 584)**	**(1 153)**	**(22 925)**
Write-off[1]	**–**	**744**	**–**	**–**	**–**	**–**	**744**
Impairment	**(7 181)**	**–**	**(898)**	**(125)**	**(4 316)**	**–**	**(12 520)**
Disposals	**–**	**–**	**–**	**–**	**445**	**35**	**480**
Depreciation	**(72)**	**–**	**(1 051)**	**(314)**	**(2 530)**	**(195)**	**(4 162)**
At 28 February 2021	**(8 529)**	**(523)**	**(9 568)**	**(2 465)**	**(15 985)**	**(1 313)**	**(38 383)**
Net book value							
At 28 February 2019	25 276	183	22 108	1 604	23 442	292	72 905
At 29 February 2020	20 733	–	4 054	10 405	17 605	370	53 167
At 28 February 2021	**13 187**	**–**	**1 747**	**8 690**	**10 690**	**216**	**34 530**

[1] *Write-off of leasehold improvements with a Rnil book value upon lease termination*

19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	GROUP 2021 R'000	GROUP 2020 R'000
Details of properties		
Property 1: Land with buildings – Portion of Erf 1402 and Portion of Erf 1052, Moorreesburg, Western Cape	**608**	608
Property 2: Land – Portions 239, 380 and 381 of Farm Randfontein, Gauteng	**10 489**	10 489
	11 097	11 097

At 28 February 2021 land and buildings at Portion of Erf 1402 and Portion of Erf 1052, Moorreesburg, Western Cape were pledged as security for the loan owed to the Unemployment Insurance Fund ("UIF") (see note 27).

At 28 February 2021 the above property situated in Randfontein had been transferred to Afric Oil and the registration of a bond in favour of the UIF, managed by the Public Investment Corporation, was in progress.

CAPITAL COMMITMENTS

At 28 February 2021 Boland Diesel had committed to carry out improvements to the value of R1.0 million on the vacant land situated at Portion of Erf 5520, Moorreesburg, Western Cape.

COMPANY	Furniture and fittings R'000	Motor vehicles R'000	Computer equipment R'000	Leasehold improvements R'000	Total R'000
Cost					
At 1 March 2019	884	548	910	–	2 342
Additions	–	–	–	744	744
Write-off	(174)	–	(1)	–	(175)
At 29 February 2020	710	548	909	744	2 911
At 1 March 2020	**710**	**548**	**909**	**744**	**2 911**
Disposals	–	**(119)**	**(35)**	–	**(154)**
Write-off[1]	–	–	–	**(744)**	**(744)**
At 28 February 2021	**710**	**429**	**874**	–	**2 013**
Accumulated depreciation					
At 1 March 2019	(544)	(534)	(893)	–	(1 971)
Write-off	121	–	1	–	122
Depreciation	(126)	(13)	(17)	(744)	(900)
At 29 February 2020	(549)	(547)	(909)	(744)	(2 749)
At 1 March 2020	**(549)**	**(547)**	**(909)**	**(744)**	**(2 749)**
Write-off[1]	–	–	–	**744**	**744**
Depreciation	**(99)**	**(1)**	–	–	**(100)**
Disposal	–	**119**	**35**	–	**154**
At 28 February 2021	**(648)**	**(429)**	**(874)**	–	**(1 951)**
Net book value					
At 28 February 2019	340	14	17	–	371
At 29 February 2020	161	1	–	–	162
At 28 February 2021	**62**	–	–	–	**62**

[1] *Write-off of leasehold improvements with a Rnil book value upon lease termination*

There is no material change in the useful lives of the assets above, based on the assessment done at 28 February 2021. The estimated useful lives of the Group's assets are indicated in note 2.6.

19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

19.1 RIGHT-OF-USE OF ASSETS AND LEASE LIABILITIES

19.1(a) RIGHT-OF-USE ASSET

	GROUP		
	Building R'000	Motor vehicles R'000	Total R'000
Cost			
At 1 March 2019, on adoption of IFRS 16	8 972	–	8 972
Transfer from property, plant and equipment	–	3 772	3 772
Lease remeasurement	(1 249)	–	(1 249)
At 29 February 2020	7 723	3 772	11 495
At 1 March 2020	**7 723**	**3 772**	**11 495**
Derecognition of right-of-use asset	**(7 723)**	**–**	**(7 723)**
At 28 February 2021	**–**	**3 772**	**3 772**
Accumulated depreciation			
At 1 March 2019, on adoption of IFRS 16	–	–	–
Transfer from property, plant and equipment	–	2 514	2 514
Depreciation	1 072	755	1 827
At 29 February 2020	1 072	3 269	4 341
At 1 March 2020	**1 072**	**3 269**	**4 341**
Depreciation	**1 072**	**503**	**1 575**
Derecognition of right-of-use asset	**(2 144)**	**–**	**(2 144)**
At 28 February 2021	**–**	**3 772**	**3 772**
Net book value			
At 1 March 2019	8 972	1 258	10 230
At 29 February 2020	6 651	503	7 154
At 28 February 2021	**–**	**–**	**–**

19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

19.1 RIGHT-OF-USE OF ASSETS AND LEASE LIABILITIES (CONTINUED)

19.1(b) LEASE LIABILITIES

	GROUP 2021 R'000	GROUP 2020 R'000
Non-current		
Lease liabilities	–	6 434
Current		
Lease liabilities	–	463
	–	6 897

Movements in lease liabilities were as follows:

GROUP

	At 1 March 2020 R'000	Transfer of existing finance leases R'000	Interest R'000	Repayments – interest R'000	Repayments – capital R'000	Derecognition of lease liability R'000	At 28 February 2021 R'000
Lease liabilities	6 897	–	69	(69)	(636)	(6 261)	–

	At 1 March 2019, on adoption of IFRS 16 R'000	Transfer of existing finance leases R'000	Interest R'000	Repayments – interest R'000	Repayments – capital R'000	Lease re-measurement R'000	At 29 February 2020 R'000
Lease liabilities	10 731	711	1 093	(1 093)	(1 026)	(3 519)	6 897

The Group (through Afric Oil) leased a workshop and certain vehicles. With the exception of short-term leases and leases of low-value underlying assets, each lease was reflected on the statement of financial position as a right-of-use asset and a lease liability. The Group classified its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposed a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. The Group was prohibited from selling or pledging the underlying leased assets as security. For the lease of the workshop, the Group was required to keep those properties in a good state of repair and return the property in its original condition at the end of the lease. Furthermore, the Group was required to incur maintenance fees in accordance with the lease contracts. The Group recognised depreciation and finance costs, instead of operating lease expenses in line with the requirements of IFRS 16. At 28 February 2021 the leases were derecognised as the lease agreement was cancelled subsequent to the year-end when Afric Oil was placed under business rescue (see note 35).

The undiscounted maturity analysis of lease liabilities for the prior year was as follows:

	Within 1 year R'000	2 – 3 years R'000	4 – 5 years R'000	5+ years R'000	Total R'000
29 February 2020					
Lease payments	1 155	2 595	3 027	3 378	10 155
Finance charges	692	1 275	905	386	3 258
Net present value	463	1 320	2 122	2 992	6 897

20 INTANGIBLE ASSETS

GROUP

	Notes	Computer software R'000	Brand R'000	Customer relationships R'000	Goodwill R'000	Petroleum reserves R'000	Total R'000
Cost							
At 1 March 2019		2 994	9 672	79 082	135 443	78 476	305 667
Additions		60	–	–	–	–	60
Disposals		(131)	–	–	–	–	(131)
Write-off		–	–	–	(135 443)	–	(135 443)
Exchange differences		–	–	–	–	5 379	5 379
At 29 February 2020		2 923	9 672	79 082	–	83 855	175 532
At 1 March 2020		**2 923**	**9 672**	**79 082**	**–**	**83 855**	**175 532**
Transfer to assets held for sale	24	**–**	**–**	**–**	**–**	**(83 164)**	**(83 164)**
Write-off		**(2 923)**	**(9 672)**	**(79 082)**	**–**	**–**	**(91 677)**
Exchange differences		**–**	**–**	**–**	**–**	**(691)**	**(691)**
At 28 February 2021		**–**	**–**	**–**	**–**	**–**	**–**
Accumulated depreciation and impairment							
At 1 March 2019		(238)	(4 588)	(26 985)	(135 443)	(58 049)	(225 303)
Disposals		131	–	–	–	–	131
Amortisation		(982)	(1 695)	(10 419)	–	(4 174)	(17 270)
Write-off		–	–	–	135 443	–	135 443
Impairment	37	–	(3 389)	(41 678)	–	(13 513)	(58 580)
At 29 February 2020		(1 089)	(9 672)	(79 082)	–	(75 736)	(165 579)
At 1 March 2020		**(1 089)**	**(9 672)**	**(79 082)**	**–**	**(75 736)**	**(165 579)**
Amortisation		**(1 185)**	**–**	**–**	**–**	**(714)**	**(1 899)**
Write-off		**2 274**	**9 672**	**79 082**	**–**	**–**	**91 028**
Exchange differences		**–**	**–**	**–**	**–**	**469**	**469**
Transfer to assets held for sale	24	**–**	**–**	**–**	**–**	**82 126**	**82 126**
Impairment	37	**–**	**–**	**–**	**–**	**(6 145)**	**(6 145)**
At 28 February 2021		**–**	**–**	**–**	**–**	**–**	**–**
Net book value							
At 28 February 2019		2 756	5 084	52 097	–	20 427	80 364
At 29 February 2020		1 834	–	–	–	8 119	9 953
At 28 February 2021		–	–	–	–	–	–

The Group's brand and customer relationships arose from the acquisition of Forever Fuels by Afric Oil Proprietary Limited in 2017, as part of the identification of separately identifiable intangible assets acquired in a business combination. These intangible assets were impaired in the prior year and written off in the current year.

The Group's other intangible assets arose from the acquisition of Mena in October 2014. At 28 February 2021 Mena owned the Lagia Oil Field. The Petroleum Concession Agreement gave Mena the right to drill for petroleum reserves. See notes 24 and 35 for details pertaining to the disposal of Mena whose petroleum reserves totalling R1.0 million were classified as held for sale at 28 February 2021.

Computer software includes costs incurred to date on the implementation of the enterprise resource planning ("ERP") system. These costs were written off at year-end as the ERP system has become redundant.

