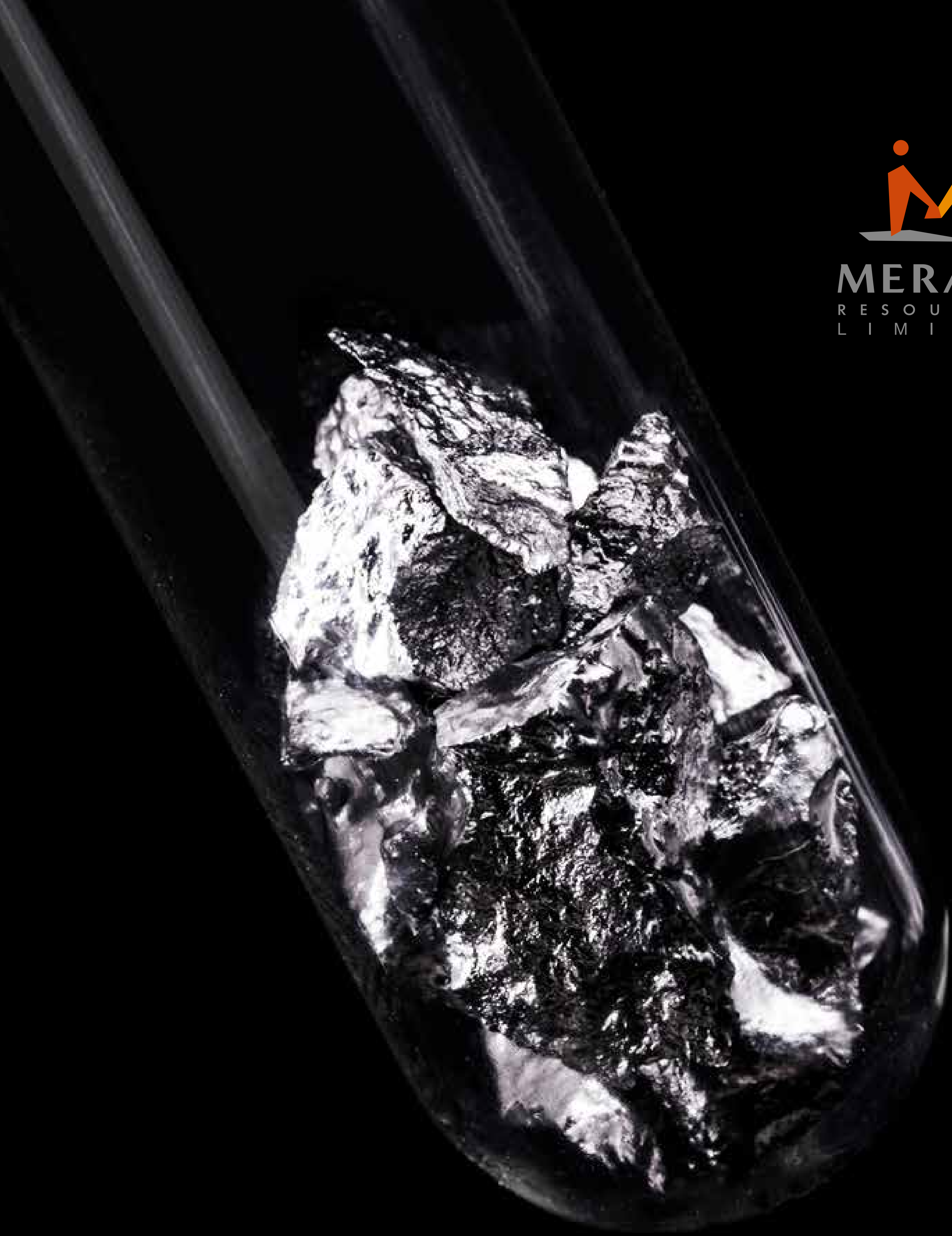

MERAFE RESOURCES LIMITED

MERAFE RESOURCES LIMITED
AUDITED CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2023

Contents

The Group and Company financial statements have been prepared by the Financial Manager, Busisiwe Nteyi CA (SA), and were supervised by the Financial Director, Ditabe Chocho CA (SA).

