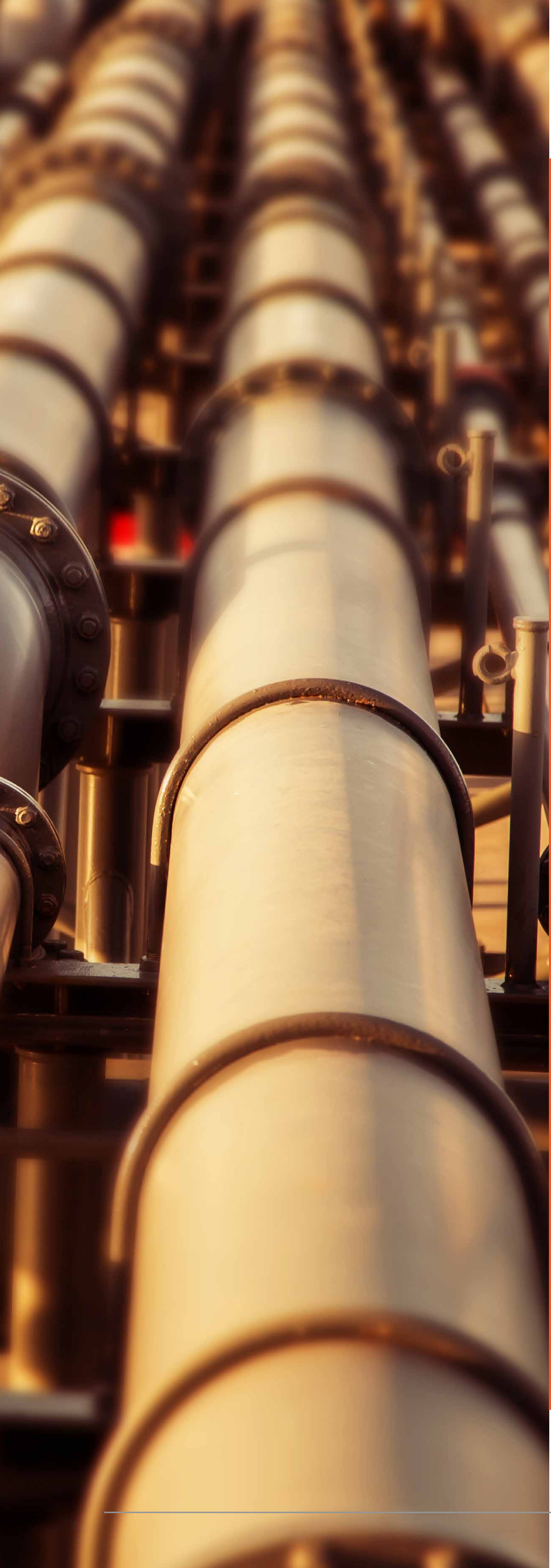
ANNUAL FINANCIAL STATEMENTS

2022

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 2022 to shareholders of Efora Energy Limited ("Efora" or the "Company" or together with its subsidiaries and joint venture, the "Group") in compliance with the requirements of the Companies Act, the JSE Listings Requirements and the King Report on Corporate Governance ("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 June 2023 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]	5/5
Patrick Mngconkola	5/5
Zanele Radebe	5/5

[1] Appointed as Chairperson on 1 April 2021. Prior to that Vuyo Ngonyama served as the Chairperson of the Committee until 31 March 2021. Due to the reconstitution of the Board of Directors ("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 from 1 April 2021.

In compliance with the requirements of the Companies Act, as well as the recommended practices of King IV™, all members of the Committee 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, be requested to approve the continued appointment and remuneration of the members of the Committee. Fees paid to Committee members are detailed on page 65 of the annual financial statements.

The Chairman of the Board is not a member of the Committee. Other Directors, the Interim Chief Executive Officer, Interim Chief Financial Officer 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 five times.

An evaluation of the effectiveness of the Committee was conducted by the Board. 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 audited annual financial statements and integrated report for the year ended 29 February 2020, key accounting considerations, related Stock Exchange News Service ("SENS") and results announcements
- Reviewed and approved the condensed consolidated unreviewed interim financial statements for the six months ended 31 August 2020
- Monitored the implementation of actions to remedy the late publication of the interim results, audited annual financial statements and annual reports applicable to the financial years ended 28 February 2021 and 28 February 2022.
- 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
- Monitored business rescue proceedings and outcomes at Afric Oil
- 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
- Monitored the implementation of the combined assurance plan
- 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 business rescue proceedings at Afric Oil
- Recommended the approval of the Group performance scorecard by the Board
- Regularly reviewed and considered Group risks and mitigations in place to address risks, including emerging risks
- Monitored compliance with laws and regulations and oversaw independent reporting on the Group's ethics and fraud hotline
- Reviewed and considered various reports on Proactive Monitoring from the JSE
- Monitored legal matters within the Group including the recovery of funds owed to the Group by Encha Group Limited ("Encha") and Transnational Corporation of Nigeria ("Transcorp")
- 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
- 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 divestiture of underperforming assets
- 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 29 February 2021, the Committee also undertook the following during and post the reporting period:

- Reviewed and approved the annual financial statements and integrated report for the year ended 28 February 2021, both of which were issued on 16 May 2023
- Together with the Investment Committee recommended to the Board the disposal of Afric Oil which was finalised on 1 March 2022 (see note 37 of the annual financial statements)
- Recommended the approval of the settlement agreement with Encha (see note 37 of the annual financial statements)
- Continued to monitor engagement with the JSE and shareholders regarding the late publication of results
- Reviewed and approved the annual financial statements and annual report for the year ended 28 February 2022

Reasons for the late publication of the above results are highlighted on page 3.

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 2022. Furthermore, the Committee considered, reviewed and discussed these Group and Company 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 Group and Company to remain going concerns in light of plans in place to ensure the continued sustainability of the Group and Company. Management presented its most recent assessment to the Committee and highlighted the key considerations and judgements which support this evaluation as outlined in note 40. The Committee was satisfied that the plans in place are adequate to support the going concern assertion as highlighted in note 40 of the annual financial statements.
Loss of control of Afric Oil	The Committee concurs with management's conclusion regarding the loss of control of Afric Oil, the circumstances of which are outlined in note 3.9 of the annual financial statements.
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, 18 and 33.2 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 37. The Committee concurs with management's assessment to treat these developments as non-adjusting events.
Internal controls over financial reporting	The Committee satisfactorily 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 next 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 2022. 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 24 November 2023.

INTERNAL CONTROLS, RISK MANAGEMENT AND INFORMATION TECHNOLOGY ("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:

- Monitored the implementation of the combined assurance plan;
- Reviewed and approved the internal audit and external audit scope and monitored findings from i) the internal audit of the Group's financial discipline processes, and ii) the external audit of the Group and Company 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. 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. Two 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 their inability to obtain sufficient and appropriate audit evidence to support key transactions and balances as outlined in detail in the audit report on the annual financial statements for that financial year which is available on the Company's website www.eforaenergy.com. 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 for the year ended 28 February 2021, did not contain a material misstatement. Afric Oil was a key subsidiary of Efora prior to the loss of control highlighted in notes 3.9 and 33 of the annual financial statements presented.

As previously reported, 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 in the referred External Auditor's prior year audit report. 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 loss of control of Afric Oil in April 2021 and its subsequent disposal to Royale Energy Proprietary Limited ("Royale") in March 2022, the remediation of the control deficiencies highlighted fell outside the control of the Group and as such these control failures also impacted the consolidated annual financial statements for the year ended 28 February 2022.

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 2022 and 28 February 2023, 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 delay in the completion of the Afric Oil audit for the year ended 28 February 2021. The audited financial statements of Afric Oil for that financial year were only made available to Efora in March 2023 which then enabled the completion of the Group annual financial statements for the year ended 28 February 2021 which were issued on 16 May 2023. This then impacted the ability of the Company to timeously publish the remaining financial results as mentioned above. As previously reported, the delay in the completion of the Afric Oil audit for the year ended 28 February 2021 arose from the business rescue proceedings at the entity which commenced in April 2021 and concluded in March 2022.

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 audits 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 next AGM, SizweNtsalubaGobodo Grant Thornton Inc. as the External Auditor and Mr Altaf Fajandar as the designated audit partner for the 2023 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 R1.2 million (2021: R4.0 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 (2021: 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, and the External and Internal Auditors 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 and Transcorp.

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 43 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 discharged in full its indebtedness to the Company during the year under review.

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 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

In April 2021, the Board appointed Mr Thabang Monametsi as the Interim CFO. The Committee satisfied itself as to the appropriateness of the expertise and experience of Mr Monametsi in accordance with paragraph 3.84g(i) of the JSE Listings Requirements. This was confirmed by the Board.

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 Monametsi resigned from his role as Executive Director and Interim CFO. The Company has been granted dispensation by the Johannesburg Stock Exchange ("JSE") from compliance with paragraph 384(f) of the JSE Listings Requirements, which requires all issuers to have an executive financial director. The dispensation is valid until 29 March 2024.

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 2022. 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.

KEY FOCUS AREAS FOR THE YEAR AHEAD

- Finalisation and publication of outstanding financial results
- Appointment of an executive financial director
- Continued monitoring of the assurance provided by the combined assurance plan
- Monitoring the performance of the Group's wholesaling operations and reviewing 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. The Committee is satisfied with key activities undertaken during the year under review in line with its Terms of Reference, the Board's mandate to the Committee, the requirements of the Companies Act and the recommendations of King IV™.

Malande Tonjeni
Chairperson of the Audit and Risk Committee

24 November 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 2022 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 2021 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 40, 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 contained in the Corporate Governance and Material Risks report for the year ended 28 February 2022 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 7, which may have a material effect on the Group 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 24 November 2023 and are signed on its behalf by:

Vuyo Ngonyama
Chairman of the Board

Darrin Arendse
Group Chief Executive Officer (Interim)

24 November 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 2022, 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 2022.

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

24 November 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 for the year ended 28 February 2022.

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 ("DRC"), crude oil trading in Nigeria and downstream fuel distribution operations throughout South Africa, in Zimbabwe and Mauritius. Following the disposals of its subsidiaries which undertook oil production and fuel distribution operations, and the relinquishment of the exploration licence in the DRC during the year under review and post the reporting period, the focus of the Group is now on the wholesaling of fuel products in South Africa, and exploring additional midstream and downstream opportunities in line with the change in strategy.

FINANCIAL RESULTS

The results of 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 2022. The Group reported a profit after tax of R230.4 million (2021: loss after tax of R541.1 million), basic earnings per share of 20.87 cents (2021: basic loss per share of 46.52 cents) and a headline loss per share of 1.53 cents (2021: 34.01 cents) for the year ended 28 February 2022.

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 evaluation of 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 2022. 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 (2021: Nil).

DIRECTORS

Changes in directorate during the year under review and post the reporting period are summarised below:

- Boas Seruwe resigned from his roles as Director of the Company 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 following the resignation of Damain Matroos from his role as Director of the Company on 5 February 2021.
- Thabang Monametsi was appointed as a Director of the Company on 1 April 2021 and subsequently resigned on 28 February 2023.

There were no Directors' interests in shares for the year under review (2021: Nil).

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. As this general authority remains valid only until the next AGM, shareholders will be asked at the next 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 for the timeframe prescribed under such resolution.

GOING CONCERN

After agreeing that the going concern premise was appropriate, having considered the matters highlighted in notes 37 and 40, the Board approved the Group and Company annual financial statements on 24 November 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 37.

SPECIAL RESOLUTIONS PASSED

The following special resolutions were passed at the last AGM of the Company held on 14 June 2023:

- remuneration of non-executive directors;
- general approval to provide financial assistance for the subscription or purchase of ordinary shares in related or interrelated entities in terms of section 44 of the Companies Act; and
- general approval to provide financial assistance to any company related or interrelated to the Company or to any juristic person who is a member of or related to any such companies.

NON-BINDING ADVISORY VOTES ON THE REMUNERATION POLICY AND IMPLEMENTATION REPORT

At the AGM held on 14 June 2023, the resolutions on the Company's Remuneration Policy and the Remuneration

Implementation Report each received non-binding advisory votes of 99.52% and 99.99%, respectively.

It is the policy of the Group to engage with dissenting shareholders in good faith in the event that a vote of 25% or more is recorded against the Remuneration Policy and/or the Remuneration Implementation Report, to ascertain with best reasonable effort the reasons for the dissenting votes, and to address legitimate and reasonable objections which may include amending the Remuneration Policy and the Remuneration Implementation Report, or clarifying or adjusting remuneration governance and/or processes.

Remuneration outcomes for the year under review are disclosed in note 34(b) to the annual financial statements presented.

IMPLEMENTATION OF THE KING CODE

The King IV™ Application Register for the year under review is available on our website www.eforaenergy.com.

CORPORATE GOVERNANCE

The Group's reporting on corporate governance matters is provided in the Corporate Governance and Material Risks Report which is available on the Company's website www.eforaenergy.com.

MATERIAL RISKS

Material risks which impact the Group and its operations are outlined in the Corporate Governance and Material Risks Report which is available on the Company's website www.eforaenergy.com.

LITIGATION UPDATE

Refer to page 4 for the litigation update.

ACCOUNTING POLICIES

The Group and Company's annual financial statements for the year ended 28 February 2022 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 and Company's accounting policies used in the preparation of the annual financial statements for the year ended 28 February 2022 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 10 to 81, fairly present in all material respects the financial position, financial performance and cash flows of Efora 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 and its consolidated subsidiaries has been provided to effectively prepare the financial statements of Efora.

(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 10 to 81, which comprise the consolidated and separate statement of financial position as at 28 February 2022, 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 2022, 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 2022, 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 consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

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 2022", which includes the Directors' Report, the Audit Committee's 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 five years.