Goodwill arose on the acquisition of Afric Oil Proprietary Limited (formerly known as Phembani Oil) and Forever Fuels. The goodwill which had been attributed to synergies expected from the integration of the Afric Oil and Forever Fuels businesses was impaired at 28 February 2019 and written off in the prior financial year.

Details pertaining to the impairment of intangible assets are provided in note 37. The impairment charge was recognised under other operating costs in the statement of comprehensive income.

20 INTANGIBLE ASSETS (CONTINUED)

	COMPANY
	Computer software R'000
Cost	
At 1 March 2019	96
At 29 February 2020	96
At 28 February 2021	**96**
Accumulated depreciation	
At 1 March 2019	(96)
At 29 February 2020	(96)
At 28 February 2021	**(96)**
Net book value	
At 28 February 2019	–
At 29 February 2020	–
At 28 February 2021	**–**

The Group's intangible assets are not pledged as security for liabilities.

21 INVENTORIES

	GROUP	
	2021 R'000	2020 R'000
Consumables	–	6 050
Petroleum products	**2 777**	5 173
	2 777	11 223

There was no inventory write-off in the current year (2020: Rnil). Inventories expensed under cost of sales in the statement of comprehensive income during the year amounted to R1.1 billion (2020: R1.9 billion). All petroleum products inventory is pledged as security for the loan from the UIF (see note 27).

At 28 February 2021 consumables totalling R5.8 million were classified as held for sale. Refer to note 24.

22 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Trade receivables	**66 270**	119 153	**–**	–
Provision for impairment	**(34 411)**	(32 151)	**–**	–
	31 859	87 002	**–**	–
Other receivables	**15 595**	5 819	**821**	3 170
Provision for impairment	**(10 336)**	(149)	**–**	(867)
	37 118	92 672	**821**	2 303
Value-added tax	**3 358**	568	**246**	160
	40 476	93 240	**1 067**	2 463

Trade receivables are non-interest bearing (except in the event of default) and are generally on 30 days' terms. Note 34.1(b) includes disclosures relating to the credit risk exposures, risk management policies and analysis relating to the provision for impairment. The carrying values of all trade and other receivables approximate their fair values (see note 33). The provision for impairment of trade and other receivables is based on lifetime expected credit losses. Trade and other receivables are measured at amortised cost.

At 28 February 2021 trade and other receivables totalling R1.6 million were classified as held for sale. Refer to note 24.

The carrying values of the Group's trade and other receivables are denominated in the following currencies:

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
US dollar	**–**	5 075	**–**	–
South African Rand	**40 476**	88 165	**1 067**	2 463
	40 476	93 240	**1 067**	2 463

At 28 February 2021 Engen Limited, Afric Oil's supplier of petroleum products, had a first cession over all trade receivables and second in line was the UIF.

23 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Cash and cash equivalents consist of:				
Cash at banks and on hand	**3 564**	45 863	**311**	10 254
Short-term deposits	**4 060**	3 725	**24**	23
Total unrestricted cash	**7 624**	49 588	**335**	10 277
Restricted cash balances	**685**	18 600	**–**	–
Cash and cash equivalents	**8 309**	68 188	**335**	10 277

Cash at banks earns interest at floating rates. Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates. The restricted cash balances constitute cash guarantees issued in favour of creditors which are renewed annually and are available on demand when called on by creditors in the event of default by the relevant Group company.

A total of R0.4 million (2020: R0.5 million) of the Group's cash and cash equivalents is denominated in US dollars and the remainder in South African Rands. All of the Company's current and prior year cash and cash equivalents are denominated in South African Rands. At 28 February 2021 the Group and Company had no undrawn committed borrowing facilities. Note 34.1(b) includes disclosures relating to the credit risk exposures and risk management policies relating to cash and cash equivalents. The Group's cash and cash equivalents are not considered to be impaired.

At 28 February 2021 cash and cash equivalents totalling R0.02 million were classified as held for sale. Refer to note 24.

Cash and cash equivalents are measured at amortised cost. The carrying values of cash and cash equivalents approximate their fair values (see note 33).

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 28 February:

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Cash and cash equivalents consist of:				
Cash at banks, on hand and short-term deposits	**7 624**	49 588	**335**	10 277
Restricted cash balances	**685**	18 600	**–**	–
Total cash and cash equivalents per the statement of financial position	**8 309**	68 188	**335**	10 277
Cash and cash equivalents classified as held for sale	**20**	–	**–**	–
Cash and cash equivalents as presented in the statement of cash flows	**8 329**	68 188	**335**	10 277

24 ASSETS HELD FOR SALE

On 29 June 2020 the Efora Board of Directors made a decision to dispose of the Company's 100% shareholding in Mena International Petroleum Corporation ("Mena"). At 28 February 2021 Mena owned the development lease over the Lagia Oil Field which is located in the Sinai Peninsula, Egypt, directly adjacent to the Gulf of Suez. The decision to dispose of Mena was brought about by the inability of the Company to further develop the Lagia Oil Field in order to increase oil output due to funding constraints. In addition, the heavy oil reserves at the field continued to pose operational challenges. Mena is the only subsidiary reported under the Egypt segment (see note 5).

At 28 February 2021 Mena's assets and liabilities were classified as held for sale following the implementation of a plan to secure its disposal. This note should be read together with note 35 which highlights the completion of the disposal within twelve months of the year-end, the disposal consideration and other factors.

		GROUP		COMPANY	
	Notes	**2021 R'000**	2020 R'000	**2021 R'000**	2020 R'000
Assets held for sale					
Oil and gas properties	14	**4 242**	–	**–**	–
Petroleum reserves intangible asset	20	**1 038**	–	**–**	–
Investment in subsidiary	15.1	**–**	–	**4 540**	–
Investment in Mena		**–**	–	**151 727**	–
Impairment		**–**	–	**(147 187)**	–
Loan to Group company	17	**–**	–	**–**	–
Loan to Mena		**–**	–	**169 155**	–
Provision for impairment		**–**	–	**(169 155)**	–
Inventories	21	**5 839**	–	**–**	–
Trade and other receivables	22	**1 582**	–	**–**	–
Cash and cash equivalents	23	**20**	–	**–**	–
		12 721	–	**4 540**	–
Liabilities directly associated with assets held for sale					
Trade and other payables	29	**(2 927)**	–	**–**	–
		(2 927)	–	**–**	–

Included in other operating costs is an impairment charge of R32.9 million attributable to the decrease in value of the oil and gas properties (R26.8 million) (see note 14) and petroleum reserves intangible asset (R6.1 million) (see note 20), which was recognised immediately prior to the classification of the assets as held for sale.

Mena has not been classified as a discontinued operation as it does not represent a separate major line of business or a major geographical area of operations.

25 STATED CAPITAL AND RESERVES

		GROUP AND COMPANY 2021	2020
Stated capital			
Authorised:			
Number of ordinary shares with no par value	(000's)	**5 000 000**	5 000 000
Allotted share capital:			
At 1 March	(R'000)	**1 668 354**	1 668 354
As at 28/29 February	(R'000)	**1 668 354**	1 668 354
Reconciliation of number of shares issued:			
At 1 March	(000's)	**1 103 836**	1 103 836
As at 28/29 February	(000's)	**1 103 836**	1 103 836

No shares were issued during the year (2020: Rnil). All issued shares are fully paid.

GROUP

	Share-based payment reserve R'000	Foreign currency translation reserve R'000	Total R'000
Reserves			
At 1 March 2019	10 493	92 341	102 834
Foreign exchange gains arising on translation of foreign operations	–	34 038	34 038
As at 29 February 2020	10 493	126 379	136 872
At 1 March 2020	**10 493**	**126 379**	**136 872**
Foreign exchange gains arising on translation of foreign operations	**–**	**637**	**637**
As at 28 February 2021	**10 493**	**127 016**	**137 509**

COMPANY

	Share-based payment reserve R'000	Foreign currency translation reserve R'000	Total R'000
Reserves			
At 1 March 2019	10 493	86	10 579
As at 29 February 2020	10 493	86	10 579
As at 28 February 2021	**10 493**	**86**	**10 579**

The foreign currency translation reserve is used to recognise foreign exchange differences arising on the translation of the Group's foreign subsidiaries and joint venture with currencies other than the presentation currency.

The share-based payments reserve is used to recognise the value of equity-settled share-based payment transactions provided to employees, including key management personnel, as part of their remuneration. These transactions are disclosed in note 12.

26 INTEREST IN JOINT OPERATIONS

	Country of registration	Principal place of business	Nature of activities	Participating interest 2021 %	2020 %
SacOil DRC SARL	DRC	DRC	Exploration for oil and gas	**42.5**	42.5

SACOIL DRC SARL

At 28 February 2021 SacOil DRC SARL ("SacOil DRC") jointly with other participants, had an interest in Block III which is located on the DRC side of the Albertine Graben Basin. SacOil DRC's interest in Block III was 42.5%. Participation in Block III was governed by the Farm-in Agreements concluded in 2011 and 2012, the Joint Operating Agreement and Production-sharing Contract. Post the reporting period, in July 2021, the Group relinquished its interest in Block III as further outlined in notes 13 and 35. SacOil DRC SARL remains an indirectly held subsidiary of the Company (see note 15.1).