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act, No. 71 of 2008 (Companies Act) to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual financial statements fairly present the financial position and changes in equity of the Group and Company as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with the requirements of International Financial Reporting Standards (IFRS), interpretations by the International Financial Reporting Interpretations Committee (IFRIC), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (APC), the Financial Pronouncements as issued by Financial Reporting Standards Council, the Johannesburg Stock Exchange Limited Listings Requirements (Listings Requirements) and the requirements of the Companies Act, as amended.

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

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

The directors are of the opinion 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. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors confirm that the Company is in compliance with the provisions of the Companies Act, specifically relating to its incorporation and operates in compliance with its memorandum of incorporation.

The directors have reviewed the Company and Group’s cash flow forecast for the 12 months from date of issue of the financial statements and, in light of this review, they are satisfied that the Company and Group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Group's consolidated and separate annual financial statements. The annual financial statements have been examined by the Group's external auditors and their report is presented on pages 14 to 17.

The annual financial statements set out on pages 2 to 80, which have been prepared on the going concern basis, were approved by the Board on 15 March 2024 and were signed on their behalf by:

Abiel Mngomezulu	**Zanele Matlala**
Chairperson of the Board	**Chief Executive Officer**

CEO and FD's responsibility statement

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

- The annual financial statements set out on pages 2 to 80, fairly present in all material respects the financial position, financial performance and cash flows of Merafe Resources Limited in terms of IFRS;
- To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- Internal financial controls have been put in place to ensure that material information relating to Merafe Resources Limited and its consolidated subsidiaries have been provided to effectively prepare the financial statements of Merafe Resources Limited;
- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- Where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors any deficiencies in the design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
- We are not aware of any fraud involving directors.

Zanele Matlala	**Ditabe Chocho**
Chief Executive Officer	**Financial Director**
15 March 2024	**15 March 2024**

Report of the Audit and Risk Committee

This report is provided by the Audit and Risk Committee (the Committee) appointed for the 2023 financial year of Merafe Resources Limited (Merafe).

1. Introduction

The Committee is pleased to present its report for the financial year ended 31 December 2023. The Committee confirms that it has adopted formal terms of reference as its Audit and Risk Committee Charter (the Charter) and has discharged all of its responsibilities for the current financial year in compliance with the Charter. The report has been prepared based on the requirements of the Companies Act, King IV Report on Corporate Governance for South Africa, 2016 (King IV Code/King IV), the Listings Requirements and other applicable regulatory requirements. The report provides an overview of the work done by the Committee during the year under review.

2. Objectives

The overall objectives of the Committee are to:

- Ensures that appropriate financial reporting procedures exist and are operating, which should include consideration of all entities included in the consolidated and separate IFRS financial statements, to ensure that it has access to all the financial information of Merafe to allow Merafe to effectively prepare and report on the financial position of the Group and Company;
- Assess the adequacy of the internal financial controls and the accounting systems, including the Company's authority framework;
- Oversee a process by which internal audit performs an assessment of the effectiveness of the company's system of internal control and risk management, including internal financial controls;
- Review the summarised financial statements, interim financial statements and annual financial statements and recommend these to the Board for approval;
- Assess and evaluate the Group and Company's combined assurance and provide independent oversight of the effectiveness thereof;
- Nominate the external auditor who in the opinion of the Committee is considered independent for appointment, determine and approve external audit fees, set the Company and its subsidiaries (the Group) policy on non-audit services provided by the external auditor and ensure that the appointment complies with legislation;
- Ensure that the appointment of the external auditor is presented and included as a resolution at the forthcoming annual general meeting of Merafe shareholders pursuant to section 61(8) of the Companies Act;
- Monitor compliance with legal requirements and debt covenants;
- Recommend budgets and plans to the Board;
- Consider and recommend to the Board any dividend;
- Conduct periodic reviews and assessments of the business risks the Group faces by considering Merafe's and the Glencore Merafe Pooling and Sharing Venture (Venture) risk reports;
- Receive and deal with any concerns from within, outside the Company or on its own initiative in relation to accounting practices, internal audit of the Company or any related matter and ensure that all issues are addressed;
- Make submissions to the Board on any matter concerning the Group and Company's accounting policies, financial control, records and reporting. This includes a review of key matters requiring judgement, such as impairment;
- Review the Company's related party transactions;
- Receive and deal with any concern or complaints from the whistleblowing line, whether from within or outside the company;
- Perform duties that are attributed to it by the Act, the Johannesburg Stock Exchange (JSE) and King IV Code; and
- Consider the JSE's proactive monitoring reports.