SizweNtsalubaGobodo Grant Thornton Inc.
Altaf Fajandar
Director
Registered Auditor
24 November 2023

20 Morris Street East
Woodmead

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 28 February 2022

	Notes	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Revenue	5, 6	**38 049**	1 204 423	**–**	–
Cost of sales		**(33 286)**	(1 189 543)	**–**	–
Gross profit		**4 763**	14 880	**–**	–
Other income	7.2	**106 866**	8 467	**37 664**	4 213
Gain on loss of control of subsidiary	33.1	**145 226**	–	**–**	–
Reversal of/(increase in) impairment losses on financial assets	7.1	**8 401**	(318 088)	**14 274**	(244 704)
Other operating costs		**(44 729)**	(380 847)	**(23 022)**	(117 392)
Profit/(loss) from operations	7.2	**220 527**	(675 588)	**28 916**	(357 883)
Finance income	8	**9 207**	32 545	**7 579**	29 410
Finance costs	9	**(283)**	(17 622)	**(96)**	–
Net monetary gain	15.2	**916**	119 525	**–**	–
Profit/(loss) before taxation		**230 367**	(541 140)	**36 399**	(328 473)
Taxation	10	**–**	–	**–**	–
Profit/(loss) for the year		**230 367**	(541 140)	**36 399**	(328 473)
Other comprehensive (loss)/income:					
Items that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations[1]		**7 833**	349	**–**	–
Reclassification of exchange differences to profit or loss		**(106 530)**	–	**–**	–
Other comprehensive (loss)/income for the year		**(98 697)**	349	**–**	–
Total comprehensive income/(loss) for the year		**131 670**	(540 791)	**36 399**	(328 473)
Profit/(loss) attributable to:					
Equity holders of the Company		**230 319**	(513 549)	**36 399**	(328 473)
Non-controlling interest		**48**	(27 591)	**–**	–
Profit/(loss) for the year		**230 367**	(541 140)	**36 399**	(328 473)
Total comprehensive income/(loss) attributable to:					
Equity holders of the Company		**131 622**	(512 912)	**36 399**	(328 473)
Non-controlling interest		**48**	(27 879)	**–**	–
Total comprehensive income/(loss) for the year		**131 670**	(540 791)	**36 399**	(328 473)
Earnings/(loss) per share					
Basic and diluted (cents)	30	**20.87**	(46.52)		

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

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

As at 28 February 2022

		GROUP		COMPANY	
	Notes	2022 R'000	2021 R'000	2022 R'000	2021 R'000
ASSETS					
Non-current assets					
Loans and other non-current receivables	18	–	12 043	–	12 043
Property, plant and equipment	19	155	34 530	155	62
Right-of-use assets	19.1(a)	1 452	–	1 452	–
Total non-current assets		1 607	46 573	1 607	12 105
Current assets					
Loans and other current receivables	18	40 000	76 015	40 000	40 429
Financial assets	33.2	10 000	–	10 000	–
Inventories	21	–	2 777	–	–
Trade and other receivables	22	2 027	40 476	2 027	1 067
Cash and cash equivalents	23	37 789	8 309	37 789	335
Total current assets		89 816	127 577	89 816	41 831
Assets held for sale	24	–	12 721	–	4 540
Total assets		91 423	186 871	91 423	58 476
EQUITY AND LIABILITIES					
Shareholders' equity					
Stated capital	25	1 668 354	1 668 354	1 668 354	1 668 354
Reserves	25	38 812	137 509	10 579	10 579
Accumulated loss		(1 638 471)	(1 868 790)	(1 609 877)	(1 646 276)
Equity attributable to equity holders of the Company		68 695	(62 927)	69 056	32 657
Non-controlling interest		–	(64 114)	–	–
Total shareholders' equity		68 695	(127 041)	69 056	32 657
LIABILITIES					
Non-current liabilities					
Lease liabilities	19.1(b)	1 061	–	1 061	–
Loan from Group company	17	–	–	318	318
Total non-current liabilities		1 061	–	1 379	318
Current liabilities					
Borrowings	27	884	196 921	884	776
Lease liabilities	19.1(b)	408	–	408	–
Loan from joint venture	28	7 623	12 263	7 623	12 263
Taxation payable		7 727	8 164	7 727	8 164
Trade and other payables	29	5 025	93 637	4 346	4 298
Total current liabilities		21 667	310 985	20 988	25 501
Total liabilities		22 728	310 985	22 367	25 819
Liabilities directly associated with assets held for sale	24	–	2 927	–	–
Total equity and liabilities		91 423	186 871	91 423	58 476

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

For the year ended 28 February 2022

	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 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)
Balance at 1 March 2021	**1 668 354**	**127 016**	**10 493**	**137 509**	**(1 868 790)**	**(62 927)**	**(64 114)**	**(127 041)**
Changes in equity:								
Profit for the year	–	–	–	–	**230 319**	**230 319**	**48**	**230 367**
Other comprehensive loss for the year	–	**(98 697)**	–	**(98 697)**	–	**(98 697)**	–	**(98 697)**
Total comprehensive (loss)/income for the year	–	**(98 697)**	–	**(98 697)**	**230 319**	**131 622**	**48**	**131 670**
Derecognition on loss of control of subsidiary (note 33.1)	–	–	–	–	–	–	**64 066**	**64 066**
Total changes	–	**(98 697)**	–	**(98 697)**	**230 319**	**131 622**	**64 114**	**195 736**
Balance at 28 February 2022	**1 668 354**	**28 319**	**10 493**	**38 812**	**(1 638 471)**	**68 695**	–	**68 695**

	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 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
Balance at 1 March 2021	**1 668 354**	**86**	**10 493**	**10 579**	**(1 646 276)**	**32 657**
Changes in equity:						
Profit for the year	–	–	–	–	**36 399**	**36 399**
Total comprehensive income for the year	–	–	–	–	**36 399**	**36 399**
Total changes	–	–	–	–	**36 399**	**36 399**
Balance at 28 February 2022	**1 668 354**	**86**	**10 493**	**10 579**	**(1 609 877)**	**69 056**

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

For the year ended 28 February 2022

	Notes	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Cash flows from operating activities					
Cash (used in)/from operations	31	**(25 582)**	(67 867)	**13 530**	(16 623)
Finance income		**652**	1 425	**580**	21
Finance costs		**(24)**	(829)	**(24)**	–
Net cash (used in)/from operating activities		**(24 954)**	(67 271)	**14 086**	(16 602)
Cash flows from investing activities					
Purchase of property, plant and equipment	19	**(147)**	(952)	**(147)**	–
Proceeds on disposal of property, plant and equipment	19	**106**	46	**106**	–
Proceeds on disposal of Mena	32	**1 947**	–	**4 133**	–
Derecognition of cash on loss of control of subsidiary	33.1	**(8 737)**	–	**–**	–
Increase in financial assets	33.2	**(8 805)**	–	**(8 805)**	–
Loans advanced to Group companies		**–**	–	**(4 663)**	(5 730)
Repayments of loans advanced to Group companies		**–**	–	**–**	2 500
Receipts from repayments of loans and receivables advanced	18	**74 611**	13 755	**37 305**	9 953
Net cash from investing activities		**58 975**	12 849	**27 929**	6 723
Cash flows from financing activities					
Repayments of interest borrowings	27	**–**	(6 000)	**–**	–
Repayments of loan from joint venture		**(4 497)**	(63)	**(4 497)**	(63)
Repayments of lease liabilities	19.1(b)	**(64)**	(636)	**(64)**	–
Net cash used in financing activities		**(4 561)**	(6 699)	**(4 561)**	(63)
Total movement in cash and cash equivalents for the year		**29 460**	(61 121)	**37 454**	(9 942)
Foreign exchange differences on cash and cash equivalents		**–**	1 262	**–**	–
Cash and cash equivalents at the beginning of the year		**8 329**	68 188	**335**	10 277
Cash and cash equivalents at the end of the year	23	**37 789**	8 329	**37 789**	335

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2022

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 development and crude oil production in Egypt, crude oil exploration activities in the Democratic Republic of Congo and downstream fuel wholesale and distribution operations in South Africa. Following the developments during the year end (see notes 32 and 33), and as outlined in note 40, 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 2022 were authorised for issue in accordance with a resolution of the Board of Directors dated 24 November 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 2022 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"), the South African Institute of Chartered Accountants ("SAICA") Financial Reporting Guides as issued by the Accounting Practices Committee ("APC"), 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 2022. 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 Rand ("Rand") 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 40 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. In the event that control is lost, i) the Company derecognises the assets and liabilities of the former subsidiary from the consolidated statement of financial position, and ii) recognises any investment retained in the former subsidiary and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with the Group policy for financial instruments (see note 2.10). That retained interest is remeasured at fair value through profit or loss. The Company would also then recognise the gain or loss associated with the loss of control of the former subsidiary in profit or loss.

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.

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 non-controlling interests' proportionate share of the fair value of the acquirer's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' 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.

As at 28 February 2022 the Group no longer has a subsidiary operating in a hyperinflational economy due to the loss of control of Afric Oil (notes 15.2 and 33).

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 property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

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.

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.

As at 28 February 2022 the Group no longer has exploration and evaluation assets due to the relinquishment of the Block III licence (note 13).

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

Oil and gas properties are depreciated 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 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 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.

As at 28 February 2022 the Group no longer has oil and gas properties due to the disposal of Mena (notes 14 and 32).

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.

As at 28 February 2022 the Group no longer has intangible assets as a result of the Mena disposal and prior year write-offs of brands, customer relationships and computer software (notes 20 and 32).

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 2022 the Group does not have any financial assets categorised as FVOCI.

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 (note 23), trade and other receivables (note 22), the financial asset at amortised cost (note 33.2) and loans and other receivables (note 18) fall into this category of financial instruments. The Company's financial assets at amortised cost also include loans to Group companies (note 17).

Financial assets FVTPL
Financial assets held within a different business model other than "hold to collect" or 'hold to collect and sell' are categorised at FVTPL. Further, irrespective of the business model used, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category.

The Group's financial assets at FVTPL comprise an equity investment in Afric Oil. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment at FVOCI. The fair value was determined in line with the requirements of IFRS 13 "Fair Value Measurement".

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions.

Classification and measurement of financial liabilities
The Group's financial liabilities include borrowings (note 27), trade and other payables (note 29) and the loan from joint venture (note 28). The Company's financial liabilities also include loans from Group companies (note 17).

Financial liabilities are initially measured at fair value, and, unless subsequently measured at fair value, 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 2022 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 collectability 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. Trade receivables outstanding for more than 90 days past the due date are considered to be in default and are credit impaired, and are unrecoverable when 180 days past the due date and there has been no engagement with the Group on an alternative payment arrangement. In calculating ECLs, 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 36.1(b) for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Other financial assets

Refer to note 36.1(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.

As at 28 February 2022 the Group did not have inventories due to the disposal of Mena (note 32) and the loss of control of Afric Oil (note 33).

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

During the year under review and prior to the events highlighted in notes 32, 33 and 37, the Group's revenue was represented by the oil sales made by the Company's former Cyprus subsidiary, Mena International Petroleum Company Limited ("Mena"), and the sale of petroleum products by other former Group entities in South Africa. The sales made by Mena to the Egyptian General Petroleum Company ("EGPC") were governed by the Lagia Concession Agreement ("LCA"). The sales by the other Group entities were governed by various customer contracts ("VCCs"). Notes 32 and 33 highlight the disposal of Mena and the loss of control of Afric Oil.

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.

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 FINANCE INCOME

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

2.20 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.

2.21 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.

2.22 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.

2.23 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.

The Company commenced renting its head office from its landlord on 1 January 2022 on a three-year lease. 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 7%. 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 right-of-use ("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.

2.24 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 Company'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 and Company have 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 and separate 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.

Management has exercised judgement to conclude that based on the terms of the current and past agreements with the Group's partners, the ongoing joint arrangement with SacOil Equity Energy Resources Limited ("SEER") should be accounted for as a joint venture whilst the past joint arrangement on Block III was accounted for as a joint operation. In this regard, management determined that the joint arrangement with SEER grants the Group rights to 50% of the net assets of SEER whilst the past arrangement on Block III granted the Group rights to its share of assets and liabilities of the arrangement.

3.2 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 40.

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 40.

ESTIMATES AND ASSUMPTIONS

3.3 EXPLORATION AND EVALUATION EXPENDITURES

At 28 February 2022 the Group did not have exploration and evaluation assets. The application of the Group's accounting policy for exploration and evaluation expenditure prior to the relinquishment of the Block III licence in July 2021 required judgement to determine whether it was likely that future economic benefits were likely, from either future exploitation or sale, or whether activities had not reached a stage which permitted a reasonable assessment of the existence of reserves. The determination of reserves and resources was itself an estimation process that required varying degrees of uncertainty depending on how the resources were classified. These estimates directly impacted on whether the Group capitalised exploration and evaluation expenditure. The capitalisation policy required management to make certain estimates and assumptions as to future events and circumstances, in particular, whether an economically viable extraction operation could be established. Any such estimates and assumptions could have changed as new information became available. If, after expenditure was capitalised, information became available suggesting that the recovery of the expenditure was unlikely, the relevant capitalised amount was impaired in profit or loss in the period when the new information became available. Exploration and evaluation assets are detailed in note 13.

3.4 HYDROCARBON RESERVE AND RESOURCE ESTIMATES

Prior to the disposal of Mena in September 2021 the Group estimated the amount of hydrocarbons that could be economically and legally extracted from the Group's oil and gas properties. The Group estimated 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 were 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 were attributable to the host government under the terms of the production-sharing agreements. Future development costs were 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 is shown in note 14.