27 BORROWINGS

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Current				
Unemployment Insurance Fund ("UIF")[1]	**196 145**	185 352	**–**	–
Loan due to Energy Equity Resources Norway Limited ("EERNL")[2]	**776**	710	**776**	710
	196 921	186 062	**776**	710

[1] The loan was granted to Afric Oil in February 2017 in order to purchase the business assets of Big Red Proprietary Limited, Turquoise Moon Trading 477 Proprietary Limited and Redlex Investments Proprietary Limited. The loan accrued interest on a monthly basis compounded quarterly at a rate of three-month Jibar plus 420 basis points (2020: three-month Jibar plus 420 basis points). The loan was secured by cession of inventories and trade receivables, bonds over moveable and immoveable properties, a cession of shares in or claims against all Afric Oil subsidiaries and the subordination of all claims. The loan was repayable in quarterly instalments and full payment was expected on 30 June 2022. At 28 February 2021 Afric Oil was in breach of debt covenants relating to its loan arrangement with the UIF and loan repayment terms, a result of the impact on cash flows of the decreased demand for fuel products during the COVID-19 lockdown. Post the reporting period Afric Oil's indebtedness to the UIF was settled through the business rescue process following various developments relating to this loan as highlighted in note 35. This loan was denominated in Rands

[2] The loan due to EERNL is attributable to costs incurred on the Group's behalf pertaining to the operations of Sacoil Energy Equity Resources. The loan is interest free, unsecured and has no fixed repayment terms. This loan is denominated in US dollars

Movements in borrowings were as follows:

GROUP

	At 1 March 2020 R'000	**Interest R'000**	**Exchange differences R'000**	**Repayments – interest R'000**	**Other R'000**	**At 28 February 2021 R'000**
2021						
UIF	**185 352**	**16 793**	**–**	**(6 000)**	**–**	**196 145**
Loan due to EERNL	**710**	**–**	**(30)**	**–**	**96**	**776**
	186 062	**16 793**	**(30)**	**(6 000)**	**96**	**196 921**
	At 1 March 2019 R'000	Interest R'000	Exchange differences R'000	Repayments – interest R'000	Other R'000	At 29 February 2020 R'000
2020						
UIF	235 188	25 246	–	(75 082)	–	185 352
Redlex Investments Proprietary Limited	5 152	174	–	(5 326)	–	–
Loan due to EERNL	380	–	51	–	279	710
	240 720	25 420	51	(80 408)	279	186 062

COMPANY

	At 1 March 2020 R'000	**Exchange differences R'000**	**Other R'000**	**At 28 February 2021 R'000**
2021				
Loan due to EERNL	**710**	**(30)**	**96**	**776**
	At 1 March 2019 R'000	Exchange differences R'000	Other R'000	At 29 February 2020 R'000
2020				
Loan due to EERNL	380	51	279	710

Borrowings are measured at amortised cost. The carrying values of borrowings approximate their fair values (see note 33).

28 LOAN FROM JOINT VENTURE

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Sacoil Energy Equity Resources Limited ("SEER")	**12 263**	12 940	**12 263**	12 940

This loan is unsecured, interest free and has no fixed terms of repayment. The loan from joint venture is measured at amortised cost. The carrying value of the loan approximates its fair value (see note 33). The loan is denominated in US dollars. The movement in the loan during the year is mainly attributable to foreign exchange gains (R0.4 million). The loan is classified as short term as SEER has the right to call on the loan at any point in time once sufficient notice (less than three months) has been given.

29 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Trade payables	**87 205**	125 644	**418**	856
Accruals	**5 624**	7 354	**3 191**	3 472
Other payables	**808**	5 292	**689**	356
	93 637	138 290	**4 298**	4 684
The carrying values of trade and other payables approximate their fair values (see note 33).				
At 28 February 2021 trade and other payables totalling R2.9 million were classified as held for sale. Refer to note 24.				
The carrying values of the Group's trade and other payables are denominated in the following currencies:				
US dollar	**1 498**	5 194	**–**	–
South African Rand	**92 139**	133 096	**4 298**	4 684
	93 637	138 290	**4 298**	4 684

On 24 February 2021 Engen, a supplier of fuel products to Afric Oil, obtained a judgment from the High Court ordering Afric Oil and its subsidiary, Boland Diesel Proprietary Limited ("Boland Diesel"), to pay the sum of R22.4 million plus costs of the judgment application to Engen's attorneys. The amount remained unpaid at 28 February 2021 and was subsequently settled as part of the business rescue proceedings which commenced at Afric Oil in April 2021. See note 35.

30 LOSS PER SHARE

		GROUP 2021	2020
Basic and diluted	cents	**(46.52)**	(1.86)

Both the basic and diluted loss per share have been calculated using the loss attributable to shareholders of the Company as the numerator. No adjustments to the reported loss were necessary in 2021 and 2020.

		2021	2020
Loss attributable to equity holders of the Company used in the calculation of the basic and diluted loss per share	R'000	**(513 549)**	(20 578)
Weighted average number of ordinary shares used in the calculation of basic loss per share	000's	**1 103 836**	1 103 836
Issued shares at the beginning of the year	000's	**1 103 836**	1 103 836
Effect of shares issued during the year (weighted)	000's	**–**	–
Add: Dilutive share options		**–**	–
Weighted average number of ordinary shares used in the calculation of diluted loss per share	000's	**1 103 836**	1 103 836
Headline (loss)/earnings per share			
Basic and diluted	cents	**(34.01)**	4.96

	Notes	2021 R'000	2020 R'000
Reconciliation of headline (loss)/earnings			
Loss attributable to equity holders of the Company		**(513 549)**	(20 578)
Adjusted for:			
Impairment of oil and gas properties	14, 37	**26 789**	53 512
Impairment of brand, customer relationships and other intangible assets	20, 37	**6 145**	58 580
Impairment of exploration and evaluation assets	13, 37	**107 008**	–
Impairment of property, plant and equipment	19, 37	**12 520**	–
Write-off of computer software	20, 37	**649**	–
Loss on disposal of property, plant and equipment	7.2	**100**	601
Other		**(130)**	–
Adjustments attributable to non-controlling interest		**(3 850)**	(13 244)
Tax effects of adjustments		**(11 089)**	(24 159)
Headline (loss)/earnings		**(375 407)**	54 712

31 CASH (USED IN)/GENERATED FROM OPERATIONS

		GROUP		COMPANY	
	Notes	2021 R'000	2020 R'000	2021 R'000	2020 R'000
(Loss)/profit before taxation		**(541 140)**	(62 675)	**(328 473)**	101 884
Adjustments for:					
Depreciation and amortisation	7.2	**7 636**	29 389	**100**	900
Provision for impairment of financial assets	34.1(b)	**59 616**	3 705	**83 332**	47 341
Impairment of financial assets	18	**258 472**	25 825	**161 372**	12 912
Write-off of computer software	20, 37	**649**	–	**–**	–
Impairment of investments in subsidiaries	15.1, 37	**–**	–	**84 913**	323
Impairment of brand, customer relationships and other intangible assets	20, 37	**6 145**	58 580	**–**	–
Impairment of exploration and evaluation assets	13, 37	**107 008**	–	**–**	–
Impairment of oil and gas properties	14, 37	**26 789**	53 512	**–**	–
Impairment of property, plant and equipment	19, 37	**12 520**	–	**–**	–
Gain on derecognition of borrowings	7.2	**–**	(10 263)	**–**	–
Finance income	8	**(32 545)**	(78 425)	**(29 410)**	(76 740)
Net monetary (gain)/loss	15.2	**(119 525)**	39 151	**–**	–
Finance costs	9	**17 622**	26 524	**–**	1
Management fees	32	**(91)**	(125)	**(399)**	(1 028)
Loss on disposal of property, plant and equipment	7.2	**100**	601	**–**	53
Net foreign exchange losses/(gains)		**132 314**	(34 647)	**9 270**	(35 033)
Bad debts		**–**	1 759	**–**	–
Gain on derecognition of right-of-use assets	7.2	**(1 101)**	–	**–**	–
Provision for leave pay		**466**	(351)	**348**	101
Encha Refund	18	**–**	(75 930)	**–**	(75 930)
Lease remeasurement		**–**	(2 271)	**–**	–
Other non-cash items		**(130)**	–	**–**	–
Changes in working capital:					
Decrease in inventories		**2 607**	2 522	**–**	–
Decrease in trade and other receivables		**36 780**	95 797	**1 962**	3 600
(Decrease)/increase in trade and other payables		**(42 059)**	14 949	**362**	777
		(67 867)	87 627	**(16 623)**	(20 839)

32 RELATED PARTIES

Related parties of the Group include entities detailed in notes 15.1 and 16, key management and Non-executive Directors. Key management includes Executive Directors, members of the Executive Committee and other senior employees.

The following transactions were carried out with related parties:

		GROUP		COMPANY	
		2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
(a)	**Transactions with Group companies**				
	Management fees	**91**	125	**399**	1 028
	Mena International Petroleum Company Limited	**–**	–	**265**	460
	SacOil Energy Equity Resources Limited	**91**	125	**91**	125
	SacOil DRC SARL	**–**	–	**43**	443
	Interest income	**–**	–	**9 049**	12 367
	Afric Oil Proprietary Limited	**–**	–	**9 049**	12 367
		91	125	**9 448**	13 395

Management fees consist of payroll costs incurred in running the financial or operating activities of the subsidiaries plus a mark-up of 10%. Interest income relates to interest charged on the loan to Afric Oil Proprietary Limited on the basis disclosed in note 17.

		GROUP AND COMPANY	
		2021 R'000	2020 R'000
(b)	**Key management compensation**		
	Non-executive directors		
	Boas Seruwe	**989**	1 281
	Thuto Masasa[1]	**225**	847
	Vuyo Ngonyama	**583**	722
	Patrick Mngconkola	**648**	665
	Zanele Radebe	**550**	672
	Malande Tonjeni[2]	**39**	–
		3 034	4 187

	Salary R'000	Other benefits R'000	Total R'000
Executive directors			
2021			
Damain Matroos	**3 604**	**131**	**3 735**
Tariro Gadzikwa[3]	**1 401**	**551**	**1 952**
	5 005	**682**	**5 687**
2020			
Damain Matroos	3 076	746	3 822
Tariro Gadzikwa	2 024	553	2 577
	5 100	1 299	6 399
Other key management			
2021			
Short-term employee benefits	**1 893**	**5**	**1 898**
2020			
Short-term employee benefits	1 893	64	1 957

[1] *Resigned on 31 July 2020*
[2] *Appointed on 10 February 2021*
[3] *Resigned on 6 July 2020 and left the Group on 30 September 2020*

32 RELATED PARTIES (CONTINUED)

		Notes	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
(c)	**Year-end balances**					
	Loans to Group companies	17	**–**	–	**–**	33 759
	Loan from Group company	17	**–**	–	**(318)**	(318)
	Loan from joint venture	28	**12 263**	12 940	**12 263**	12 940