The objectives of the Committee were adequately met during the year under review.

Report of the Audit and Risk Committee

3. Composition of the Committee

The Committee consists of three independent non-executive directors, all with the necessary qualifications and experience to execute their responsibilities, with two members forming a quorum.

The members of the Committee are all independent non-executive directors of the Group and include:

Name	Attendance
Ms M Vuso (Chairperson)	3/4
Mr K Tlale	4/4
Ms N Mabusela-Aikhuere	4/4

The Committee is satisfied that the members thereof have the required knowledge and experience set out in Section 94(5) of the Companies Act and Regulation 42 of the Companies Regulation, 2011.

In addition, Ms Z Matlala, Mr D Chocho, Mr A Mngomezulu and Deloitte and Touche are permanent invitees to the meetings. Internal auditors are invitees to all meetings. At the date of this report, there have been no changes to the composition of the Committee. Members of the Committee are independent and are nominated annually by the Board for re-election at the Annual General Meeting. Independence of the long-standing Committee members is assessed annually by the Remuneration and Nomination Committee of the Board. Additionally, every second year, the Committee performs a self-evaluation of their competence and performance via a structured checklist.

At least once a year, a session is held with the independent external auditor where management is not present as a way to strengthen the independent oversight role of the Committee. The session facilitates an exchange of views and concerns about the scope of the audit.

4. Meetings held by the Committee

The Committee performs the duties laid upon it by Section 94(7) of the Companies Act by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors.

The Committee held four meetings during the year, and the quorum was met at all the meetings. Refer to the composition of the Committee for meeting attendance.

5. 2023 Overview

The CEO and FD have outlined the controls over financial reporting and presented these to the Committee. The Committee believes that Merafe's internal controls can be relied upon as a reasonable basis for the preparation of the consolidated and separate financial statements. The Committee has considered the key audit matters in the independent auditor's report and is satisfied that it is correctly presented. The key audit matters assessed relate to the impairment of the Group's net assets in accordance with the requirements of IAS 36: Impairments of Assets. The Committee reviewed the approach to the impairment assessment and the assumptions and sensitivities underlying the model. The Committee is satisfied with the conclusion reached.

The Committee considered work done and progress made by management and their advisors on the SARS' letter of audit findings for the 2016 and 2017 years of assessment. The Committee considered any risks this matter presented and put mitigating measures in place. It also considered the Company's accounting treatment and disclosure of the matter. The Committee considered the contribution of the Eastern PGMs operations to the Venture. The Committee satisfied itself with this transaction's accounting treatment and disclosure in the 2023 results.

The Committee reviewed Merafe's Risk Policy and Framework to ensure continued relevance and assessed performance against the risk appetite statements.

The Committee considered the nature of the operations, risks and internal control environment at the Merafe head office and continued to rely on the internal audit function at the Venture, which provides reports to the Merafe head office on a quarterly basis. The Committee has satisfied itself with the internal audit function at the Venture through the review of their scope of work, quarterly review of their reports and evaluation of their findings and is satisfied that there were no material areas of concern that would render the function ineffective.

The Committee reviewed the 2024 budgets and 2025/6 plans, which were recommended to the Board.

5. Overview 2023 (continued)

The Committee retained the appointment of an independent internal auditor from an external firm to focus on assignments specific to Merafe head office. The audit scope for 2023, which was risk-based, was considered and agreed upon. The Committee has also satisfied itself with the scope of work relating to and the findings and remediations arising from the internal audit assignments specific to Merafe head office, which were carried out.

The Committee reviewed the independence, effectiveness and overall performance of the internal audit function. The Committee is of the opinion that nothing has come to the attention of the Committee 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 financial statements. The Committee is satisfied with the effectiveness of the internal audit function.

The Committee also reviewed all legal and regulatory matters that could have a significant impact on the Group and is satisfied with the compliance thereof.

The Committee reviewed the summarised financial statements, interim financial statements and consolidated and separate financial statements and recommended these to the Board for approval.

The Committee is satisfied that it has discharged its duties as set out in its terms of reference for the year under review.

6. External auditor

The Committee, having considered all relevant matters, satisfied itself through enquiry that auditor independence, objectivity and effectiveness were maintained in 2023. The Committee has considered the external auditor suitability assessment in terms of paragraph 3.84(g) read with paragraphs 3.86 to 3.87 of the Listings Requirements.