The Group estimated hydrocarbon reserves in line with the principles contained in the SPE Petroleum Resources Management Reporting System ("PRMS") framework. As the economic assumptions used could have changed as additional geological information was obtained during the operation of a field, estimates of recoverable reserves could also have changed. Such changes could have impacted the Group's reported financial position and results as the carrying values of exploration and evaluation assets (note 13) and oil and gas properties (note 14) may be affected due to changes in estimated future cash flows.

3.5 RECOVERABILITY OF OIL AND GAS PROPERTIES

Prior to the disposal of Mena in September 2021 the Group assessed its oil and gas properties at each reporting period to determine whether any indication of impairment existed. As part of this process, a formal estimate of the recoverable amount was made, which was considered to be the higher of the fair value less costs of disposal ("FVLCD") and value in use ("VIU"). The assessments required 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 3.4 Hydrocarbon reserves and resource estimates above) and operating performance (which includes production and sales volumes). These estimates and assumptions were 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 are disclosed in note 39.

3.6 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 35).

3.7 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 five 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 39).

3.8 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.

3.9 LOSS OF CONTROL

Management has exercised judgement to conclude that the commencement of business rescue proceedings at Afric Oil on 16 April 2021 resulted in the loss of control of the subsidiary, as Afric Oil became subject to the control and management of business rescue practitioners with effect from that date. Efora's ownership interest in Afric Oil did not change until the subsidiary was eventually disposed of in March 2022 (see note 33).

3.10 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 36.1(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 36.1(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 expected credit losses recognised by the Group.

4 ADOPTION OF NEW AND REVISED STANDARDS

4.1 STANDARDS AND AMENDMENTS EFFECTIVE FOR THE 2022 FINANCIAL YEAR

The following amendments became effective for the first time for annual periods beginning on or after 1 January 2021. The impact of the amendments on the consolidated and separate financial statements is outlined 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)[1]**
  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 IBOR's to alternative benchmark rates.

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 2022 as indicated below.

- **Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework (effective 1 January 2022)[2]**
  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)[2]**
  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)[3]**
  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)[3]**
  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)[3]**
  The amendments to IAS 8 updates 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)[2]**
  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 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*
[3] *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 year 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.

On 16 April 2021 the Group ceased to report Afric Oil's operational results, assets and liabilities under the South Africa, Zimbabwe and Mauritius segments pursuant to the loss of control over the subsidiary (see note 33). Other than this change 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
2022					
Revenue					
External customers		764	–	–	37 285
Total revenue[1]	6	764	–	–	37 285
Cost of sales[1]		(1 729)	–	–	(31 557)
Gross (loss)/profit		(965)	–	–	5 728
Other income	7.2	–	446	–	51
Reclassification of exchange differences to profit or loss	7.2	88 115	–	–	18 415
Gain on loss of control of subsidiary	33.1	–	–	–	145 226
Reversal of/(increase in) impairment losses on financial assets		–	(36 790)	–	(1 496)
Reversal of/(increase in) provision for impairment (ECLs)	7.1, 36.1(b)	–	515	–	(1 496)
Impairment of financial assets	7.1	–	(37 305)	–	–
Reversal of impairment of investments in subsidiaries	15.1, 39	–	–	–	–
Loss on sale of Mena	32	(6 059)	–	–	–
Depreciation and amortisation	7.2	–	–	–	(443)
Net foreign exchange losses	7.2	–	–	–	(245)
Employee benefit expense	7.2, 11	(1 184)	–	–	(2 134)
Motor vehicle expenses	7.2	–	–	–	(225)
Other operating costs		(6 894)	(340)	(30)	(793)
Finance income	8	–	1 556	–	72
Finance costs	9	–	–	–	(187)
Net monetary gain	15.2	–	–	–	–
Profit/(loss) for the year		73 013	(35 128)	(30)	163 969
Segment assets – non-current		–	–	–	–
– current		–	–	–	–
Segment liabilities – non-current		–	–	(85 601)	–
– current		–	(277)	(402)	–

[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
–	–	–	–	38 049
–	–	–	–	38 049
–	–	–	–	(33 286)
–	–	–	–	4 763
84	–	37 664	(37 909)	336
–	–	–	–	106 530
–	–	–	–	145 226
–	–	14 274	32 413	8 401
–	–	14 274	(4 892)	8 401
–	–	–	37 305	–
–	–	10 000	(10 000)	–
–	–	(407)	–	(6 466)
(2)	–	(135)	–	(580)
–	–	(10 027)	795	(9 477)
–	–	(9 186)	–	(12 504)
–	–	–	–	(225)
(1 156)	(2)	(13 368)	7 106	(15 477)
–	–	7 579	–	9 207
–	–	(96)	–	(283)
916	–	–	–	916
(158)	(2)	36 298	(7 595)	230 367
–	–	1 353	254	1 607
–	–	89 816	–	89 816
–	–	(1 092)	85 632	(1 061)
–	–	(20 988)	–	(21 667)

5 SEGMENTAL REPORTING (CONTINUED)

	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
Impairment losses on financial assets		–	(100 140)	–	(33 521)
Provision for impairment (ECLs)	7.1, 36.1(b)	–	762	–	(14 751)
Impairment of financial assets	7.1	–	(100 902)	–	(18 770)
Impairment of non-financial assets					
– oil and gas properties	14, 39	(26 789)	–	–	–
– other intangible assets	20, 39	(6 145)	–	–	–
– exploration and evaluation assets	13, 39	–	–	(107 008)	–
– property, plant and equipment	19, 39	–	–	–	(12 520)
– investment in subsidiaries	15.1, 39	–	–	–	–
Write-off of computer software	39	–	–	–	(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*

Details relating to the impairment of non-financial assets disclosed under the South Africa, Egypt, DRC and Head office segments are provided in note 39.

BUSINESS SEGMENTS

During the year ended 28 February 2022 the operations of the Group comprised oil and gas exploration, production and sale by Mena and the sale of petroleum products by Afric Oil. Efora lost control of Afric Oil on 16 April 2021 (see note 33) and sold its interest in Mena in September 2021 (see note 32).

REVENUE

For the years ended 28 February 2022 and 28 February 2021 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. 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
–	–	–	–	1 204 423
–	–	–	–	1 204 423
–	–	–	–	(1 189 543)
–	–	–	–	14 880
1 042	–	4 350	(4 466)	8 467
(18)	–	(244 704)	60 295	(318 088)
–	–	(83 332)	37 705	(59 616)
(18)	–	(161 372)	22 590	(258 472)
–	–	–	–	(26 789)
–	–	–	–	(6 145)
–	–	–	–	(107 008)
–	–	–	–	(12 520)
–	–	(84 944)	84 944	–
–	–	–	–	(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)

TAXATION – EGYPT

No income or deferred tax has been accrued by 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.

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
6 REVENUE				
Revenue from contracts with customers is disaggregated as follows:				
Sale of crude oil	**764**	1 785	**–**	–
Sale of petroleum products	**37 285**	1 202 638	**–**	–
	38 049	1 204 423	**–**	–

During the year ended 28 February 2021 R0.3 billion or 28% of the Group's revenue depended on the sale of petroleum products by Afric Oil to one customer under the South Africa segment. At 28 February 2022 there is no concentration risk due to impact of the loss of control of Afric Oil which occurred in April 2021 (see note 33.1) and the disposal of Mena in September 2021 (see note 32). Mena and Afric Oil were the only revenue generating entities in the Group during the year under review prior to the events disclosed in the referred notes. This note should be read together with notes 5 and 37. The disaggregation of revenue by geographical segment is provided in note 5.

		GROUP		COMPANY	
	Notes	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
7.1 REVERSAL OF/(INCREASE IN) IMPAIRMENT LOSSES ON FINANCIAL ASSETS					
Impairment of financial assets	18	**–**	(258 472)	**–**	(161 372)
Reversal of/(increase in) provision for impairment (ECLs)	36.1(b)	**8 401**	(59 616)	**14 274**	(83 332)
		8 401	(318 088)	**14 274**	(244 704)
7.2 PROFIT/(LOSS) FROM OPERATIONS					
Profit/(loss) from operations for the year is stated after accounting for the following income and expense items:					
Other income comprises:		**106 866**	8 467	**37 664**	4 213
Parking fees		**–**	1 042	**–**	–
Transport income		**–**	2 990	**–**	–
Storage fees		**–**	1 810	**–**	–
Gain on derecognition of right-of-use assets		**–**	1 101	**–**	–
Reclassification of exchange differences to profit or loss	32, 33.1	**106 530**	–	**–**	–
Profit on disposal of property, plant and equipment		**106**	–	**106**	–
Management fees	34	**94**	91	**151**	399
Recovery of SacOil 281 Nigeria Limited loan previously written-off		**–**	–	**37 305**	3 803
Other		**136**	1 433	**102**	11

7.2 PROFIT/(LOSS) FROM OPERATIONS (CONTINUED)

	Notes	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Expenses comprise:					
Write-off of computer software	20	**–**	(649)	**–**	–
Reversal of/(increase in) impairment of investments in subsidiaries	15.1, 39	**–**	–	**10 000**	(84 913)
Impairment of brands, customer relationships and other intangible assets	20, 39	**–**	(6 145)	**–**	–
Impairment of oil and gas properties	14, 39	**–**	(26 789)	**–**	–
Impairment of exploration and evaluation assets	13, 39	**–**	(107 008)	**–**	–
Impairment of property, plant and equipment	19, 39	**–**	(12 520)	**–**	–
Loss on disposal of Mena	32	**(6 466)**	–	**(407)**	–
Net foreign exchange losses		**(9 477)**	(132 512)	**(10 026)**	(9 270)
Corporate costs[1]		**(1 478)**	(1 330)	**(1 398)**	(1 259)
External auditors' remuneration		**(887)**	(3 908)	**(1 215)**	(2 003)
Audit fees - current year		**(1 216)**	(4 025)	**(1 215)**	(2 305)
Audit fees – prior-year overprovision		**329**	117	**–**	302
Internal auditors' remuneration		**(111)**	(535)	**(111)**	(178)
Audit fees – current year		**(111)**	(603)	**(111)**	(246)
Audit fees – prior-year overprovision		**–**	68	**–**	68
Employee benefit expense	11	**(12 504)**	(43 892)	**(9 186)**	(12 986)
Loss on disposal of property, plant and equipment		**–**	(100)	**–**	–
Consulting fees		**(4 623)**	(8 431)	**(3 947)**	(1 619)
Legal fees		**(4 126)**	(2 623)	**(3 903)**	(1 679)
Business development		**(225)**	(750)	**(225)**	(750)
Travel and accommodation		**(103)**	(23)	**(93)**	(23)
Repairs and maintenance		**(45)**	(1 528)	**–**	–
Subscriptions		**(240)**	(483)	**(189)**	(231)
Motor vehicle expense		**(225)**	(7 802)	**–**	–
Depreciation and amortisation		**(580)**	(7 636)	**(135)**	(100)
Property, plant and equipment	19	**(499)**	(4 162)	**(54)**	(100)
Right-of-use assets	19.1(a)	**(81)**	(1 575)	**(81)**	–
Intangible assets	20	**–**	(1 899)	**–**	–
Lease expenses					
Short-term leases		**(626)**	(1 165)	**(294)**	(449)

[1] *Corporate costs comprise listing fees, company secretarial fees and investor relations and marketing costs*

	Notes	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
8 FINANCE INCOME					
Interest received on financial assets at amortised cost comprises:					
Interest received on cash and cash equivalents		**652**	1 425	**580**	21
Interest receivable on loans to Group companies		**–**	–	**–**	9 049
Interest on loans and other receivables	18	**8 555**	31 120	**6 999**	20 340
		9 207	32 545	**7 579**	29 410
9 FINANCE COSTS					
Interest on borrowings at amortised cost	27	**187**	16 793	**–**	–
Interest paid on trade payables at amortised cost		**–**	760	**–**	–
Total interest expense on financial liabilities at amortised cost		**187**	17 553	**–**	–
Interest on leasing arrangements	19.1(b)	**23**	69	**23**	–
Interest paid to financial institutions		**1**	–	**1**	–
Interest paid to the South African Revenue Service		**72**	–	**72**	–
		283	17 622	**96**	–

10 TAXATION

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Major components of the tax expense are detailed below:				
Current:				
Current tax				
Prior year	–	–	–	–
	–	–	–	–
Deferred:				
Relating to the origination and reversal of temporary differences[1]	–	–	–	–
	–	–	–	–

	%	%	**%**	%
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)	–	(13.76)
Imputed interest on financial assets	**(1.09)**	1.05	**(5.38)**	1.73
Impairments of non-financial assets	–	(7.89)	**(7.63)**	(7.24)
Expenses relating to dividend income	**0.47**	(0.58)	**2.87**	(0.96)
Loans recovered – capital	–	0.20	**(28.70)**	0.32
Expenses paid on behalf of subsidiaries	–	–	**0.34**	(0.01)
Loss on disposal of Mena	**0.82**	–	**0.31**	–
Gain on loss of control of subsidiary	**(17.18)**	–	–	–
Reclassification of exchange differences to profit or loss	**(13.54)**	–	–	–
Bad debts	**(28.84)**	–	**(101.50)**	–
Assessed losses	**31.36**	(7.41)	**111.69**	(8.08)
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 R69.1 million (2021: R41.6 million). These losses do not expire by the effluxion of time.

11 EMPLOYEE BENEFIT EXPENSE

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Salaries and wages	**12 046**	41 194	**8 921**	12 344
Pension costs – defined contribution plans	**458**	2 698	**265**	642
Total	**12 504**	43 892	**9 186**	12 986

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		Share-based payment reserve (note 25)	
	2022 R	2021 R	2022 000's	2021 000's	2022 R'000	2021 R'000
At 1 March	**2.64**	2.23	**3 028**	3 592	**10 493**	10 493
Lapsed during the year	**0.06**	0.41	**(483)**	(564)	**–**	–
At 28 February	**2.70**	2.64	**2 545**	3 028	**10 493**	10 493
Exercisable at 28 February			**2 545**	3 028		

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	2022 R	2021 R	2022 000's	2021 000's
10 June 2015	9 June 2025	**–**	2.33	**–**	483
10 October 2016	9 October 2026	**2.70**	2.70	**2 545**	2 545
				2 545	3 028

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 vested 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 (2021: Nil).