(d) Share options

Name of holder	Grant date	Share price at grant date R	As at 29 February 2020 000's	Lapsed	As at 28 February 2021 000's	Exercise price after share consolidation R	Vesting date	Expiry date
Brian Christie[1]	10 Oct 2016	0.18	927	–	**927**	2.70	10 Oct 2016	9 Oct 2026
	10 Oct 2016	0.18	463	–	**463**	2.70	10 Oct 2017	9 Oct 2026
	10 Oct 2016	0.18	463	–	**463**	2.70	10 Oct 2018	9 Oct 2026
Gontse Moseneke[1]	8 Jul 2010	0.40	157	(157)	**–**	2.90	8 Jul 2010	7 Jul 2020
	8 Jul 2010	0.40	78	(78)	**–**	2.90	8 Jul 2011	7 Jul 2020
	8 Jul 2010	0.40	78	(78)	**–**	2.90	8 Jul 2012	7 Jul 2020
	10 Oct 2016	0.18	346	–	**346**	2.70	10 Oct 2016	9 Oct 2026
	10 Oct 2016	0.18	173	–	**173**	2.70	10 Oct 2017	9 Oct 2026
	10 Oct 2016	0.18	173	–	**173**	2.70	10 Oct 2018	9 Oct 2026
Tariro Gadzikwa[2]	20 Jun 2014	0.50	125	(125)	**–**	5.28	20 Jun 2014	19 Jun 2024
	20 Jun 2014	0.50	63	(63)	**–**	5.28	20 Jun 2015	19 Jun 2024
	20 Jun 2014	0.50	63	(63)	**–**	5.28	20 Jun 2016	19 Jun 2024
Damain Matroos[3]	10 Jun 2015	0.25	161	–	**161**	2.33	10 Jun 2015	9 Jun 2025
	10 Jun 2015	0.25	161	–	**161**	2.33	10 Jun 2016	9 Jun 2025
	10 Jun 2015	0.25	161	–	**161**	2.33	10 Jun 2017	9 Jun 2025
			3 592	(564)	**3 028**			

[1] *Past directors who were permitted to retain their share options under the provisions of the scheme*
[2] *Share options lapsed on 30 September 2021 due to resignation*
[3] *Share options lapsed on 4 May 2021 due to resignation*

		Direct beneficial 2021 000's	Direct beneficial 2020 000's	% of issued share capital 2021 %	% of issued share capital 2020 %
(e)	**Director's shareholding in the Company**				
	Damain Matroos	**–**	–	**0.007**	0.007

There were no changes between the end of the financial year and the date of approval of the annual financial statements. Damain Matroos resigned as a Director on 5 February 2021 and left the Group on 4 May 2021.

(f) Borrowings

Borrowings from the UIF are disclosed in note 27.

33 FAIR VALUE MEASUREMENT

The fair values of cash and cash equivalents, trade and other receivables, trade and other payables, borrowings, loan from Group company and the loan from the joint venture approximate carrying values due to the short-term maturities of these instruments. Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

		Carrying value		Fair value	
	Notes	2021 R'000	2020 R'000	2021 R'000	2020 R'000
GROUP					
Financial assets at amortised cost					
Loans and other receivables	18	**88 058**	380 376	**89 214**	394 369
COMPANY					
Financial assets at amortised cost					
Loans to Group companies[1]	17	**–**	33 759	**–**	31 784
Loans and other receivables	18	**52 472**	252 032	**53 051**	259 028

[1] *In terms of Efora's accounting policies these financial instruments are carried at amortised cost and not at fair value, given that Efora intends to collect the contractual cash flows from these instruments when they fall due over the life of the instrument.*

VALUATION TECHNIQUES AND ASSUMPTIONS APPLIED TO MEASURE FAIR VALUES

When the fair values of financial assets and financial liabilities disclosed above cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow ("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the disclosed fair value of financial instruments.

	Fair value at 28 February 2021			
Financial assets at amortised cost	**GROUP R'000**	**COMPANY R'000**	**Valuation technique**	**Significant inputs**
Loans and other receivables	**89 214**	**53 051**	DCF model	Weighted average cost of capital
Loans to Group companies	**–**	**–**	DCF model	Weighted average cost of capital

33 FAIR VALUE MEASUREMENT (CONTINUED)

FAIR VALUE HIERARCHY

The following table presents the Group's instruments for which the fair value is disclosed above. The different levels have been defined as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

	GROUP			
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
At 28 February 2021				
Loans and other receivables	–	–	**89 214**	**89 214**
At 29 February 2020				
Loans and other receivables	–	–	394 369	394 369

	COMPANY			
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
At 28 February 2021				
Loans and other receivables	–	–	**53 051**	**53 051**
At 29 February 2020				
Loans and other receivables	–	–	259 028	259 028
Loans to Group companies	–	–	31 784	31 784

There were no transfers between levels during the year. The Group's own non-performance risk at 28 February 2021 is linked to the uncertainties identified in note 38.

34 FINANCIAL RISK MANAGEMENT

34.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management is carried out by Group Finance which identifies, evaluates and mitigates risks in close co-operation with the Group's operating units. The Audit and Risk Committee under the mandate from the Board, provides principles for overall risk management. The Group's risk management practices are underpinned by an Enterprise Risk Management framework where risks are identified, assessed and mitigated. An Enterprise Risk Management Report is presented to the Audit and Risk Committee and Board quarterly. The overall objective of the risk management practices focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to volatile financial markets.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity price risk and commodity price risk. Financial instruments affected by market risk include loans and other receivables, borrowings, loans to Group companies, loan from joint venture, trade and other receivables, trade and other payables, and cash and cash equivalents.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has transactions and balances denominated in foreign currencies and is exposed to foreign currency risk primarily with respect to the US dollar. Foreign currency risk arises from future commercial transactions and recognised assets and liabilities. The Group's financial instruments are not hedged and the Group continues to explore ways to introduce a hedging strategy as it adapts to changes in operations.

At 28 February 2021, if the Rand had weakened by 11% against the US dollar, with all other variables held constant, the Group's post-tax loss for the year would have been R9.5 million lower and the Group's equity would have been R9.5 million higher (2020: the Group's post-tax loss would have been R30.8 million lower and the Group's equity would have been R30.8 million higher). Similarly, if the Rand had strengthened by 11% against the US dollar, with all other variables held constant, the Group's post-tax loss for the year would have been R9.5 million higher and the Group's equity would have been R9.5 million lower (2020: the Group's post-tax loss would been R30.8 million higher and the Group's equity would have been R30.8 million lower) respectively, mainly as a result of foreign exchange gains or losses on translation of US-dollar denominated loans and other receivables, loan from joint venture and trade and other payables (see notes 18, 28 and 29).

At 28 February 2021, if the Rand had weakened by 11% against the US dollar, with all other variables held constant, the Company's post-tax loss for the year would have been R5.3 million lower and the Company's equity would have been R5.3 million higher (2020: the Company's post-tax profit and equity would have been R19.3 million higher). Similarly, if the Rand strengthened by 11% against the US dollar, with all other variables held constant, the Company's post-tax loss for the year would have been R5.3 million higher and the Company's equity would have been R5.3 million lower (2020: the Company's post-tax profit and equity would have been R19.3 million lower) respectively, mainly as a result of foreign exchange gains and losses on the translation of loans and other receivables (see note 18), loans to Group companies (see note 17) and the loan from joint venture (see note 28) which are denominated in US dollars.

Included in the statement of financial position are the following carrying values denominated in currencies other than the Rand:

	Notes	**2021 R'000**	2020 R'000
GROUP			
US dollars			
Loans and other receivables	18	**71 172**	255 689
Trade and other receivables	22	**–**	5 075
Cash and cash equivalents	23	**381**	460
Borrowings	27	**(776)**	(710)
Loan from joint venture	28	**(12 263)**	(12 940)
Trade and other payables	29	**(1 498)**	(5 194)
COMPANY			
US dollars			
Loans and other receivables	18	**35 586**	127 845
Loans to Group companies	17	**–**	33 759
Borrowings	27	**(776)**	(710)
Loan from joint venture	28	**(12 263)**	(12 940)

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 FINANCIAL RISK FACTORS (CONTINUED)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from cash and cash equivalents and borrowings. The Company's interest rate risk arises from the loan advanced to Afric Oil and cash and cash equivalents. Cash and cash equivalents deposited, loans advanced or borrowings acquired at variable rates expose the Group to cash flow interest rate risk. Cash and cash equivalents deposited, loans advanced or borrowings acquired at fixed rates expose the Group to fair value interest rate risk.

Cash and cash equivalents

The Group's and Company's cash and cash equivalents are deposited at fixed interest rates, thereby eliminating cash flow interest rate risk. The Group's and Company's fair value interest rate risk with respect to cash and cash equivalents is considered to be minimal.

Borrowings

The Group's exposure to interest rate risk is on the UIF loan which incurs interest at a variable rate (see note 27). At 28 February 2021, if the interest rate had decreased by 10%, with all other variables held constant, the Group's post-tax loss for the year would have been R1.7 million lower and the Group's equity would have been R1.7 million higher (2020: the Group's post-tax loss would have been lower by R2.5 million and the Group's equity would have been R2.5 million higher). Similarly, if the interest rate had increased by 10%, with all other variables held constant, the Group's post-tax loss for the year would have been R1.7 million higher and the Group's equity would have been R1.7 million lower (2020: the Group's post-tax loss would have been higher by R2.5 million and the Group's equity would have been R2.5 million lower) respectively. The change in Jibar was 44.5% for the year under review but management has selected a variation of 10% to present the interest rate sensitivity given the significance of the UIF loan to the financial position of the Group as at 28 February 2021.

Afric Oil loan

The Afric Oil loan is advanced at a variable rate (see note 17). A 10% decrease or increase in the interest rate applicable to the loan would not have a material impact on the Company's post-tax loss or equity (2020: also not material).

(iii) Price risk

The Group is exposed to the risk of fluctuations in prevailing market commodity prices on the oil it produces and trades. This risk was assessed as immaterial at 28 February 2021 due to the limited operations at Lagia (Egypt segment) and the absence of crude trading under the contract with the Nigerian National Petroleum Corporation ("NNPC") during the year under review.