13 EXPLORATION AND EVALUATION ASSETS

	GROUP			
	Cost R'000	Accumulated amortisation R'000	Impairment R'000	Carrying value R'000
2022				
Exploration and evaluation assets	–	–	–	–
2021				
Exploration and evaluation assets	107 008	–	(107 008)	–

13 EXPLORATION AND EVALUATION ASSETS (CONTINUED)

	GROUP			
	Opening balance R'000	Exchange differences R'000	Impairment (note 39) R'000	Total R'000
Reconciliation of exploration and evaluation assets				
2021				
Block III, DRC	110 857	(3 849)	(107 008)	–

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%). On 14 July 2021 the Group resolved not to renew the exploration licence for Block III which expired in July 2020 due to legal uncertainties surrounding the renewal of the licence under the DRC hydrocarbon laws. This resulted in the derecognition of the exploration and evaluation assets.

There were no costs incurred by the Group in relation to the block in the current year prior to 14 July 2021 (2021: Rnil). In line with the Group's policy, the exploration and evaluation costs of R107.0 million (2021: R107.0 million) capitalised as part of Block III were not amortised.

In the prior year an impairment charge amounting to R107.0 million was recognised under other operating costs as discussions and processes for the renewal of the exploration licence were ongoing at the time (see note 39.2).

14 OIL AND GAS PROPERTIES

		GROUP
	Notes	Total R'000
Cost		
At 1 March 2020		**228 905**
Transfer to assets held for sale	24	**(227 789)**
Exchange differences		**(1 116)**
At 28 February 2021		–
At 28 February 2022		–
Depreciation and impairment		
At 1 March 2020		**(196 758)**
Transfer to assets held for sale	24	**223 547**
Impairment	39.1	**(26 789)**
At 28 February 2021		–
At 28 February 2022		–
Net book value		
At 29 February 2020		**32 147**
At 28 February 2021		–
At 28 February 2022		–

Oil and gas properties were transferred to assets held for sale during the prior year (see note 24).

Details pertaining to the impairment of oil and gas properties are disclosed in note 39.1. Depreciation was not charged in the prior year, before the classification of oil and gas properties as assets held for sale, as production for the Lagia Oil Field was minimal.

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For the year ended 28 February 2022 (continued)

15 INVESTMENTS IN SUBSIDIARIES AND HYPERINFLATION ACCOUNTING

15.1 INVESTMENTS IN 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:

COMPANY Name of Company	Notes	Country of registration	Principal place of business	% holding 2022	 2021	Carrying amount 2022 R'000	 2021 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
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
Afric Oil Holdings Proprietary Limited	33.1	RSA	RSA	**–**	71	**–**	126 758
						44 732	171 490
Impairment	33, 39					**(44 732)**	(171 490)
Balance at the beginning of the year						**(171 490)**	(233 764)
Reversal of/(arising) during the year	39.3					**10 000**	(84 913)
Transfer to assets held for sale	24					**–**	147 187
Derecognition on loss of control of subsidiary	33.1					**116 758**	–
						–	–
Indirectly held:							
SacOil DRC SARL		DRC	DRC	**100**	100		
Afric Oil Proprietary Limited		RSA	RSA	**–**	71		
Boland Diesel Proprietary Limited		RSA	RSA	**–**	71		
Afric Oil Logistics Proprietary Limited		RSA	RSA	**–**	71		
Afric Oil Petroleum Private Limited		Zimbabwe	Zimbabwe	**–**	71		
Pallematic Freight Private Limited		Zimbabwe	Zimbabwe	**–**	71		
Afric Oil Mauritius Proprietary Limited		Mauritius	Mauritius	**–**	71		
Afric Oil Zambia Limited		Zambia	Zambia	**–**	71		
Afric Oil Congo SARL		DRC	DRC	**–**	71		

All entities within the Group are consolidated. There are no unconsolidated structured entities. This note should be read together with notes 32 and 33.

15 INVESTMENTS IN SUBSIDIARIES AND HYPERINFLATION ACCOUNTING (CONTINUED)

15.1 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

	NCI in subsidiary		Total comprehensive loss allocated to NCI		Accumulated NCI	
	April 2021 %	2021 %	**April 2021 R'000**	2021 R'000	**April 2021 R'000**	2021 R'000
Afric Oil	**29**	29	**48**	(27 879)	**–**	(64 114)

	April 2021 R'000	2021 R'000
Summarised statement of comprehensive income (100%)		
Revenue	**37 285**	1 202 638
Cost of sales	**(31 557)**	(1 185 861)
Gross profit	**5 728**	16 777
Other income	**135**	8 237
Other operating costs	**(6 497)**	(214 419)
Net finance costs	**(115)**	(25 267)
Net monetary gain	**916**	119 525
Profit/(loss) for the year	**167**	(95 147)
Other comprehensive loss[1]	**–**	(996)
Total comprehensive income/(loss) for the year	**167**	(96 143)
Summarised statement of financial position (100%)		
Non-current assets	**34 023**	34 468
Current assets	**49 943**	50 060
Current liabilities	**(403 608)**	(404 337)
Summarised cash flows (100%)		
Cash flows from/(used in) operating activities	**599**	(37 745)
Cash flows used in investing activities	**–**	(916)
Cash flows used in financing activities	**–**	(10 814)
Net increase/(decrease) in cash and cash equivalents	**599**	(49 475)

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

Afric Oil did not declare a dividend during the year under review (2021: Nil). See notes 33 and 37 for information on the loss of control of Afric Oil and its disposal post the reporting period.

15 INVESTMENTS IN SUBSIDIARIES AND HYPERINFLATION ACCOUNTING (CONTINUED)

15.2 HYPERINFLATION ACCOUNTING

During the year under review the Company had an indirectly held subsidiary which is incorporated in Zimbabwe, namely Afric Oil Petroleum Private Limited ("AOP"). Prior to the loss of control of Afric Oil and its subsidiaries on 16 April 2021 as outlined in note 33, 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, was 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 16 April 2021 using 28 February 2021 as a base year are as follows:

	Indices	Adjusting factors
16 April 2021	2 781.70	1.00
28 February 2021	2 698.89	1.03

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 hyperinflation 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 ZWL1:ZAR0.16795 as at 16 April 2021 (28 February 2021: ZWL$0.17975).

	16 April 2021 Determined using the official rate ZWL$1:ZAR0.16795 R'000	2021 Determined using the official rate ZWL$1:ZAR0.17975 R'000
Summarised statement of financial position		
Current assets	**13**	63
Total assets	**15 592**	16 739
Current liabilities	**(103 777)**	(110 284)
Total liabilities	**(145 259)**	(154 368)
Summarised statement of comprehensive income		
Other income	**84**	1 042
Other operating costs	**(1 156)**	(123 541)
Net monetary gain	**916**	119 525
Loss for the year	**(156)**	(2 974)

AOP is included under the Zimbabwe segment.

16 INVESTMENT IN JOINT VENTURE

GROUP AND COMPANY	Country of registration	Principal place of business	Nature of activities	Participating interest 2022 %	Participating interest 2021 %
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, used to participate in crude oil trading in Nigeria. Efora's share of this arrangement was 50%. The crude oil trading licence granted to SEER by the Nigerian National Petroleum Corporation expired in May 2020. As such, there was no crude oil trading activity in the current or prior year. SEER is currently exploring other crude oil trading opportunities on the African continent. The interest in this joint venture is accounted for using the equity accounting method.

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

	2022 R’000	2021 R’000
Summarised statement of comprehensive income		
Other income	**4 936**	681
Other operating costs	**(985)**	(13 759)
Profit/(loss) for the year	**3 951**	(13 078)
Group/Company’s share of profit/(loss) for the year	**1 976**	(6 539)
Summarised statement of financial position		
Non-current assets	**–**	1
Current assets	**14**	2
Current liabilities	**(11 142)**	(14 923)
Equity	**(11 128)**	(14 920)
Portion of the Group/Company’s ownership	**(5 564)**	(7 460)

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 cumulative losses incurred by SEER up until 28 February 2022 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 R20.0 million (2021: R22.0 million).

	2022 R’000	2021 R’000
Reconciliation of carrying amount		
Balance at 1 March	**–**	–
Share of profit	**–**	–
Exchange differences	**–**	–
Gross carrying amount	**–**	–
Impairment	**–**	–
Balance at 28 February	**–**	–

The joint venture had no contingent liabilities or capital commitments as at 28 February 2022. 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 2022 R'000	COMPANY 2021 R'000
Loans to Group companies			
Non-current			
SacOil DRC SARL[1]		**45 960**	44 350
RDK Mining Proprietary Limited[1]		**31**	30
		45 991	44 380
Provision for impairment	36.1(b)	**(45 991)**	(44 380)
		–	–
Current			
Afric Oil Proprietary Limited[2]	33.1	–	120 350
Provision for impairment	33.1	–	(120 350)
		–	–
Total		–	–
Loan from Group company			
Non-current			
Pioneer Coal Proprietary Limited[3]		**(318)**	(318)
Total		**(318)**	(318)

[1] *These loans are interest free, unsecured and have no fixed repayment terms. These loans are denominated in US dollars*
[2] *Refer to note 33.2 for accounting treatment subsequent to loss of control*
[3] *The loan is interest free, unsecured and has no fixed repayment terms. The loan is denominated in Rands*

All remaining loans with no fixed repayment dates are payable by subsidiaries on demand from the Company. The Company has the ability to demand repayment of the loans but does not intend to do so in the next 12 months.

Note 36.1(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 35. 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

		GROUP		COMPANY	
	Notes	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Non-current					
Encha Refund[2]		–	48 174	–	48 174
Supplier development loans	33.1	–	4 318	–	–
		–	52 492	–	48 174
Provision for impairment	36.1(b)	–	(40 449)	–	(36 131)
		–	12 043	–	12 043
Current					
Transcorp Refund[1]		–	72 204	–	36 100
Encha Refund[2]		**72 991**	19 373	**72 991**	19 373
Phembani Group Proprietary Limited	33.1	–	827	–	–
		72 991	92 404	**72 991**	55 473
Provision for impairment	36.1(b)	**(32 991)**	(16 389)	**(32 991)**	(15 044)
		40 000	76 015	**40 000**	40 429
Total		**40 000**	88 058	**40 000**	52 472

[1] *A settlement agreement was concluded with Transcorp on 9 November 2020 as summarised below. Foreign exchange losses totalling R0.7 million (Company: R0.4 million) and interest totalling R3.1 million (Company: R1.6 million) were recognised during the year with respect to the Transcorp Refund. Payments totalling R74.6 million (US$5.0 million) (Company: R37.3 million (US$2.5 million)) were received during the year*

[2] *The Encha Refund was recognised during the 2020 financial 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. Encha defaulted on the payment of R20.0 million which was due on 30 June 2021 under the terms of the plan. At 28 February 2022, the Company was in negotiations with Encha to conclude a once-off full and final settlement of amounts owed. During April 2022 a final settlement agreement was concluded whereby Encha would pay the Company R40.0 million to discharge its indebtedness. This resulted in an impairment reversal in the current year totalling R17.7 million (for Group and Company) to align the Encha Refund with the new settlement amount. Interest totalling R5.4 million (for Group and Company) was recognised during the year with respect to the Encha Refund. Encha met its repayment obligations and made its final payment on 12 April 2022. This note should be read together with note 37*

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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2022 (continued)

18 LOANS AND OTHER RECEIVABLES (CONTINUED)

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

GROSS CARRYING AMOUNT

	As at 28 February 2021 R'000	Interest[1] R'000	Foreign exchange loss R'000	Receipts R'000	Derecognition (note 33) R'000	As at 28 February 2022 R'000
GROUP						
2022						
Transcorp Refund	**72 204**	**3 111**	**(704)**	**(74 611)**	**–**	**–**
Encha Refund	**67 547**	**5 444**	**–**	**–**	**–**	**72 991**
Supplier development loans	**4 318**	**–**	**–**	**–**	**(4 318)**	**–**
Phembani Group Proprietary Limited	**827**	**–**	**–**	**–**	**(827)**	**–**
	144 896	**8 555**	**(704)**	**(74 611)**	**(5 145)**	**72 991**

GROSS CARRYING AMOUNT

	As at 29 February 2020 R'000	Interest[1] R'000	Foreign exchange loss R'000	Receipts R'000	Impairments[2] R'000	As at 28 February 2021 R'000
GROUP						
2021						
Transcorp Refund	258 246	21 560	(5 798)	(7 605)	(194 199)	72 204
Encha Refund	128 010	9 560	–	(5 750)	(64 273)	67 547
Supplier development loans	4 318	–	–	–	–	4 318
Phembani Group Proprietary Limited	827	–	–	–	–	827
Deferred consideration on disposal of Greenhills Plant	400	–	–	(400)	–	–
	391 801	31 120	(5 798)	(13 755)	(258 472)	144 896

[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*

PROVISION FOR IMPAIRMENT

As at 28 February 2021 R'000	Reversal of impairment provision (note 36.1(b)) R'000	Derecognition (note 33) R'000	As at 28 February 2022 R'000
(1 033)	1 033	–	–
(50 660)	17 669	–	(32 991)
(4 318)	–	4 318	–
(827)	–	827	–
(56 838)	18 702	5 145	(32 991)

PROVISION FOR IMPAIRMENT

As at 29 February 2020 R'000	Reversal of/ (increase in) impairment provision (note 36.1(b)) R'000	As at 28 February 2021 R'000
(2 557)	1 524	(1 033)
(3 822)	(46 838)	(50 660)
(3 818)	(500)	(4 318)
(827)	–	(827)
(400)	400	–
(11 424)	(45 414)	(56 838)

18 LOANS AND OTHER RECEIVABLES (CONTINUED)

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

GROSS CARRYING AMOUNT

	As at 28 February 2021 R'000	Interest[1] R'000	Foreign exchange loss R'000	Receipts R'000	As at 28 February 2022 R'000
COMPANY					
2022					
Transcorp Refund	**36 100**	**1 555**	**(350)**	**(37 305)**	**–**
Encha Refund	**67 547**	**5 444**	**–**	**–**	**72 991**
	103 647	**6 999**	**(350)**	**(37 305)**	**72 991**

GROSS CARRYING AMOUNT

	As at 29 February 2020 R'000	Interest[1] R'000	Foreign exchange loss R'000	Receipts R'000	Impairments[2] R'000	As at 28 February 2021 R'000
COMPANY						
2021						
Transcorp Refund	129 122	10 780	(2 900)	(3 803)	(97 099)	36 100
Encha Refund	128 010	9 560	–	(5 750)	(64 273)	67 547
Deferred consideration on disposal of Greenhills Plant	400	–	–	(400)	–	–
	257 532	20 340	(2 900)	(9 953)	(161 372)	103 647

[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

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

	Note	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Encha Refund		**5 444**	9 560	**5 444**	9 560
Transcorp Refund		**3 111**	21 560	**1 555**	10 780
	8	**8 555**	31 120	**6 999**	20 340

Note 36.1(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 35. 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.

PROVISION FOR IMPAIRMENT

As at 28 February 2021 R'000	Reversal of impairment provision (note 36.1(b)) R'000	As at 28 February 2022 R'000
(515)	**515**	**–**
(50 660)	**17 669**	**(32 991)**
(51 175)	**18 184**	**(32 991)**

PROVISION FOR IMPAIRMENT

As at 29 February 2020 R'000	Reversal of/ (increase in) impairment provision (note 36.1(b)) R'000	As at 28 February 2021 R'000
(1 278)	763	(515)
(3 822)	(46 838)	(50 660)
(400)	400	–
(5 500)	(45 675)	(51 175)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2022 (continued)

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 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
At 1 March 2021	**21 716**	**523**	**11 315**	**11 155**	**26 675**	**1 529**	**72 913**
Additions	–	–	–	–	–	**147**	**147**
Derecognition on loss of control of subsidiary (note 33.1)	**(21 716)**	**(523)**	**(11 315)**	**(10 445)**	**(26 246)**	**(655)**	**(70 900)**
Disposals	–	–	–	–	**(429)**	**(25)**	**(454)**
At 28 February 2022	–	–	–	**710**	–	**996**	**1 706**
Accumulated depreciation and impairment							
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)
At 1 March 2021	**(8 529)**	**(523)**	**(9 568)**	**(2 465)**	**(15 985)**	**(1 313)**	**(38 383)**
Derecognition on loss of control of subsidiary (note 33.1)	**8 618**	**523**	**9 688**	**1 830**	**15 768**	**450**	**36 877**
Disposals	–	–	–	–	**429**	**25**	**454**
Depreciation	**(89)**	–	**(120)**	**(62)**	**(212)**	**(16)**	**(499)**
At 28 February 2022	–	–	–	**(697)**	–	**(854)**	**(1 551)**
Net book value							
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
At 28 February 2022	–	–	–	**13**	–	**142**	**155**

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

19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 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
At 1 March 2021	**710**	**429**	**874**	**–**	**2 013**
Disposals	**–**	**(429)**	**(25)**	**–**	**(454)**
Additions	**–**	**–**	**147**	**–**	**147**
At 28 February 2022	**710**	**–**	**996**	**–**	**1 706**
Accumulated depreciation					
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)
At 1 March 2021	**(648)**	**(429)**	**(874)**	**–**	**(1 951)**
Depreciation	**(49)**	**–**	**(5)**	**–**	**(54)**
Disposal	**–**	**429**	**25**	**–**	**454**
At 28 February 2022	**(697)**	**–**	**(854)**	**–**	**(1 551)**
Net book value					
At 29 February 2020	161	1	–	–	162
At 28 February 2021	62	–	–	–	62
At 28 February 2022	**13**	**–**	**142**	**–**	**155**

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

During the year under review the Group and Company disposed of computer equipment and a motor vehicle with Rnil book values for R0.1 million.

There is no material change in the useful lives of the assets above, based on the assessment done at 28 February 2022. 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 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
At 1 March 2021	**–**	**3 772**	**3 772**
Derecognition on loss of control of subsidiary	**–**	**(3 772)**	**(3 772)**
Additions	**1 533**	**–**	**1 533**
At 28 February 2022	**1 533**	**–**	**1 533**
Accumulated depreciation			
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)
At 1 March 2021	**–**	**(3 772)**	**(3 772)**
Depreciation	**(81)**	**–**	**(81)**
Derecognition on loss of control of subsidiary	**–**	**3 772**	**3 772**
At 28 February 2022	**(81)**	**–**	**(81)**
Net book value			
At 29 February 2020	6 651	503	7 154
At 28 February 2021	–	–	–
At 28 February 2022	**1 452**	**–**	**1 452**

	COMPANY	
	Building R'000	Total R'000
Cost		
At 1 March 2021	**–**	**–**
Additions	**1 533**	**1 533**
At 28 February 2022	**1 533**	**1 533**
Accumulated depreciation		
At 1 March 2021	**–**	**–**
Depreciation	**(81)**	**(81)**
At 28 February 2022	**(81)**	**(81)**
Net book value		
At 28 February 2021	–	–
At 28 February 2022	**1 452**	**1 452**

19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

19.1(b) LEASE LIABILITIES

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Non-current				
Lease liabilities	1 061	–	1 061	–
Current				
Lease liabilities	408	–	408	–
	1 469	–	1 469	–

Movements in lease liabilities were as follows:

GROUP

	At 1 March 2021 R'000	Interest R'000	Repayments – interest R'000	Repayments – capital R'000	Additions R'000	At 28 February 2022 R'000
Lease liabilities	–	23	(23)	(64)	1 533	1 469

	At 1 March 2020 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)	–

COMPANY

	At 1 March 2021 R'000	Interest R'000	Repayments – interest R'000	Repayments – capital R'000	Additions R'000	At 28 February 2022 R'000
Lease liabilities	–	23	(23)	(64)	1 533	1 469

28 February 2022
Efora rents a head office building under a three year lease. The lease commenced on 1 January 2022 and will terminate on 28 February 2025. With the exception of short-term leases and leases of low-value underlying assets, the lease was reflected on the statement of financial position as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

The lease generally imposes 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 is prohibited from selling or pledging the underlying leased assets as security. The Group recognises depreciation and finance costs, instead of operating lease expenses in line with the requirements of IFRS 16.

28 February 2021
In the prior year the Group (through Afric Oil) leased a workshop and certain vehicles and 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. At 28 February 2021, the leases were de-recognised as the lease agreement was cancelled subsequent to the year end when Afric Oil was placed under business rescue.

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

	GROUP AND COMPANY		
	Within 1 year R'000	2 – 3 years R'000	Total R'000
28 February 2022			
Lease payments	527	1 168	1 695
Finance charges	(119)	(107)	(226)
Net present value	408	1 061	1 469

20 INTANGIBLE ASSETS

		GROUP				
	Notes	Computer software R'000	Brand R'000	Customer relationships R'000	Petroleum reserves R'000	Total R'000
Cost						
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		–	–	–	–	–
At 28 February 2022		–	–	–	–	–
Accumulated depreciation and impairment						
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	39	–	–	–	(6 145)	(6 145)
At 28 February 2021		–	–	–	–	–
At 28 February 2022		–	–	–	–	–
Net book value						
At 29 February 2020		1 834	–	–	8 119	9 953
At 28 February 2021		–	–	–	–	–
At 28 February 2022		–	–	–	–	–

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 asset were written off in the prior year.

The Group's other intangible assets arose from the acquisition of Mena in October 2014. Mena owns the Lagia oil field and was disposed by the Group in September 2021 (see note 32). The Petroleum Concession Agreement gave Mena the right to drill for petroleum reserves. Mena's petroleum reserves totalling R1.0 million were classified as held for sale in the prior year (see note 24).

Computer software included costs incurred on the implementation of the ERP system. These costs were written off in the prior year when the ERP system became redundant.

Details pertaining to the prior year impairment of intangible assets are provided in note 39. 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 29 February 2020	96
At 28 February 2021	96
At 28 February 2022	**96**
Accumulated depreciation	
At 29 February 2020	(96)
At 28 February 2021	(96)
At 28 February 2022	**(96)**
Net book value	
At 29 February 2020	–
At 28 February 2021	–
At 28 February 2022	**–**

The computer software is still in use. No revisions have been made to the residual value or useful life thereof as the value is not material.

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

21 INVENTORIES

	GROUP	
	2022 R'000	2021 R'000
Petroleum products	**–**	2 777

There was no inventory write-off in the current year (2021: Rnil). Inventories expensed under cost of sales in the statement of comprehensive income during the year amounted to R34.2 million (2021: R1.1 billion). The Group's inventories were derecognised following the loss of control of Afric Oil in April 2021 (see note 33.1). All petroleum products inventory was pledged as security for the loan from the UIF (note 27).

22 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Trade receivables	–	66 270	–	–
Provision for impairment	–	(34 411)	–	–
	–	31 859	–	–
Other receivables	**1 045**	15 595	**1 045**	821
Provision for impairment	–	(10 336)	–	–
	1 045	37 118	**1 045**	821
Value-added tax	**982**	3 358	**982**	246
	2 027	40 476	**2 027**	1 067

Trade receivables arose from the business operations of Afric Oil and Mena. Mena was disposed by the Group in September 2021 (see note 32) and the Group lost control of Afric Oil in April 2021 which resulted in the derecognition of its trade receivables (see note 33). Trade receivables were non-interest bearing (except in the event of default) and were generally on 30 days terms. Note 36.1(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 (note 35). 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. Current and prior year trade and other receivables are denominated in South African Rands.

During the prior year 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	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Cash and cash equivalents consist of:				
Cash at banks and on hand	**37 764**	3 564	**37 764**	311
Short-term deposits	**25**	4 060	**25**	24
Total unrestricted cash	**37 789**	7 624	**37 789**	335
Restricted cash balances	**–**	685	**–**	–
Cash and cash equivalents	**37 789**	8 309	**37 789**	335

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.

All of the Group's current cash and cash equivalents are denominated in South African Rands (2021: R0.4 million was denominated in United States Dollars and the remainder in Rands). All of the Company's current and prior year cash and cash equivalents are denominated in Rands. At 28 February 2022, the Group and Company had no undrawn committed borrowing facilities. Note 36.1(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.

Cash and cash equivalents are measured at amortised cost. The carrying values of cash and cash equivalents approximate their fair values (note 35).

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

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Cash and cash equivalents consist of:				
Cash at banks, on hand and short-term deposits	**37 789**	7 624	**37 789**	335
Restricted cash balances	**–**	685	**–**	–
Total cash and cash equivalents per the statement of financial position	**37 789**	8 309	**37 789**	335
Cash and cash equivalents classified as held for sale (note 24)	**–**	20	**–**	–
Cash and cash equivalents as presented in the statement of cash flows	**37 789**	8 329	**37 789**	335

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. 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 (note 5).

From June 2020 Mena's assets and liabilities were classified as held for sale following the implementation of a plan to secure its disposal. 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)(see note 32).

		GROUP		COMPANY	
	Notes	10 September 2021 R'000	2021 R'000	10 September 2021 R'000	2021 R'000
Assets held for sale					
Oil and gas properties	14	**3 981**	4 242	**–**	–
Petroleum reserves intangible asset	20	**974**	1 038	**–**	–
Investment in subsidiary		**–**	–	**4 540**	4 540
Investment in Mena		**–**	–	**151 727**	151 727
Impairment	15.1	**–**	–	**(147 187)**	(147 187)
Loan to Group company	17	**–**	–	**–**	–
Loan to Mena		**–**	–	**162 651**	169 155
Provision for impairment		**–**	–	**(162 651)**	(169 155)
Inventories	21	**4 410**	5 839	**–**	–
Trade and other receivables	22	**1 378**	1 582	**–**	–
Cash and cash equivalents	23	**2 186**	20	**–**	–
		12 929	12 721	**4 540**	4 540
Liabilities directly associated with assets held for sale					
Trade and other payables	29	**(2 330)**	(2 927)	**–**	–
		(2 330)	(2 927)	**–**	–

A further impairment assessment of the disposal group was performed during the year under review and management concluded that there was no additional impairment required, except with respect to the Mena loan whereby the provision for impairment was increased by R6.5 million to fully impair the loan as there was reasonable expectation of recovery. Included in the prior year 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. Its results as shown in note 5 under the Egypt segment were consolidated up until 10 September 2021, being the date of disposal of the entity by the Group (see note 32).

25 STATED CAPITAL AND RESERVES

		GROUP AND COMPANY	
		2022	2021
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 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 February	(000's)	**1 103 836**	1 103 836

No shares were issued during the year (2021: Rnil). All issued shares are fully paid.