The petroleum products sold by the Group are also impacted by shifts in oil prices. The Group's policy is to manage this price risk through the use of contract-based prices with customers. A 2% increase in the average selling price of petroleum products, with all other variables held constant, would have resulted in a decrease in the Group's post-tax loss by R24.1 million and an increase in the Group's equity by R24.1 million for the year under review (2020: a decrease in the Group's post-tax loss by R39.1 million and an increase in the Group's equity by R39.1 million). Similarly, a 2% decrease in the average selling price of petroleum products, with all other variables held constant, would have resulted in an increase in the Group's post-tax loss by R24.1 million and a decrease in the Group's equity by R24.1 million for the year under review (2020: an increase in the Group's post-tax loss by R39.1 million and a decrease in the Group's equity by R39.1 million). A variation in the pricing for petroleum products by less than 2% would not have had a material impact for the year under review.

The Group is not exposed to equity price risk.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. Credit risk is managed on a Group basis in close co-operation with the various business units. Credit risk arises from trade and other receivables (see note 22), cash and cash equivalents (see note 23), including deposits with banks and financial institutions, and loans and other receivables (see note 18). For the Company credit risk also arises from loans to Group companies. For banks and financial institutions only independently rated parties with high credit ratings are accepted. With respect to trade and other receivables, it is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures which include an assessment of creditworthiness, short-term liquidity and financial position. It is then the policy of the Group to manage credit risk on an ongoing basis through regular reviews of the age analyses and credit limits. In order to manage credit risk that arises from its loans and receivables, the Group aims to trade only with recognised and creditworthy third parties to minimise the risk of default on its various receivables.

The provision of impairment charge/(reversal) attributable to financial assets recognised in the statement of comprehensive income under other operating costs comprises:

		GROUP		COMPANY	
	Note	**2021 R'000**	2020 R'000	**2021 R'000**	2020 R'000
Loans and other receivables		**45 414**	5 327	**45 675**	4 575
Loans to Group companies		**–**	–	**38 423**	47 685
Trade and other receivables		**14 202**	(1 622)	**(766)**	(4 919)
	7.1	**59 616**	3 705	**83 332**	47 341

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

Trade receivables

Trade receivables consist of a large number of customers in various industries and geographical areas. The credit terms are generally on 30-day terms. The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. Concentration risk attributable to the Group's revenue is outlined in note 6 which indicates the materialisation of this risk through the loss of a significant customer during the year under review.

In measuring the expected credit losses, trade receivables that have similar credit risk profiles have been grouped and assessed on a collective basis as they possess shared credit risk characteristics. They have further been grouped based on the days past due.

The expected loss rates are based on the payment profile for trade receivables over a two-year period as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding-looking factors affecting the customer's ability to settle the amount outstanding which include the outlook of the customer's operating and macroeconomic environment. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within each annual reporting period. Where credit ratings are available, such ratings are also taken into consideration.

Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangements, amongst others, is considered indicators of no reasonable expectation of recovery.

On the above basis the expected credit losses for trade receivables as at 28 February 2021 and 29 February 2020 were determined as follows:

		Current	> 30 days	> 60 days	> 90 days	Total
28 February 2021						
Group 1						
Expected credit loss rate	(%)	**–**	**–**	**–**	**100.0**	
Gross carrying amount	(R'000)	**–**	**–**	**–**	**3 006**	**3 006**
Lifetime expected credit losses	(R'000)	**–**	**–**	**–**	**3 006**	**3 006**
Representing trade receivables that have independent credit ratings						
Group 2						
Expected credit loss rate	(%)	**1.0**	**7.0**	**87.0**	**100.0**	
Gross carrying amount	(R'000)	**17 478**	**14 914**	**5 258**	**25 614**	**63 264**
Lifetime expected credit losses	(R'000)	**175**	**1 044**	**4 572**	**25 614**	**31 405**
Representing trade receivables with similar credit profiles that do not have credit ratings						
29 February 2020						
Group 1						
Expected credit loss rate	(%)	2.3	2.3	–	–	
Gross carrying amount	(R'000)	20 597	1 082	–	–	21 679
Lifetime expected credit losses	(R'000)	474	25	–	–	499
Representing trade receivables that have independent credit ratings						
Group 2						
Expected credit loss rate	(%)	3.8	3.8	94.5	99.6	
Gross carrying amount	(R'000)	59 256	8 274	13 932	16 012	97 474
Lifetime expected credit losses	(R'000)	2 252	314	13 758	15 329	31 653

Representing trade receivables with similar credit profiles that do not have credit ratings

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

The closing balance of the trade receivables provision for impairment as at 28 February 2021 reconciles with the trade receivables provision for impairment opening balance as follows:

	GROUP Lifetime expected credit losses R'000	COMPANY Lifetime expected credit losses R'000
At 1 March 2019	57 418	5 786
Exchange differences	(23 496)	–
Reversed during the year	(1 622)	(4 919)
Trade receivables	4 016	–
Other receivables	(5 638)	(4 919)
At 29 February 2020	32 300	867
Trade receivables	32 151	–
Other receivables	149	867
At 1 March 2020	**32 300**	**867**
Exchange differences	**24**	**–**
Arising/(reversed) during the year	**14 202**	**(766)**
Trade receivables	**6 944**	**–**
Other receivables	**7 258**	**(766)**
Utilisation of provision	**(1 779)**	**(101)**
Other receivables	**(1 779)**	**(101)**
Reclassification	**–**	**–**
Trade receivables	**(4 708)**	**–**
Other receivables	**4 708**	**–**
At 28 February 2021	**44 747**	**–**
Trade receivables	**34 411**	**–**
Other receivables	**10 336**	**–**

LOANS AND OTHER RECEIVABLES

Loans and other receivables include amounts due from Encha, Transcorp and other smaller balances (see note 18). The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month expected credit losses. In measuring the expected credit losses the Group considers the default risk applicable to each debtor with reference to independent credit ratings for Transcorp and the financial health of the debtor in the case of Encha, as well as the payment history for these debtors.

Key inputs for measuring expected credit losses are provided below.

PROBABILITIES OF DEFAULT ("PDs")

Based on a high-level assessment of the financial health and performance of the debtor, the debtor is classified into one of three categories that drive the estimation methodology:

In default: The PD is set at 100% if the debtor is more than 90 days past due on financial obligations, or if any other event has occurred that represents a serious threat to the going concern basis of the debtor.

Significant increase in credit risk: This reflects a scenario where there is evidence of a significant increase in credit risk since origination of the contract that gave rise to the debtor. Appropriate default rates in such cases can vary significantly between 5% and 95%. The exact quantum of the estimate will depend on the severity of the financial conditions faced by the debtor. In severe cases estimates of the PD are evaluated on a case-by-case basis taking into account credit ratings, if available, for such debtors; however, care is taken to ensure that the credit rating used is fully up to date.

Neither of the above two categories apply: In the absence of information that indicates financial difficulties of the debtors or a significant increase in credit risk, we attempt to make use of credit ratings assigned to the debtor by reputable, external credit rating agencies to guide appropriate assumptions for PDs. Such credit ratings, along with industry statistics regarding historical default behaviour and the term of the debt obligation, are used to estimate the PDs.

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

In the absence of credit ratings that are available from reputable, external credit rating agencies, the following options remain to estimate the PDs:

- The Group (or external consultants) performs its own internal assessment of the creditworthiness of the debtor to derive an estimate of the PD. This is a time-consuming and expensive exercise that is typically only justified in the scenario where the debtor is highly material (recovery of amounts due may threaten the going concern of the Group).
- A subjective estimate of the PD is used. This is loosely based on the size and reputation of the debtor and industry statistics. For reputable companies of substantial size, default rates tend to be rather low (between 1% and 5% over a three to five-year horizon). It is therefore more important to establish that such debtors do not fall into one of the other two categories above.

LOSS GIVEN DEFAULT (LGD)

The assessment of the LGD follows the approach used for PDs quite closely. Estimates of LGDs are influenced by credit ratings as well; however, these are additionally driven by seniority of the debt and any collateral or third-party guarantees. Industry statistics based on average recoveries post default are available from various reliable third-party sources which form the basis of estimates used.

Loans and other receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the agreed settlement dates and to engage with the Group on alternative payment arrangements is considered an indicator of no reasonable expectation of recovery.

TRANSCORP

Up-to-date credit ratings for Transcorp were not readily available at 28 February 2021. However,the Group noted that the hospitality component of Transcorp's business was downgraded to a BBB+ rating. Transcorp during the year under review also made its payments due in full per the settlement agreement (see note 18). A further high-level analysis of the financial statements of the Transcorp business supported Transcorp's ability to comfortably make its payments due per the settlement agreement, with no significant short-term credit risk. The PD and LGD for Transcorp were set at 2.2% and 65%, respectively, which resulted in an expected credit loss rate of 1.43% (2020: 1.67% and 60%, respectively, which resulted in an expected credit loss rate of 1.0%) .

ENCHA

Efora was not able to obtain useful financial information on Encha. The heightened risk associated with failure to make required payments (see notes 18 and 35) is compounded by the lack of information to assess the ability of the debtor to pay. The expected credit loss rate was therefore set high at 75% (2020: 3%). For the previous financial year the debtor was valued based on a credit rating of A2.