25 STATED CAPITAL AND RESERVES (CONTINUED)

GROUP	Share-based payment reserve R'000	Foreign currency translation reserve R'000	Total R'000
Reserves			
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
At 1 March 2021	**10 493**	**127 016**	**137 509**
Arising during the year	**–**	**(98 697)**	**(98 697)**
Foreign exchange gains arising on translation of foreign operations	**–**	**7 833**	**7 833**
Reclassification of exchange differences to profit or loss[1]	**–**	**(106 530)**	**(106 530)**
As at 28 February 2022	**10 493**	**28 319**	**38 812**

[1] *This reclassification arose on the disposal of Mena (note 32) and the loss of control of Afric Oil (note 33)*

COMPANY	Share-based payment reserve R'000	Foreign currency translation reserve R'000	Total R'000
Reserves			
At 1 March 2020	10 493	86	10 579
As at 28 February 2021	10 493	86	10 579
As at 28 February 2022	**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 2022 %	Participating interest 2021 %
SacOil DRC SARL ("SacOil DRC")	DRC	DRC	Exploration for oil and gas	–	42.5

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. On 14 July 2021, the Group relinquished its interest in Block III 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. SacOil DRC SARL remains an indirectly held subsidiary of the Company (see note 15.1).

27 BORROWINGS

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Current				
Unemployment Insurance Fund ("UIF")[1]	–	196 145	–	–
Loan due to Energy Equity Resources Norway Limited ("EERNL")[2]	**884**	776	**884**	776
	884	196 921	**884**	776

[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. As previously reported, during the prior financial year and until the date of loss of control Afric Oil defaulted on loan repayments and breached debt covenants. As a result, Afric Oil was placed under business rescue on 16 April 2021 which resulted in the derecognition of the loan by Company as this occurrence signalled the loss of control of the subsidiary (see note 33.1)*

[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 2021 R'000	Interest R'000	Exchange differences R'000	Derecognition (note 33.1) R'000	Advances[1] R'000	At 28 February 2022 R'000
2022						
UIF	**196 145**	**187**	**–**	**(196 332)**	**–**	**–**
EERNL	**776**	**–**	**18**	**–**	**90**	**884**
	196 921	**187**	**18**	**(196 332)**	**90**	**884**

	At 1 March 2020 R'000	Interest R'000	Exchange differences R'000	Repayments – interest R'000	Advances[1] R'000	At 28 February 2021 R'000
2021						
UIF	185 352	16 793	–	(6 000)	–	196 145
EERNL	710	–	(30)	–	96	776
	186 062	16 793	(30)	(6 000)	96	196 921

COMPANY

	At 1 March 2021 R'000	Exchange differences R'000	Advances[1] R'000	At 28 February 2022 R'000
2022				
EERNL	**776**	**18**	**90**	**884**

	At 1 March 2020 R'000	Exchange differences R'000	Advances[1] R'000	At 28 February 2021 R'000
2021				
EERNL	710	(30)	96	776

[1] *Non-cash advances attributable to costs paid by EERNL on behalf of SacOil Energy Equity Resources Limited*

Borrowings are measured at amortised cost. The carrying values of borrowings approximate their fair values (see note 35).

28 LOAN FROM JOINT VENTURE

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
SacOil Energy Equity Resources Limited ("SEER")	**7 623**	12 263	**7 623**	12 263

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 (note 35). The loan is denominated in US dollars. The movement in the loan during the year is attributable to repayments totalling R4.2 million (2021: Rnil).

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	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Trade payables	**792**	87 205	**753**	418
Accruals	**4 051**	5 624	**3 411**	3 191
Other payables	**182**	808	**182**	689
	5 025	93 637	**4 346**	4 298
The carrying values of trade and other payables approximate their fair values (see note 35).				
The carrying values of the Group's trade and other payables are denominated in the following currencies:				
US dollar	**679**	1 498	**–**	–
South African Rand	**4 346**	92 139	**4 346**	4 298
	5 025	93 637	**4 346**	4 298

On 16 April 2021 trade and other payables totalling R86.9 million attributable to Afric Oil were derecognised pursuant to the loss of control of the subsidiary (see note 33.1).

Trade payables are non-interest bearing and are generally on 30-day terms and are measured at amortised cost.

30 EARNINGS/(LOSS) PER SHARE

		GROUP 2022	GROUP 2021
Basic and diluted	cents	**20.87**	(46.52)
Both the basic and diluted earnings/(loss) per share have been calculated using the profit/(loss) attributable to shareholders of the Company as the numerator. No adjustments to the reported profit/(loss) were necessary in 2022 and 2021.			
Profit/(loss) attributable to equity holders of the Company for the year	R'000	**230 319**	(513 549)
Weighted average number of ordinary shares used in the calculation of basic earnings/(loss) per share	000's	**1 103 836**	1 103 836
Issued shares at the beginning and end of the year	000's	**1 103 836**	1 103 836
Add: Dilutive share options		**–**	–
Weighted average number of ordinary shares used in the calculation of diluted earnings/(loss) per share	000's	**1 103 836**	1 103 836
Headline loss per share			
Basic and diluted	cents	**(1.53)**	(34.01)

	Notes	2022 R'000	2021 R'000
Reconciliation of headline loss			
Profit/(loss) attributable to equity holders of the Company		**230 319**	(513 549)
Adjusted for:			
Impairment of oil and gas properties	14, 39	**–**	26 789
Impairment of brand, customer relationships and other intangible assets	20, 39	**–**	6 145
Impairment of exploration and evaluation assets	13, 39	**–**	107 008
Impairment of property, plant and equipment	19, 39	**–**	12 520
Write-off of computer software	20, 39	**–**	649
(Profit)/loss on disposal of property, plant and equipment	7.2	**(106)**	100
Other		**–**	(130)
Loss on disposal of Mena		**6 466**	–
Gain on loss of control of subsidiary		**(145 226)**	–
Reclassification of exchange differences to profit or loss		**(106 530)**	–
Adjustments attributable to non-controlling interest		**–**	(3 850)
Tax effects of adjustments		**(1 781)**	(11 089)
Headline loss		**(16 858)**	(375 407)

31 CASH (USED IN)/GENERATED FROM OPERATIONS

		GROUP		COMPANY	
	Notes	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Profit/(loss) before taxation		**230 367**	(541 140)	**36 399**	(328 473)
Adjustments for:					
Depreciation and amortisation	7.2	**580**	7 636	**135**	100
(Reversal of)/increase in provision for impairment (ECLs)	36.1(b)	**(8 401)**	59 616	**(14 274)**	83 332
Impairment of financial assets	18	**–**	258 472	**–**	161 372
Write-off of computer software	20, 39	**–**	649	**–**	–
(Reversal of)/increase in impairment of investments in subsidiaries	15.1, 39	**–**	–	**(10 000)**	84 913
Impairment of brand, customer relationships and other intangible assets	20, 24, 39	**–**	6 145	**–**	–
Impairment of exploration and evaluation assets	13, 39	**–**	107 008	**–**	–
Impairment of oil and gas properties	14, 39	**–**	26 789	**–**	–
Impairment of property, plant and equipment	19, 39	**–**	12 520	**–**	–
Finance income	8	**(9 207)**	(32 545)	**(7 579)**	(29 410)
Net monetary gain	15.2	**(916)**	(119 525)	**–**	–
Finance costs	9	**283**	17 622	**96**	–
Management fees	34	**(94)**	(91)	**(151)**	(399)
(Profit)/loss on disposal of property, plant and equipment	7.2	**(106)**	100	**(106)**	–
Net foreign exchange losses		**9 787**	132 314	**10 026**	9 270
Gain on derecognition of right-of-use assets	7.2	**–**	(1 101)	**–**	–
Loss on disposal of Mena	32	**6 466**	–	**407**	–
Reclassification of exchange differences to profit or loss	32, 33	**(106 530)**	–	**–**	–
Gain on loss of control of subsidiary	33.1	**(145 226)**	–	**–**	–
Provision for leave pay		**104**	466	**104**	348
Other non-cash items		**–**	(130)	**–**	–
Changes in working capital:					
Decrease in inventories		**–**	2 607	**–**	–
(Increase)/decrease in trade and other receivables		**(1 913)**	36 780	**(1 397)**	1 962
(Decrease)/increase in trade and other payables		**(1 812)**	(42 059)	**(130)**	362
Working capital changes attributable to assets held for sale		**1 036**	–	**–**	–
		(25 582)	(67 867)	**13 530**	(16 623)

32 DISPOSAL OF MENA

As mentioned in note 24 Efora sold its 100% shareholding in Mena to Enerjya, a private company incorporated in the United Arab Emirates, with no relation to Efora for US$350 000 (R5.1 million). The sale was perfected on 10 September 2021.

	GROUP	COMPANY
	10 September 2021 R'000	10 September 2021 R'000
Derecognition of assets and liabilities attributable to Mena previously classified as held for sale (note 24):		
Oil and gas properties	(3 981)	–
Petroleum reserves intangible asset	(974)	–
Loan to Group company	–	–
Loan to Mena	–	(162 651)
Provision for impairment	–	162 651
Investment in subsidiary	–	(4 540)
Investment in Mena	–	(151 727)
Impairment	–	147 187
Inventories	(4 410)	–
Trade and other receivables	(1 378)	–
Cash and cash equivalents	(2 186)	–
Trade and other payables	2 330	–
Total identifiable net assets derecognised	(10 599)	(4 540)
Consideration at fair value – cash received (US$285 000)	4 133	4 133
Proceeds on disposal of Mena (US$350 000)	5 076	5 076
Settlement of liabilities in Mena (US$65 000)	(943)	(943)
Loss on disposal of Mena	(6 466)	(407)
The net cash inflow on disposal of Mena is as follows:		
Cash received	4 133	4 133
Net cash disposed of	(2 186)	–
Net cash inflow per cash flow statement	1 947	4 133

Exchange gains previously recognised in other comprehensive income
Cumulative foreign exchange gains totalling R88.1 million previously recognised in the foreign currency translation reserve were reclassified to profit or loss within other income.

	GROUP
	R'000
Foreign exchange differences as at 28 February 2021 (included in the foreign currency translation reserve)	(78 267)
Foreign exchange differences arising during the year prior to disposal (included in other comprehensive income)	(9 848)
Cumulative foreign exchange differences reclassified to profit or loss	(88 115)

33 LOSS OF CONTROL OF SUBSIDIARY

33.1 Accounting for loss of control of Afric Oil

As previously communicated by the Company in its various announcements, on 16 April 2021 Afric Oil was placed under business rescue on which date the Company lost control of the subsidiary. The loss of control arose when Afric Oil became subject to control by the business rescue practitioners although there was no change in the absolute or relative ownership interest. As such on 16 April 2021, the Group derecognised all assets, liabilities and the non-controlling interest attributable to Afric Oil as outlined below, and recognised a gain on loss of control of Afric Oil amounting to R145.2 million.

	Notes	GROUP 16 April 2021 R'000
Property, plant and equipment	19	(34 023)
Loans and other receivables		–
Loans and other receivables, gross	18	(5 145)
Provision for impairment	18	5 145
Inventories		(2 777)
Trade and other receivables		(38 429)
Trade and other receivables, gross	22	(84 672)
Provision for impairment	36.1(b)	46 243
Cash and cash equivalents		(8 737)
Borrowings	27	196 332
Trade and other payables		86 926
Total identifiable net liabilities derecognised		199 292
Non-controlling interest derecognised		(64 066)
Fair value of remaining investment in Afric Oil		10 000
Investment in Afric Oil	33.2	126 758
Provision for impairment	33.2	(116 758)
Financial asset		–
Loan due from Afric Oil	33.2	120 350
Provision for impairment	33.2	(120 350)
Gain on loss of control of Afric Oil		**145 226**
The net cash outflow on loss of control of Afric Oil is as follows:		
Net cash derecognised		(8 737)
Net cash outflow per cash flow statement		**(8 737)**

Exchange gains previously recognised in other comprehensive income
Cumulative foreign exchange gains totalling R18.4 million previously recognised in the foreign currency translation reserve with respect to Afric Oil's foreign subsidiaries were reclassified to profit or loss within other income.

	GROUP 16 April 2021 R'000
Foreign exchange differences (included in the foreign currency translation reserve)	(18 415)
Cumulative foreign exchange differences reclassified to profit or loss	**(18 415)**

The exchange differences above did not attract taxation on initial recognition or on transfer to profit or loss.

Afric Oil was subsequently sold on 1 March 2022 as shown in note 37.

33 LOSS OF CONTROL OF SUBSIDIARY (CONTINUED)

33.2 Accounting subsequent to loss of control

Subsequent to the loss of control of Afric Oil, the Company accounted for the investment retained in Afric Oil at fair value. The loss of control marked the end of the parent-subsidiary relationship and the start of a new investor-investee relationship. The loan due from the former subsidiary continued to be accounted for as a financial asset at amortised cost, albeit now recoverable from a party unrelated to the Group.

	Notes	GROUP 2022 R'000	COMPANY 2022 R'000
Financial asset at amortised cost			
Loan due from Afric Oil[1]		129 155	129 155
On loss of control	33.1	120 350	120 350
Loans advanced		8 805	8 805
Provision for impairment	36.1(b)	(129 155)	(129 155)
On loss of control	33.1	(120 350)	(120 350)
Impairment provision		(8 805)	(8 805)
		–	–
Financial asset at fair value through profit or loss			
Investment in Afric Oil[2]		10 000	10 000

[1] *This loan incurred interest at the prime interest rate plus 2%, was unsecured and was due on 29 February 2020 but remained unpaid at 28 February 2022 due to the financial challenges experienced by Afric Oil which subsequently led to business rescue proceedings at the entity. The loan was denominated in Rands. No interest was recognised in finance income in the statement of comprehensive income as the loan was fully impaired (2021: R9.0 million)*

[2] *The fair value of the investment in Afric Oil was determined to be R10.0 million based on an offer received from Royale Energy Proprietary Limited ("Royale") pursuant to the implementation of the business rescue plan at Afric Oil. Also see note 37 for details pertaining to the subsequent disposal of Afric Oil to Royale*

Note 36.1(b) includes disclosures relating to the credit risk exposures and analysis relating to the provision for impairment. The fair value of financial asset at amortised cost is disclosed in note 35. The provision for impairment of the financial asset at amortised cost is based on lifetime expected credit losses.