On the above basis the expected credit losses for loans and other receivables as at 28 February 2021 and 29 February 2020 were determined as follows:

		Transcorp	Encha	Other	Total
GROUP					
28 February 2021					
Expected credit loss rate	(%)	**1.4**	**75.0**	**100.0**	
Gross carrying amount	(R'000)	**72 204**	**67 547**	**5 145**	**144 896**
Lifetime expected credit losses	(R'000)	**1 033**	**50 660**	**5 145**	**56 838**
29 February 2020					
Expected credit loss rate	(%)	1.0	3.0	92.8	
Gross carrying amount	(R'000)	258 246	128 009	6 950	393 205
Lifetime expected credit losses	(R'000)	2 557	3 822	6 450	12 829
COMPANY					
28 February 2021					
Expected credit loss rate	(%)	**1.4**	**75.0**	**–**	
Gross carrying amount	(R'000)	**36 100**	**67 547**	**–**	**103 647**
Lifetime expected credit losses	(R'000)	**515**	**50 660**	**–**	**51 175**
29 February 2020					
Expected credit loss rate	(%)	1.0	3.0	100.0	
Gross carrying amount	(R'000)	129 123	128 009	1 805	258 937
Lifetime expected credit losses	(R'000)	1 278	3 822	1 805	6 905

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

The closing balance of the loans and other receivables provision for impairment as at 28 February 2021 reconciles with the loans and other receivables provision for impairment opening balance as follows:

	Lifetime expected credit losses R'000	12-month expected credit losses[3] R'000	Credit-impaired financial assets (lifetime expected credit losses)[1] R'000	Total R'000
GROUP				
At 1 March 2019	7 502	–	69 970	77 472
Exchange differences	–	–	8 164	8 164
Write-offs	–	–	(78 134)	(78 134)
Changes in risk parameters	1 505	3 822	–	5 327
At 29 February 2020	9 007	3 822	–	12 829
At 1 March 2020	**9 007**	**3 822**	**–**	**12 829**
Write-offs[2]	**(1 405)**	**–**	**–**	**(1 405)**
Changes in risk parameters	**49 236**	**(3 822)**	**–**	**45 414**
At 28 February 2021	**56 838**	**–**	**–**	**56 838**
COMPANY				
At 1 March 2019	2 330	–	69 970	72 300
Write-offs	–	–	(78 134)	(78 134)
Exchange differences	–	–	8 164	8 164
Changes in risk parameters	753	3 822	–	4 575
At 29 February 2020	3 083	3 822	–	6 905
At 1 March 2020	**3 083**	**3 822**	**–**	**6 905**
Write-offs[2]	**(1 405)**	**–**	**–**	**(1 405)**
Changes in risk parameters	**49 497**	**(3 822)**	**–**	**45 675**
At 28 February 2021	**51 175**	**–**	**–**	**51 175**

[1] *Attributable to the loan due from EERNL which was derecognised during the prior year*
[2] *Utilisation of the provision for impairment attributable to the deferred consideration on disposal of Greenhills Plant following final settlement of the amount due*
[3] *Attributable to the change in basis for the determination of expected credit losses following a significant increase in credit risk*

LOANS TO GROUP COMPANIES

The composition of loans to Group companies is provided in note 17. The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month expected credit losses. In measuring the expected credit losses, the Group considers the default risk applicable to each debtor with reference to the financial health of the debtor as there are no externally available credit ratings or a significant past payment history.

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

Loans to Group companies are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the agreed loan repayment dates and to engage with the Group on alternative payment arrangements is considered an indicator of no reasonable expectation of recovery. The Group has taken into account the underperformance of Mena, the business rescue proceedings at Afric Oil and the expiry of the exploration licence in the DRC, in assessing the expected credit losses. Estimated probabilities of default after taking into account these factors are outlined below.

		SacOil DRC	Mena	Afric Oil	Other	Total
COMPANY						
28 February 2021						
Expected credit loss rate	(%)	**100**	**100**	**100**	**100**	
Gross carrying amount	(R'000)	**44 350**	**–**	**120 350**	**30**	**164 730**
Lifetime expected credit losses	(R'000)	**44 350**	**–**	**120 350**	**30**	**164 730**
29 February 2020						
Expected credit loss rate	(%)	100	80	100	60	
Gross carrying amount	(R'000)	45 907	168 729	114 553	32	329 221
Lifetime expected credit losses	(R'000)	45 907	134 983	114 553	19	295 462

The closing balance of the loans to Group companies provision for impairment as at 28 February 2021 reconciles with the loans to Group companies provision for impairment opening balance as follows:

	Lifetime expected credit losses				
	SacOil DRC R'000	Mena R'000	Afric Oil R'000	Other R'000	Total R'000
At 1 March 2019	40 685	114 986	92 106	–	247 777
Arising during the year	5 222	19 997	22 447	19	47 685
At 29 February 2020	45 907	134 983	114 553	19	295 462
Balance at 1 March 2020	**45 907**	**134 983**	**114 553**	**19**	**295 462**
Arising during the year	**(1 557)**	**34 172**	**5 797**	**11**	**38 423**
Mena International Petroleum Company Limited transferred to assets held for sale (see note 24)	**–**	**(169 155)**	**–**	**–**	**(169 155)**
Balance at 28 February 2021	**44 350**	**–**	**120 350**	**30**	**164 730**

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 FINANCIAL RISK FACTORS (CONTINUED)

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Cash flow forecasting is performed for the operating entities of the Group and aggregated by Group Finance. Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows which may differ from the carrying values of the liabilities at the reporting date.

	1 – 3 months R'000	4 – 6 months R'000	7 – 12 months R'000	13 – 24 months R'000	> 24 months R'000	Total R'000
GROUP						
At 28 February 2021						
Trade and other payables	**93 637**	**–**	**–**	**–**	**–**	**93 637**
Borrowings[1]	**196 145**	**–**	**776**	**–**	**–**	**196 921**
Loan from joint venture	**–**	**–**	**–**	**12 263**	**–**	**12 263**
Total	**289 782**	**–**	**776**	**12 263**	**–**	**302 821**
At 29 February 2020						
Trade and other payables	138 290	–	–	–	–	138 290
Borrowings	16 089	15 778	30 745	57 730	97 256	217 598
Lease liabilities	289	289	578	1 248	7 752	10 156
Loan from joint venture	–	12 940	–	–	–	12 940
Total	154 668	29 007	31 323	58 978	105 008	378 984
COMPANY						
At 28 February 2021						
Loan from Group company	**–**	**–**	**318**	**–**	**–**	**318**
Trade and other payables	**4 298**	**–**	**–**	**–**	**–**	**4 298**
Borrowings	**–**	**–**	**776**	**–**	**–**	**776**
Loan from joint venture	**–**	**–**	**–**	**12 263**	**–**	**12 263**
Total	**4 298**	**–**	**1 094**	**12 263**	**–**	**17 655**
At 29 February 2020						
Loan from Group company	–	–	318	–	–	318
Trade and other payables	4 684	–	–	–	–	4 684
Borrowings	–	–	710	–	–	710
Loan from joint venture	–	12 940	–	–	–	12 940
Total	4 684	12 940	1 028	–	–	18 652

[1] *The UIF borrowings have been classified as due within three months due to the default on the loan arrangements that existed at 28 February 2021 (see note 27) and the subsequent interim court order, the effect of which was to take possession of Afric Oil's assets in order to recover amounts owed (see note 35)*

The Group's ability to meet all its obligations is dependent on its ability to achieve the plans outlined in note 38. The Group's concentration of liquidity risk has been assessed as high with respect to the loan due to the UIF. Collateral attributable to the Group's debt is disclosed in note 27.

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

34.2 CAPITAL MANAGEMENT

The Group manages its capital to ensure that it remains a going concern and is sufficiently funded to support its business strategy and maximise shareholder value. The Group's funding needs are met through a combination of debt and equity.

The capital structure of the Group consists of net debt, which includes financial liabilities and equity attributable to equity shareholders of the Company, comprising issued share capital, reserves and accumulated losses as disclosed in the statement of changes in equity, after deducting cash and cash equivalents.

The Group monitors capital on the basis of the net debt ratio, that is, the ratio of net debt to net debt plus equity. The Group aims to achieve a gearing ratio of between 30% and 40%. The net debt ratio at 28 February 2021 was as follows and was negatively impacted by the increase in the accumulated loss arising from the impairments recognised during the year (see notes 34.1(b) and 37):

	Notes	2021 R'000	2020 R'000
Short and long-term financial liabilities	27	**196 921**	186 062
Trade and other payables	29	**88 013**	130 936
Short and long-term finance lease obligations	19.1(b)	**–**	6 897
Loan from joint venture	28	**12 263**	12 940
Less: Unrestricted cash and cash equivalents	23	**(7 624)**	(49 588)
Net debt		**289 573**	287 247
Total equity		**(62 927)**	449 985
Total capital		**226 646**	737 232
Gearing ratio		**128%**	39%

The technical insolvency of the Group is dealt with in note 38.

35 EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any material events that occurred after the reporting period and up to the date of this report, other than as disclosed below.

BUSINESS RESCUE PROCEEDINGS AT AFRIC OIL

On 16 April 2021 Afric Oil was placed under business rescue as a result of the following developments as previously communicated by the Company in its various announcements:

- default on loan repayment obligations and breach of loan covenants on the UIF loan (see note 27);
- the receipt of a notice of demand on 15 January 2021 from the PIC, manager of the UIF, demanding settlement of R56.4 million in outstanding loan repayments by 12 February 2021, which amount was not settled as at 28 February 2021;
- the issuance of a judgment by the High Court ordering Afric Oil and its subsidiary, Boland Diesel Proprietary Limited, to pay the sum of R22.4 million plus costs, which amount was not settled as at 28 February 2021; and
- the issuance of an interim court order on 14 April 2021 against Afric Oil the effect of which was to take possession of its moveable and immoveable assets pursuant to the terms of the UIF loan agreement.

Under the terms of this loan agreement the UIF advanced R210.0 million to Afric Oil in February 2017 of which R196.1 million was due and payable as at 28 February 2021 (see note 27).

DISPOSAL OF AFRIC OIL PURSUANT TO THE BUSINESS RESCUE PLAN

As announced on 16 August 2021 the Afric Oil Business Rescue Plan was published on 30 July 2021 which proposed the disposal of Afric Oil through an accelerated sales process.

On 16 August and 20 October 2021 the Company announced the approval, by Afric Oil shareholders and creditors, of the disposal of 100% of the shares in Afric Oil to Royale Energy Proprietary Limited ("Royale") for R12.9 million. Pursuant to the business rescue proceedings and a revised offer from Royale, the Company through its wholly owned subsidiary, Afric Oil Holdings Proprietary Limited, entered into a sale agreement under the terms of which the Company disposed of its 71.13% indirect interest in Afric Oil to Royale for a disposal consideration of R10.0 million.

The sale was completed on 1 March 2022 and was classified as a category 2 transaction in terms of the JSE Limited Listings Requirements. Shareholders are referred to the announcement issued on the Stock Exchange News Service on 8 February 2022.

35 EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

DISPOSAL OF MENA PETROLEUM COMPANY CORPORATION

As mentioned in note 24, in June 2020 the Efora Board of Directors approved a plan to dispose of the Company's 100% interest in Mena. On 16 August 2021 the Company concluded an agreement with Enerjya International Limited ("Enerjya"), under the terms of which the Company sold its 100% shareholding in Mena for US$350 000 (R5.1 million). Enerjya is a private company incorporated in the United Arab Emirates, with no relation to Efora. The sale was perfected on 10 September 2021.