34 RELATED PARTIES

Related parties of the Group include entities detailed in note 15.1 and note 16, key management and non-executive directors. Key management include executive directors, members of the Executive Committee and other senior employees.

The following transactions were carried out with related parties:

		GROUP		COMPANY	
		2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
(a)	**Transactions with Group companies**				
	Management fees	94	91	151	399
	Mena	–	–	48	265
	SEER	94	91	94	91
	SacOil DRC	–	–	9	43
	Interest income	–	–	–	9 049
	Afric Oil	–	–	–	9 049
		94	91	151	9 448

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 in the prior year on the loan to Afric Oil on the basis disclosed in note 17. Additional information relating to the Company's interest in Mena and Afric Oil is provided in notes 32 and 33.

34 RELATED PARTIES (CONTINUED)

		GROUP AND COMPANY	
		2022 R'000	2021 R'000
(b)	**Key management compensation**		
	Non-executive directors		
	Boas Seruwe[1]	**129**	989
	Thuto Masasa[2]	**–**	225
	Vuyo Ngonyama	**801**	583
	Patrick Mngconkola	**726**	648
	Zanele Radebe	**545**	550
	Malande Tonjeni[3]	**533**	39
		2 734	3 034

	Salary R'000	Other benefits R'000	Total R'000
Executive directors			
2022			
Darrin Arendse[4]	**1 578**	**464**	**2 042**
Thabang Monametsi[5]	**802**	**219**	**1 021**
Damain Matroos[6]	**630**	**418**	**1 048**
	3 010	**1 101**	**4 111**
2021			
Damain Matroos	3 604	131	3 735
Tariro Gadzikwa[7]	1 401	551	1 952
	5 005	682	5 687
Other key management			
2022			
Short-term employee benefits	**316**	**–**	**316**
2021			
Short-term employee benefits	1 893	5	1 898

[1] Resigned on 16 April 2021
[2] Resigned on 31 July 2020
[3] Appointed on 10 February 2021
[4] Appointed as Interim CEO on 5 May 2021
[5] Appointed as Interim CFO on 1 April 2021 and resigned on 28 February 2023
[6] Resigned on 5 February 2021 and left the Group on 4 May 2021
[7] Resigned on 6 July 2020 and left the Group on 30 September 2020

34 RELATED PARTIES (CONTINUED)

		Notes	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
(c)	**Year-end balances**					
	Loans to Group companies	17	–	–	–	–
	Loan from Group company	17	–	–	**(318)**	(318)
	Loan from joint venture	28	**7 623**	12 263	**7 623**	12 263

(d) Share options

Name of holder	Grant date	Share price at grant date R	As at 28 February 2021 000's	Lapsed	As at 28 February 2022 000's	Exercise price after share consoli-dation 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]	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
Damain Matroos[2]	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
			3 028	(483)	**2 545**			

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

(e) Directors' shareholding in the Company

None of the directors owned shares in the Company in the current or prior year. There were no changes between the end of the financial year and the date of approval of the financial statements.

(f) Borrowings

Borrowings from the UIF are disclosed in note 27.

35 FAIR VALUE MEASUREMENT

The fair values of cash and cash equivalents, trade and other receivables, loans and other receivables, the financial asset at amortised cost, trade and other payables, borrowings and the loan from the joint venture approximate carrying values due to the short-term maturities of these instruments. The fair value of the financial asset at FVTPL is nil for the reasons highlighted in note 33.2. In the prior year the fair value of loans and other receivables did not approximate carrying values as shown below. The difference between the fair value and carrying amount of the loan from Group company is not material in the current or prior year. 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	
	Note	2022 R'000	2021 R'000	2022 R'000	2021 R'000
GROUP					
Financial assets at amortised cost					
Loans and other receivables	18	**40 000**	88 058	**40 000**	89 214

		Carrying value		Fair value	
	Note	2022 R'000	2021 R'000	2022 R'000	2021 R'000
COMPANY					
Financial assets at amortised cost					
Loans and other receivables	18	**40 000**	52 472	**40 000**	53 051

VALUATION TECHNIQUES AND ASSUMPTIONS APPLIED TO MEASURE FAIR VALUES

When the fair values of financial assets 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. In the current year the carrying values of all financial assets and liabilities approximate fair values as mentioned above. The current and prior year fair values of loans and other receivables were determined as follows:

GROUP

Financial assets at amortised cost	Fair value at 28 February 2022 R'000	Fair value at 28 February 2021 R'000	Valuation technique	Significant inputs
Loans and other receivables	**40 000**	89 214	DCF model	Weighted average cost of capital

COMPANY

Financial assets at amortised cost	Fair value at 28 February 2022 R'000	Fair value at 28 February 2021 R'000	Valuation technique	Significant inputs
Loans and other receivables	**40 000**	53 051	DCF model	Weighted average cost of capital

35 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			
	Notes	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
At 28 February 2022					
Loans and other receivables	18	–	–	**40 000**	**40 000**
At 28 February 2021					
Loans and other receivables	18	–	–	89 214	89 214

		COMPANY			
	Notes	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
At 28 February 2022					
Loans and other receivables	18	–	–	**40 000**	**40 000**
At 28 February 2021					
Loans and other receivables	18	–	–	53 051	53 051

There were no transfers between levels during the year. The Group's own non-performance risk at 28 February 2022 is not material (see note 40).

36 FINANCIAL RISK MANAGEMENT

36.1 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 cooperation 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 with respect to financial risks focuses on actively securing the Group's short to medium-term cash flows to ensure the sustainability of the Group.

(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 in the current and prior years include loans and other receivables, financial assets at FVTPL, 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. At 28 February 2022, foreign currency risk primarily arises from recognised assets and liabilities. Prior to the disposal of Mena (see note 32), the Group's foreign currency risk also arose from future transactions. 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 2022, if the Rand had weakened by 11% against the US dollar, with all other variables held constant, the Group post-tax profit for the year would have been R1.0 million lower and the Group's equity would have been R1.0 million lower (2021: Group post-tax loss would have been R9.5 million lower and the Group's excess of liabilities relative to assets would have been R9.5 million lower). Similarly, if the Rand had strengthened by 11% against the US dollar, with all other variables held constant, the Group post-tax profit for the year would have been R1.0 million higher and the Group's equity would have been R1.0 million higher (2021: Group post-tax loss would been R9.5 million higher and the Group's excess of liabilities relative to assets would have been R9.5 million higher) respectively, mainly as a result of the US dollar net liability position arising from the loan from joint venture, borrowings and trade and other payables (notes 27, 28 and 29) (2021: mainly as a result of US dollar net asset position arising from loans and other receivables, cash and cash equivalents, borrowings, the loan from joint venture and trade and other payables (notes 18, 23, 27, 28 and 29).

At 28 February 2022, if the Rand had weakened by 11% against the US dollar, with all other variables held constant, the Company post-tax profit for the year would have been R0.9 million lower and the Company's equity would have been R0.9 million lower (2021: Company 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). Similarly, if the Rand strengthened by 11% against the US dollar, with all other variables held constant, the Company post-tax profit for the year would have been R0.9 million higher and the Company's equity would have been R0.9 million higher (2021: Company 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) respectively, mainly as a result of mainly as a result of the US dollar net liability position arising from the loan from joint venture and borrowings (notes 27 and 28) (2021: mainly as a result of US dollar net asset position arising from loans and other receivables, borrowings and the loan from joint venture (notes 18, 27 and 28).

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

	Notes	**2022 R'000**	2021 R'000
GROUP			
US dollars			
Loans and other receivables	18	–	71 172
Cash and cash equivalents	23	–	381
Borrowings	27	**(884)**	(776)
Loan from joint venture	28	**(7 623)**	(12 263)
Trade and other payables	29	**(679)**	(1 498)

	Notes	**2022 R'000**	2021 R'000
COMPANY			
US dollars			
Loans and other receivables	18	–	35 586
Loans to Group companies	17	–	–
Borrowings	27	**(884)**	(776)
Loan from joint venture	28	**(7 623)**	(12 263)

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

36.1 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. In the current year, the Group's interest rate risk arose from cash and cash equivalents. Up until April 2021, the Group and Company's interest rate risk also arose from borrowings and the loan advanced to Afric Oil (see note 33.1), respectively. Cash and cash equivalents deposited, loans advanced or borrowings acquired at variable rates expose the Group and Company to cash flow interest rate risk. Cash and cash equivalents deposited, loans advanced or borrowings acquired at fixed rates expose the Group and Company 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 and Company's fair value interest rate risk with respect to cash and cash equivalents is considered to be minimal.

Borrowings and loan advanced to Afric Oil

At 28 February 2022, the Group and Company do not have exposure to interest rate risk attributable to the UIF borrowings and the loan advanced to Afric Oil (see note 33.1).

The UIF borrowings were acquired at a variable interest rate (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 excess of liabilities relative to assets would have been R1.7 million lower. 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 excess of liabilities relative to assets would have been R1.7 million higher, respectively. The prior year 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 was advanced at a variable rate (see notes 17 and 33.2). A 10% decrease or increase in the interest rate applicable to the loan would not have had a material impact on the Company's post-tax loss or equity as the loan was fully impaired (2021: also not material).

(iii) Price risk

Up until 19 September 2021 (see note 32), the Group was exposed to the risk of fluctuations in prevailing market commodity prices on the oil it produced and traded. This risk was assessed as immaterial for the year under review due to the limited operations at Lagia and the absence of crude trading under the contract with the NNPC.

The petroleum products sold by Afric Oil were also impacted by shifts in oil prices prior to its disposal in March 2022 (see note 33). The Group's policy was to manage this price risk through the use of contract-based prices with customers. At 28 February 2022, price risk with respect to petroleum products was assessed not to be material due to the transfer of ownership of Afric Oil which was pending and was finalised on 1 March 2022. At 28 February 2021, 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 post-tax loss by R24.1 million and a decrease in the excess of liabilities relative to assets of the Group by R24.1 million for the year under review. 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 post-tax loss by R24.1 million and an increase in the excess of liabilities relative to the Group's assets by R24.1 million for the year under review.

At 28 February 2022, the Group's exposure to equity price risk attributable to its investment in Afric Oil which was accounted for as a financial asset at FVTPL was not material as this investment was fully impaired (see note 33.2). In the prior year the Group was 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 cooperation with the various business units. Credit risk arises from cash and cash equivalents (note 23), including deposits with banks and financial institutions, loans and other receivables (note 18), and the financial assets at amortised cost (note 33.2). For the Company, credit risk also arises from loans to Group companies (note 17). Prior to the loss of control of Afric Oil (note 33) and the disposal of Mena (note 32), credit risk also arose from trade and other receivables (note 22). For banks and financial institutions, only independently rated parties with high credit ratings are accepted. With respect to trade and other receivables, it was the Group's policy that all customers who wished to trade on credit terms were subject to credit verification procedures which included an assessment of creditworthiness, short term liquidity and financial position. It was 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.

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

36.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

The reversal of/(increase in) impairment losses on financial assets recognised in the statement of comprehensive income under other operating costs comprises:

	Notes	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Loans and other receivables	18	**18 702**	(45 414)	**18 184**	(45 675)
Loans to Group companies		**–**	–	**(1 611)**	(38 423)
Financial asset at amortised cost		**(8 805)**	–	**(8 805)**	–
Loan advance to Mena (classified as held for sale)	24	**–**	–	**6 506**	–
Trade and other receivables		**(1 496)**	(14 202)	**–**	766
	7.1	**8 401**	(59 616)	**14 274**	(83 332)

Trade receivables

Prior to the disposal of Mena (note 32) and the loss of control of Afric Oil (note 33), trade receivables consisted of a large number of customers in various industries and geographical areas. The credit terms were generally on 30 day terms. The Group applied the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items did 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 prior year.

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

The expected loss rates were 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 were adjusted to reflect current and forward looking factors affecting the customer's ability to settle the amount outstanding which included the outlook of the customer's operating and macro-economic environment. However, given the short period exposed to credit risk, the impact of these macroeconomic factors was not considered significant within each annual reporting period. Where credit ratings were available, such ratings were also taken into consideration.

Trade receivables were written-off (i.e. derecognised) when there was no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on an alternative payment arrangement amongst other factors, were considered indicators of no reasonable expectation of recovery.

On the above basis the expected credit losses for trade receivables for the years ended 28 February 2022 and 28 February 2021 were determined as follows:

28 February 2022

There were no expected credit losses for trade receivables as at 28 February 2022 due to the derecognition of the trade receivables and corresponding expected credit losses attributable to Afric Oil following loss of control of the subsidiary (note 33).

		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 had 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 did not have credit ratings.

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

36.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

The closing balance of the trade receivables provision for impairment as at 28 February 2022 reconciles with the trade receivables provision for impairment opening balance as follows:

	GROUP	COMPANY
	Lifetime expected credit losses R'000	Lifetime expected credit losses R'000
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	–
At 1 March 2021	**44 747**	–
Arising during the year	**1 496**	–
Other receivables	**1 496**	–
Derecognition (note 33.1)	**(46 243)**	–
Trade receivables	**(34 411)**	–
Other receivables	**(11 832)**	–
At 28 February 2022	–	–

LOANS AND OTHER RECEIVABLES

At 28 February 2022 loans and other receivables were attributable to amounts due from Encha (see note 18). Transcorp settled its indebtedness to the Group in December 2021. In the prior year loans and other receivables also included amounts due from Transcorp and other smaller balances (see notes 18 and 33). 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 ECLs 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 probability of default 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 probability of default 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 debtor 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.

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

36.1 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 3rd party guarantees. Industry statistics based on average recoveries post default are available from various reliable 3rd 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

February 2022

Transcorp met its repayment obligations and made its final payment in December 2021.