EXPIRY OF EXPLORATION LICENCE IN THE DRC

On 14 July 2021 the Efora Board of Directors resolved not to renew the exploration licence for its interest in Block III in the DRC due to legal uncertainties surrounding the renewal of the licence under the DRC hydrocarbons laws. The Board was of the view that any additional investment in the asset would be at a level of risk which the Board was unprepared to accept, given the funding constraints in the Group. The Block III exploration licence expired in July 2020 (also see note 13).

ENCHA DEFAULT AND SUBSEQUENT SETTLEMENT AGREEMENT

Encha defaulted on the payment of the R20.0 million which was due on 30 June 2021. Accordingly, Encha failed to comply with the Company's deferred payment plan (as set out in the last integrated report published on 1 July 2021) and as such repudiated the agreement for the waiver and deferred payment of any amount. The full balance of R75.0 million plus interest at prime plus 3% up until settlement date was due and payable. Efora resolved to take legal action to recover the debt and to this effect pursued Encha in the High Court via a filed liquidation application. The liquidation process was suspended due to the conclusion of a settlement agreement with Encha.

In April 2022 Efora concluded a settlement agreement with Encha pursuant to which Encha would pay R40.0 million in full and final settlement of all amounts owed to Efora. This settlement amount was received by Efora in April 2022 in accordance with the provisions of the settlement agreement. Efora in total recovered R45.75 million from Encha of which R5.75 million was received in July and August 2020. This settlement brings to an end a protracted legal process that commenced in 2016.

CHANGE IN DIRECTORATE

Darrin Arendse was appointed as Interim CEO on 5 May 2021 following the resignation of Damain Matroos on 5 February 2021.

Thabang Monametsi was appointed as Interim CFO effective from 1 April 2021. He resigned from his role as CFO on 28 February 2023.

Vuyo Ngonyama was appointed as Chairman of the Efora Board of Directors on 16 April 2021 following the resignation of Boas Seruwe on 15 April 2021.

36 COMMITMENTS AND CONTINGENT LIABILITIES

COMMITMENTS

Capital commitments

At 28 February 2021 Boland Diesel had committed to carry out improvements to the value of R1.0 million on the vacant land situated at Portion of Erf 5520, Moorreesburg, Western Cape. Boland Diesel, which is a 100%-held subsidiary of Afric Oil, was subsequently sold to Royale in March 2022.

CONTINGENT LIABILITIES

In terms of section 133(1) of the Companies Act no legal proceedings, including enforcement action, may be commenced or continued with in any form against a company, or in relation to any property belonging to a company, or lawfully in its possession, during business rescue proceedings. As such, claims against Afric Oil previously disclosed in the last integrated annual report published on 1 July 2021 were suspended pending the outcome of the business rescue proceedings.

37 IMPAIRMENT OF NON-FINANCIAL ASSETS

Impairment charges relating to the following assets were recognised in the current and prior years:

		GROUP		COMPANY	
	Notes	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Oil and gas properties[1]	14, 37.1	**26 789**	53 512	**–**	–
Brands, customer relationships and other intangible assets		**6 145**	58 580	**–**	–
Brands	20, 37.2	**–**	3 389	**–**	–
Customer relationships	20, 37.2	**–**	41 678	**–**	–
Other intangible assets[1]	20, 37.1	**6 145**	13 513	**–**	–
Exploration and evaluation assets	13, 37.3	**107 008**	–	**–**	–
Investments in subsidiaries	15.1, 37.4	**–**	–	**84 913**	323
Property, plant and equipment	19, 37.5	**12 520**	–	**–**	–
		152 462	112 092	**84 913**	323

[1] *Attributable to the Lagia oil and gas properties and other intangible assets (right to drill for petroleum reserves)*

37.1 OIL AND GAS ASSETS AND OTHER INTANGIBLE ASSETS

	Notes	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Oil and gas properties	14	**26 789**	53 512	**–**	–
Other intangible assets	20	**6 145**	13 513	**–**	–
		32 934	67 025	**–**	–

An impairment of R32.9 million (US$2.183 million) (2020: R67.0 million (US$4.3 million)) was recognised at 28 February 2021 with respect to the Lagia oil and gas properties (R26.8 million) and petroleum reserves (R6.1 million) (see notes 14 and 20) under other operating costs within the Egypt segment. The carrying amounts of the Lagia oil and gas properties and petroleum reserves were compared to their recoverable amounts. The recoverable amounts were negatively impacted by (a) changes in the oil sales price forecast, (b) changes in the oil production forecast and (c) the effect of rolling the report forward by one year, while the end of the licence term remains fixed. The recoverable amount of the oil and gas assets and petroleum reserves of R5.3 million (US$0.35 million) (2020: R40.3 million (US$2.6 million) was determined using value-in-use calculations where future cash flows were estimated and discounted at a weighted average cost of capital of 17.4% (2020: 17.4%).

The carrying amount of the oil and gas properties and petroleum reserves was R38.2 million (US$2.533 million) (2020: R107.3 million (US$6.9 million)) prior to the recognition of the impairment charge of which R31.0 million (US$2.057 million) (2020: R85.7 million (US$5.5 million)) was attributed to oil and gas properties and R7.2 million (US$0.476 million) (2020: R21.6 million (US$1.4 million)) to petroleum reserves. The impairment charge of R32.9 million (US$2.183 million) (2020: R67.0 million (US$4.289 million)) was allocated proportionately to the oil and gas properties and petroleum reserves based on the carrying amounts of these assets prior to impairment.

The recoverable amounts, carrying amounts and the resultant impairments of oil and gas properties and the petroleum reserves intangible asset are analysed below:

	Recoverable amounts R'000	Carrying amount R'000	Total R'000	Recoverable amounts US$'000	Carrying amount US$'000	Total US$'000
Oil and gas properties	4 242	31 031	(26 789)	281	2 057	(1 776)
Petroleum reserves	1 038	7 183	(6 145)	69	476	(407)
Total	5 280	38 214	(32 934)	350	2 533	(2 183)

37 IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

37.2 FOREVER FUELS CUSTOMER RELATIONSHIPS AND BRAND

In the prior financial year customer relationships with a carrying amount of R41.7 million and the brand with a carrying amount of R4.4 million allocated to the Forever Fuels cash-generating unit ("CGU") on acquisition were tested for impairment as at 29 February 2020 as a result of the decreased volumes generated by the business. The carrying amount of the CGU was compared to its recoverable amount which was determined through value-in-use calculations where future cash flows were estimated and discounted at the weighted average cost of capital ("WACC"). The recoverable amount of the Forever Fuels CGU as at 29 February 2020 was determined to be nil. The discount rate applied to the cash flow projections was 11.62%. As a result of the analysis, management recognised an impairment of R45.1 million for the Forever Fuels CGU of which R41.7 million was allocated against customer relationships and R3.4 million against the brand (see note 20).

Key assumptions used in determining the value in use are summarised below.

- Gross margins
- Discount rate
- Market share during the budget period
- Growth rates used to extrapolate cash flows beyond the budget period

Gross margins: Gross margins are based on average values achieved from current trading activities and are derived from regulated wholesale prices.

Discount rates: The discount rate calculation is based on the specific circumstances of the Group and is derived from its WACC as referred to below.

Market share: Management expects the Group's share of the petroleum products market to be stable over the forecast period.

Growth rates: Based on the estimated growth rate for the petroleum products sector.

The impairment above was due to loss-making operations mainly as a result of decreased volumes sold by the business. The impairment was recognised in the statement of comprehensive income under other operating costs.

37.3 EXPLORATION AND EVALUATION ASSETS

The Block III licence expired in July 2020 and at 28 February 2021 management was in discussions with partners on the block to obtain a renewal of the licence. The expiry of the licence was viewed as an impairment indicator and management performed an impairment assessment at 28 February 2021 whereby it was concluded that future cash flows could no longer be associated with the asset given the expiry of the licence. As such, the recoverable amount for Block III was assessed as nil and the carrying amount of R107.0 million was fully impaired. The impairment charge is recognised within other operating costs in the statement of comprehensive income and is shown within the DRC segment in note 6. Post the reporting period a decision was also made to relinquish the licence for Block III (see note 35). The Block III exploration and evaluation asset was held by SacOil DRC SARL, a 100% indirectly held subsidiary of the Company, which is directly owned by RDK Mining Proprietary Limited (see note 37.4).

37.4 INVESTMENTS IN SUBSIDIARIES

Impairment charges attributable to the following subsidiaries were recognised in the statement of comprehensive income under other operating costs:

	Notes	2021 R'000	2020 R'000
SacOil 233 Nigeria Limited[1]		–	1
SacOil 281 Nigeria Limited[1]		–	1
SacOil Holdings Nigeria Limited[1]		–	1
Pioneer Coal Proprietary Limited[1]		–	318
Transfer Holdings Proprietary Limited		–	2
Mena International Petroleum Company Limited ("Mena")	24	**67 903**	–
RDK Mining Proprietary Limited ("RDK")	15.1	**17 010**	–
		84 913	323

[1] *Subsidiaries are dormant and are in the process of being wound up*

MENA

The Company performed an impairment assessment of its investment in Mena by comparing the carrying amount of the investment to the recoverable amount of R5.3 million calculated as highlighted under note 37.1, which resulted in an impairment of R67.9 million. At 28 February 2021 the carrying amount of the investment in Mena was R73.2 million prior to impairment. Mena's primary asset is the Lagia Oil Field which is represented in the Group's oil and gas properties and other intangible assets.

RDK

The impairment of the Block III exploration and evaluation asset at 28 February 2021 prompted an impairment assessment of the Company's investment in RDK (see note 37.3). The recoverable amount of the investment in RDK is directly linked to the recoverable amount of the Block III exploration and evaluation asset which was assessed to be nil as at 28 February 2021. As such an impairment of the investment in RDK totalling R17.0 million was recognised under other operating costs in the statement of comprehensive income. The carrying amount of the investment in RDK prior to impairment was R17.0 million.

37 IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

37.5 PROPERTY, PLANT AND EQUIPMENT

Afric Oil's property, plant and equipment was assessed for impairment at 28 February 2021 using the fair value less costs of disposal ("FVLCD") to determine the recoverable amount of the assets. The value in use could not be reliably determined given the institution of business rescue proceedings at Afric Oil (see note 35). The FVLCD of Afric Oil's property, plant and equipment with a carrying amount of R35.2 million was determined to be R22.7 million which resulted in the recognition of an impairment charge amounting to R12.5 million under other operating costs in the statement of comprehensive income within the South Africa segment (see note 5). The FVLCD was based on the market approach using prices generated by market transactions involving comparable assets. Afric Oil appointed an independent adviser to establish these market prices.

37.6 WACC

The WACC used in the Group's various impairment assessments takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Discount rates represent the current market assessment of the risks specific to each CGU.

38 GOING CONCERN

The Group's performance and financial position were negatively impacted by the underperformance of its key subsidiaries, Afric Oil and Mena, and for the year ended 28 February 2021 the Group utilised cash totalling R61.1 million (2020: generated cash totalling R6.2 million). The Group also generated a loss after tax amounting to R541.1 million (2020: R57.9 million) for the the year under review. At 28 February 2021 the Group's liabilities exceeded its assets by R62.9 million (2020: assets exceeded liabilities by R450.0 million), excluding the non-controlling interest, impacted mainly by operational losses recognised during the year and debt totalling R196.9 million from the UIF.

The factors which contributed to the underperformance of the Group are summarised below:

AFRIC OIL OPERATING ENVIRONMENT

The Afric Oil operations were impacted by a rapid decline in the demand for fuel products brought about by:

- the COVID-19 lockdown restrictions;
- the loss of a material customer in September 2020 which accounted for 28% of the revenue of the Group for the year; and
- the effects in the current year of the prior-year loss of customers and competition from new entrants in the market.

AFRIC OIL DEBT

At 28 February 2021 Afric Oil owed R196.1 million to the UIF which accrued interest on the terms outlined in note 27. The interest on the loan for the year under review totalled R16.8 million (2020: R25.2 million). The low demand for fuel products during and post the reporting period resulted in Afric Oil's inability to meet contractual terms relating to the UIF loan (see notes 27 and 35) and as at 28 Feburary 2021 it was in breach of debt covenants (interest cover and debt-to-equity ratios) and loan repayment terms. Afric Oil had also received a letter of demand from the UIF in January 2021 requesting the payment of R56.4 million which it could not settle by 28 February 2021 (also see note 35). A creditor had also obtained a judgment from the High Court ordering Afric Oil and its subsidiary, Boland Diesel Proprietary Limited, to pay the sum of R22.4 million plus costs of the judgment application.

38 GOING CONCERN (CONTINUED)

LAGIA DEVELOPMENT PROGRAMME

Over the years the Group had experienced funding challenges and was unable to further develop the Lagia Oil Field to improve the crude oil production from the field. The Lagia operations therefore depended on continued funding from the Company by way of loans to Mena. In addition to the funding challenges, the prevailing low oil price environment did not justify further investment in the asset. As such, Mena continued to generate operating losses as summarised in the segment report under the Egypt segment (see note 5).

As disclosed in note 35, Afric Oil was subsequently placed under business rescue in April 2021 and disposed of in March 2022, and in September 2021 the Company completed the disposal of Mena whose assets were classified as held for sale as at 28 February 2021 (see note 24). These developments resulted in a decrease in the Group's financial obligations. The cash flow forecast ("Forecast") to May 2024 ("Forecast Period") therefore indicates that the Group has sufficient cash resources to meet obligations in the normal course of business. In arriving at this conclusion Management took into account the following factors:

- the disposal of Mena in September 2021 and the discharge of funding obligations to the subsidiary;
- the business rescue proceedings at Afric Oil which were completed on 1 March 2022 resulting in the full discharge of Afric Oil's indebtedness to the UIF and its various creditors;
- the disposal of Efora's 71% interest in Afric Oil to Royale on 1 March 2022 for R10.0 million;
- the receipt of US$5.0 million (R74.6 million) from Transcorp between March 2021 and December 2021; and
- the receipt of R40.0 million from Encha in April 2022.

CONCLUSION

Management has assessed that the Group has adequate cash resources to meet financial obligations in the normal course of business for the Forecast Period.

39 COVID-19 AND RUSSIA-UKRAINE WAR

Post the reporting period COVID-19 continued to materially and negatively impact the operations and financial performance of the Group, especially the operations of Afric Oil, a key subsidiary of the Company. The operating environment continued to be difficult, characterised by a rapid decline in the demand for fuel products brought about by the curtailment of operations by customers in compliance with lockdown restrictions and the general downturn in the economy since the start of the pandemic. The Group's credit risk also increased as customers struggled to keep up with credit terms which impacted the Group's available working capital. As such, Afric Oil's sales volumes did not recover to pre-COVID-19 levels despite the easing of restrictions post the reporting period. This and other factors – the loss of a material contract in September 2020, fuel shortages due to the shutdown of refineries during the lockdown and the sabotage on the Transnet multi-product pipeline – eventually contributed to the financial difficulties experienced by Afric Oil which culminated in business rescue proceedings at the subsidiary and, ultimately, the disposal of Afric Oil to Royale Energy (see note 35).

Post the reporting period COVID-19 did not have a material impact on the other subsidiaries of the Company.

The Group has also considered developments with the Russia-Ukraine war post the reporting period. Broadly, the war affected the ability of many companies to continue operations or required the significant scaling down of business activities. Energy prices increased significantly, especially the prices of fuels, and the security of supply of energy was also threatened. Specific to the Group, management has concluded that these developments did not have a material impact on its operations given post-period disposals of its interests in Lagia, Afric Oil and Block III. Management will continue to monitor developments with the war, and the impact thereof, as it progresses its various business development initiatives.

Analysis of Registered Shareholders

For the year ended 28 February 2021

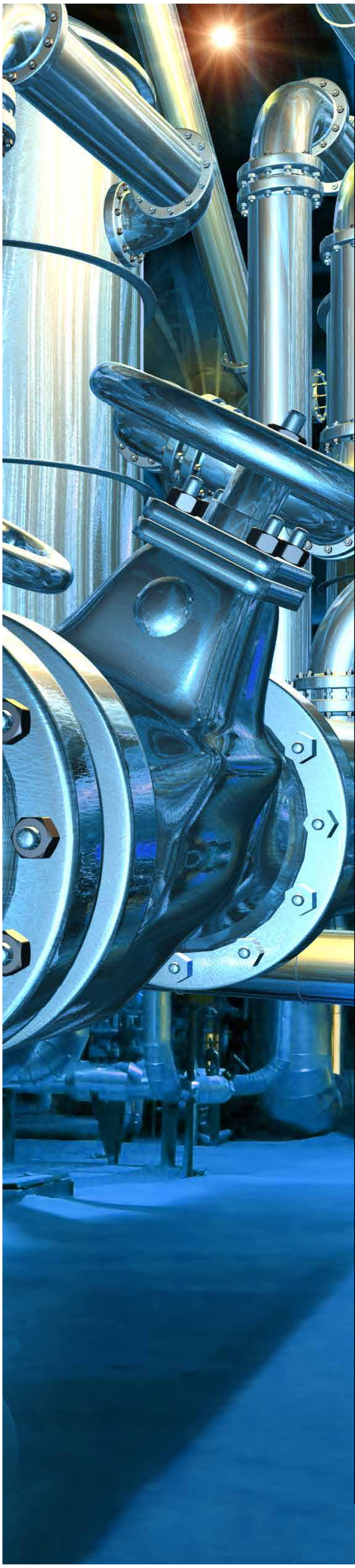
Company: Efora Energy Limited
Issued share capital: 1 103 834 635

In accordance with the JSE Limited Listings Requirements the following table confirms that the spread of registered shareholders of the Company as at 26 February 2021 was as follows:

	Number of shareholdings	%	Number of shares	%
SHAREHOLDER SPREAD				
1 – 1 000 shares	2 438	56.75	597 557	0.05
1 001 – 10 000 shares	1 204	28.03	4 522 571	0.41
10 001 – 100 000 shares	528	12.29	17 740 647	1.61
100 001 – 1 000 000 shares	109	2.54	32 986 636	2.99
1 000 001 – 10 000 000 shares	14	0.33	45 261 858	4.10
10 000 001 shares and over	3	0.07	1 002 725 366	90.84
Total	**4 296**	**100.00**	**1 103 834 635**	**100.00**
DISTRIBUTION OF SHAREHOLDERS				
Banks/brokers	139	3.24	18 752 261	1.70
Close corporations	35	0.81	775 118	0.07
Endowment funds	4	0.09	311 620	0.03
Individuals	3 983	92.71	67 636 582	6.13
Insurance companies	1	0.02	4 461 674	0.40
Investment companies	2	0.05	70 094	0.01
Other corporations	26	0.61	1 224 734	0.11
Private companies	44	1.02	50 585 523	4.58
Public companies	12	0.28	4 711 941	0.43
Retirement funds	1	0.02	953 078 829	86.34
Trusts	49	1.14	2 226 259	0.20
Total	**4 296**	**100.00**	**1 103 834 635**	**100.00**
PUBLIC/NON-PUBLIC SHAREHOLDERS				
Non-public shareholders	1	0.02	953 078 829	86.34
Strategic holdings (more than 10%)	1	0.02	953 078 829	86.34
Public shareholders	4 295	99.98	150 755 806	13.66
Total	**4 296**	**100.00**	**1 103 834 635**	**100.00**
BENEFICIAL SHAREHOLDERS HOLDING 3% OR MORE				
Government Employees Pension Fund			953 078 829	86.34
Gentacure Proprietary Limited			38 745 852	3.51
Total			**991 824 681**	**89.85**

DATES OF IMPORTANCE TO SHAREHOLDERS

Annual General Meeting .... 14 June 2023



Corporate information

COMPANY NAME
Efora Energy Limited

COUNTRY OF INCORPORATION
The Republic of South Africa

LEGAL FORM
Public interest entity

REGISTRATION NUMBER
1993/000460/06

SHARE CODE
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ISIN: ZAE000248258
LEI: 213800Z9GDANDTE13745

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Fusion Corporate Secretarial Services Proprietary Limited

TRANSFER SECRETARIES
JSE Investor Services Proprietary Limited

JSE SPONSOR
PSG Capital

AUDITORS

EXTERNAL AUDITORS
SizweNtsalubaGobodo Grant Thornton Inc.

INTERNAL AUDITORS
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