February 2021

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. 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 37) is compounded by the lack of information to assess the ability of the debtor to pay. The current year expected credit loss rate of 45.2% was determined by taking into account the new settlement agreement concluded with Encha in March 2022. The expected credit loss rate for the prior year was 75.0%.

On the above basis the expected credit losses for loans and other receivables as at 28 February 2022 and 28 February 2021 were determined as follows:

		GROUP			
		Transcorp	Encha	Other	Total
28 February 2022					
Expected credit loss rate	(%)	–	**45.2**	–	
Gross carrying amount	(R'000)	–	**72 991**	–	**72 991**
Lifetime expected credit losses	(R'000)	–	**(32 991)**	–	**(32 991)**
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)

		COMPANY		
		Transcorp	Encha	Total
28 February 2022				
Expected credit loss rate	(%)	–	**45.2**	
Gross carrying amount	(R'000)	–	**72 991**	**72 991**
Lifetime expected credit losses	(R'000)	–	**(32 991)**	**(32 991)**
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)

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

36.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

The closing balance of the loans and other receivables provision for impairment as at 28 February 2022 reconciles with the loans and other receivables provision for impairment opening balance as follows:

		GROUP		
	Notes	Lifetime expected credit losses R'000	12-month expected credit losses[2] R'000	Total R'000
At 1 March 2020		(9 007)	(3 822)	(12 829)
Write-offs[1]		1 405	–	1 405
Changes in risk parameters		(49 236)	3 822	(45 414)
At 28 February 2021		(56 838)	–	(56 838)
At 1 March 2021		**(56 838)**	–	**(56 838)**
Derecognition	33.1	**5 145**	–	**5 145**
Changes in risk parameters	18	**18 702**	–	**18 702**
At 28 February 2022		**(32 991)**	–	**(32 991)**

[1] Utilisation of the provision for impairment attributable to the deferred consideration on disposal of Greenhills Plant following final settlement of the amount due
[2] Attributable to the change in basis for the determination of expected credit losses following a significant increase in credit risk

		COMPANY		
	Notes	Lifetime expected credit losses R'000	12-month expected credit losses[2] R'000	Total R'000
At 1 March 2020		(3 083)	(3 822)	(6 905)
Write-offs[1]		1 405	–	1 405
Changes in risk parameters		(49 497)	3 822	(45 675)
At 28 February 2021		(51 175)	–	(51 175)
At 1 March 2021		**(51 175)**	–	**(51 175)**
Changes in risk parameters	18	**18 184**	–	**18 184**
At 28 February 2022		**(32 991)**	–	**(32 991)**

[1] Utilisation of the provision for impairment attributable to the deferred consideration on disposal of Greenhills Plant following final settlement of the amount due
[2] Attributable to the change in basis for the determination of expected credit losses following a significant increase in credit risk

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

36.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

LOANS TO GROUP COMPANIES

The composition of loans to Group companies is provided in note 17. The Company 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 Company will measure the loss allowance based on lifetime rather than 12-month ECL. In measuring the expected credit losses, the Company 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.

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 Company on alternative payment arrangements is considered an indicator of no reasonable expectation of recovery. At 28 February 2022 the Company has taken into account the the expiry of the exploration licence in the DRC (note 13) in assessing the ECLs. Estimated probabilities of default after taking into account these factors are outlined below. In the prior year the Company took into account the underperformance and business rescue proceedings at Afric Oil (before the sale in March 2022 (notes 5 and 33).

		COMPANY			
		SacOil DRC	Afric Oil	Other	Total
28 February 2022					
Expected credit loss rate	(%)	**100.0**	–	**100.0**	
Gross carrying amount	(R'000)	**45 960**	–	**31**	**45 991**
Lifetime expected credit losses	(R'000)	**(45 960)**	–	**(31)**	**(45 991)**
28 February 2021					
Expected credit loss rate	(%)	100.0	100.0	100.0	
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)

The closing balance of the loans to Group companies provision for impairment as at 28 February 2022 reconciles with the loans to Group companies provision for impairment opening balance as follows:

		COMPANY				
		Lifetime expected credit losses				
	Notes	SacOil DRC R'000	Mena R'000	Afric Oil R'000	Other R'000	Total R'000
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)
Transferred to assets held for sale	24	–	169 155	–	–	169 155
At 28 February 2021		(44 350)	–	(120 350)	(30)	(164 730)
Balance at 1 March 2021		**(44 350)**	–	**(120 350)**	**(30)**	**(164 730)**
Reclassification as a provision for impairment attributable to the financial asset at amortised cost	33.1	–	–	**120 350**	–	**120 350**
Arising during the year		**(1 610)**	–	–	**(1)**	**(1 611)**
Balance at 28 February 2022		**(45 960)**	–	–	**(31)**	**(45 991)**

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

36.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

FINANCIAL ASSETS AT AMORTISED COST

The composition of the financial asset at amortised cost is provided in note 33.2. 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 ECL. 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.

Financial assets at amortised cost 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 the business rescue proceedings at Afric oil (before the sale in March 2022) in assessing the ECLs. Estimated probabilities of default after taking into account these factors are outlined below.

		COMPANY	
		Afric Oil	**Total**
28 February 2022			
Expected credit loss rate	(%)	**100.0**	
Gross carrying amount	(R'000)	**129 155**	**129 155**
Lifetime expected credit losses	(R'000)	**(129 155)**	**(129 155)**

		Lifetime expected credit losses Afric Oil
Balance at 1 March 2021		
Reclassification as a provision for impairment attributable to the financial asset at amortised cost (note 33.2)	(R'000)	**(120 350)**
Arising during the year	(R'000)	**(8 805)**
Balance at 28 February 2022	(R'000)	**(129 155)**

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

36.1 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.

	GROUP		
	1 – 3 months R'000	7 – 12 months R'000	Total R'000
At 28 February 2022			
Trade and other payables	**5 025**	**–**	**5 025**
Borrowings	**–**	**884**	**884**
Loan from joint venture	**–**	**7 623**	**7 623**
Total	**5 025**	**8 507**	**13 532**
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	13 039	302 821

[1] *The UIF borrowings was classified as due within 3 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.*

	COMPANY		
	1 – 3 months R'000	7 – 12 months R'000	Total R'000
At 28 February 2022			
Loan from Group company	**–**	**318**	**318**
Trade and other payables	**4 346**	**–**	**4 346**
Borrowings	**–**	**884**	**884**
Loan from joint venture	**–**	**7 623**	**7 623**
Total	**4 346**	**8 825**	**13 171**
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	13 357	17 655

This note should be read together with note 40.

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

36.2 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 have historically been met through a combination of debt and equity, however the Group is in the process of finalising its capital structure given recent changes in the Group (see notes 32 and 33). In the interim, the Group monitors capital on the basis of the carrying amount of equity plus debt less its cash and cash equivalents.

	Notes	2022 R'000	2021 R'000
Short and long-term financial liabilities	27	**884**	196 921
Trade and other payables	29	**974**	88 013
Short and long-term finance lease obligations	19.1(b)	**1 469**	–
Loan from joint venture	28	**7 623**	12 263
Less: Unrestricted cash and cash equivalents	23	**(37 789)**	(7 624)
Net (assets)/debt		**(26 839)**	289 573
Total equity		**68 695**	(62 927)
Total capital		**41 856**	226 646

The Group's capital structure as at 28 February 2021 was negatively impacted by the increase in the accumulated loss arising from the impairments recognised during that year (see notes 36.1(b) and 39).

37 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.

DISPOSAL OF AFRIC OIL PURSUANT TO THE BUSINESS RESCUE PLAN

Pursuant to the business rescue proceedings which commenced in April 2021 and a revised offer from Royale, the Company through its wholly owned subsidiary, Efora Holdings Proprietary Limited ("Efora Holdings"), entered into a sale agreement under the terms of which the Company disposed 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.

ENCHA SETTLEMENT AGREEMENT

In April 2022, Efora concluded a settlement agreement with Encha pursuant to which Encha would pay R40.0 million as 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.

NEW WHOLESALE COMPANY

During December 2022 the Group commenced the wholesaling of diesel, illuminated paraffin and naphtha to commercial customers in South Africa through its wholly owned subsidiary Efora Holdings. This followed the award in May 2022 of a fuel wholesale licence to the Group .

CHANGE IN DIRECTORATE

Thabang Monametsi resigned from his role as CFO on 28 February 2023.

38 COMMITMENTS AND CONTINGENT LIABILITIES

COMMITMENTS

Capital commitments

The Group and Company did not have any capital commitments at 28 February 2022.

At 28 February 2021 Boland Diesel, a former indirectly held subsidiary of the Company, 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. The Company lost control of Boland Diesel following the loss of control of Afric Oil in April 2021.

CONTINGENT LIABILITIES

The Group and Company did not have any contingent liabilities at 28 February 2022 (2021: Rnil).

39 IMPAIRMENT OF NON-FINANCIAL ASSETS

There were no impairments of the Group's non-financial assets during the year under review (2022: R152.5 million). Impairment charges/(reversals) relating to the following assets were recognised by the Company in the current and prior years:

	Notes	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Oil and gas properties[1]	14, 39.1	–	26 789	–	–
Other intangible assets[1]	20, 39.1	–	6 145	–	–
Exploration and evaluation assets	13, 39.2	–	107 008	–	–
Investments in subsidiaries	15.1, 39.3, 33.1	–	–	**(10 000)**	84 913
Property, plant and equipment	19, 39.4	–	12 520	–	–
		–	152 462	**(10 000)**	84 913

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

39.1 OIL AND GAS ASSETS AND OTHER INTANGIBLE ASSETS

	Notes	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Oil and gas properties	14	–	26 789	–	–
Other intangible assets	20	–	6 145	–	–
		–	32 934	–	–

28 February 2021

An impairment of R32.9 million (US$2.183 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) 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%.

The carrying amount of the oil and gas properties and petroleum reserves was R38.2 million (US$2.533 million) prior to the recognition of the impairment charge of which R31.0 million (US$2.057 million) was attributed to oil and gas properties and R7.2 million (US$0.476 million) to petroleum reserves. The impairment charge of R32.9 million (US$2.183 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
28 February 2021						
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)

39 IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

39.2 EXPLORATION AND EVALUATION ASSETS

The Block III licence expired in July 2020. The expiry of the licence was viewed as an impairment indicator and management performed an impairment assessment in the prior year 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 at 28 February 2021 was assessed as nil and the carrying amount of R107.0 million was fully impaired. During the year a decision was made to relinquish the licence for Block III. 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 39.3).

39.3 INVESTMENTS IN SUBSIDIARIES

At as 28 February 2022 all of the Company's investments in subsidiaries were fully impaired except for the investment in Afric Oil.

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

	Notes	2022 R'000	2021 R'000
Mena	24	–	67 903
RDK Mining Proprietary Limited ("RDK")	15.1	–	17 010
Afric Oil	33.1, 33.2	**(10 000)**	–
		(10 000)	84 913

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 39.1, 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 39.2). 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.

AFRIC OIL

In the prior year the investment in Afric Oil was fully impaired due to the operational and financial difficulties experienced by the subsidiary. During the current year, a reversal of the impairment provision amounting to R10.0 million was recognised to align the carrying amount of the investment in Afric Oil to its fair value determined by the offer received from Royale pursuant to the implementation of the business rescue plan (see notes 33.2 and 37).

39.4 PROPERTY, PLANT AND EQUIPMENT

February 2022

There were no further impairments of the Group's property, plant and equipment during the year under review.

February 2021

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. 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 advisor to establish these market prices.

39.5 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.

40 GOING CONCERN

The consolidated and separate financial statements of the Company have been prepared under the assumption that the Group and Company operate on a going concern basis, which assumes that the Group and Company will be able to discharge liabilities as they fall due. In confirming the validity of the going concern basis of preparation, the Group and Company have considered the following specific factors:

a) the Group reported a profit after taxation of R230.4 million for the year and had an excess of current assets over current liabilities of R68.1 million as at that date. The Company reported a profit after taxation of R36.4 million for the year and had an excess of current assets over current liabilities of R68.8 million as at that date.

b) the Group generated positive cash flows of R29.5 million in the current year (Company: R37.5 million).

c) as disclosed in note 36.1(c) liquidity needs of the Group and Company are monitored in various time bands, as well as on the basis of rolling month-to-month projections. Net cash requirements are compared to available cash resources in order to determine headroom or any shortfalls. The analysis in note 36.1(c) read together with note 23 shows that available cash resources were expected to be sufficient over the lookout periods presented.

d) management prepares annual budgets and longer-term strategic plans, including an assessment of cash flow requirements, and continues to monitor actual performance against budget and plan throughout each reporting period. Based on these factors, management has a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future up to 31 October 2024 ("Assessment Period").

In determining that the going concern basis of preparation is appropriate, the Group has considered volatilities in the exchange rates, interest rates and energy prices in preparing annual budgets and plans referred to under 19(d). Furthermore, based on information available on the assessment date, the Group has concluded that developments with the Russia/Ukraine war and disruptions to global supply chains will not materially impact its operations during the Assessment Period.

In the prior year 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) during that year. 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. Prior year going concern and insolvency issues were resolved by the disposal of Afric Oil and Mena (see notes 32 and 33).

41 RUSSIA-UKRAINE WAR

The Group has considered developments with the Russia-Ukraine war. 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 price 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 the 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 2022

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 28 February 2022 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**

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
JSE code: EEL
ISIN: ZAE000248258
LEI: 213800Z9GDANDTE13745

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ADVISERS AND REGISTRARS

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TRANSFER SECRETARIES
JSE Investor Services Proprietary Limited

JSE SPONSOR
PSG Capital

AUDITORS

EXTERNAL AUDITORS
SizweNtsalubaGobodo Grant Thornton Inc.

INTERNAL AUDITORS
BDO Advisory Services Proprietary Limited

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