The Committee, in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved, considering factors such as the timing of the audit, the extent of the work required and the scope.

In line with a documented policy on the nature and extent of non-audit services the external auditor can provide to the Company, the Committee pre-approves all audit and permitted non-audit services by the external auditor. This is to ensure further that the independence of the external auditor is maintained. For the year, these services comprise income and royalty tax reviews.

Deloitte and Touche have served as the Company's external auditor since 4 May 2017. The performance of the external auditor is reviewed by the Committee annually. The Committee also considered and is satisfied with the quality of the audit for the year under review.

7. JSE proactive monitoring

The Committee is committed to quality financial reporting. Accordingly, the Committee regularly reviews and considers the JSE proactive monitoring reports to ensure that, where applicable, the recommendations are implemented in the preparation of the annual financial statements.

Report of the Audit and Risk Committee

8. Financial reporting

The review of the consolidated and separate financial statements is also the responsibility of the Committee. The Committee has evaluated the consolidated and separate financial statements of the Company for the year ended 31 December 2023 and, based on the information provided to the Committee, considers that they comply, in all material respects, with the requirements of the various statutes and regulations governing disclosure and reporting.

9. Financial Director and finance function

The Committee reviewed the performance, experience and expertise of the Financial Director, Ditabe Chocho, and continues to be satisfied with his suitability to hold office as the Financial Director in terms of the Listings Requirements. The Committee also considered the appropriateness of the expertise, continued improvement and adequacy of the finance function. The Committee is satisfied that no material areas of concern would render the internal financial controls ineffective.

10. Consolidated and separate annual financial statements

Having taken all of the above assessments into account, the Committee recommended the approval of the consolidated and separate financial statements for the year ended 31 December 2023 by the Board.

Matsotso Vuso CA (SA); CD (SA); RA
Chairperson - Audit and Risk Committee
15 March 2024

Company Secretary's Certification

In terms of Section 88(2)(e) of the Companies Act, No. 71 of 2008, as amended, I certify that the Company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

CorpStat Governance Services Proprietary Limited
Company Secretary
15 March 2024

Directors' Report

The directors have the pleasure of submitting their report for the Group for the year ended 31 December 2023.

1. Nature of business

Merafe was incorporated in South Africa with interests in the ferrochrome and chrome industry. The activities of the Group are undertaken through the Company and its principal subsidiaries and joint arrangements. The Group operates in South Africa.

Merafe holds 100% of the issued share capital in Merafe Ferrochrome and Mining Proprietary Limited (Merafe Ferrochrome) which through a pooling and sharing venture with Glencore Operations South Africa Proprietary Limited (GOSA), participates in chrome mining and the beneficiation of chrome ore into ferrochrome. The Glencore-Merafe Chrome Venture (Venture) operates five ferrochrome smelters (including pelletising and sintering plants), twenty-two ferrochrome furnaces, PGM processing plants in the Western and Eastern limbs of the Bushveld Complex, six chrome ore mines and five UG2 plants, situated in the North West, Limpopo and Mpumalanga Provinces of South Africa.

The Venture is one of the largest ferrochrome producers in the world, with an installed capacity of 2.3 million tonnes per annum. Merafe Ferrochrome's share of the earnings before interest, taxation, depreciation and amortisation (EBITDA) is 20.5%. Merafe Ferrochrome shares in the revenue, expenses and liabilities at 20.5%. The Venture comprises assets that both GOSA and Merafe Ferrochrome have granted the right of use but own in different proportions. Merafe Ferrochrome, through the Venture agreement, has a 20.5% interest in Unicorn Chrome (Pty) Ltd (Unicorn Chrome).

Listed below are the operations to which Merafe Ferrochrome has granted the right of use to the Venture:

Ferrochrome smelters		**Chrome mines**		**UG2 plants and pelletisers**		**PGM Plant**	
Asset	**Merafe Ferrochrome's interest**	**Asset**	**Merafe Ferrochrome's interest**	**Asset**	**Merafe Ferrochrome's interest**	**Asset**	**Merafe Ferrochrome's interest**
Wonderkop smelter (furnaces 5 and 6)	50%	Boshoek mine	100%	2 Impala Kanana UG2 plants	100%	Western PGM plant	20.5%
Boshoek smelter	100%	Kroondal and Wonderkop mine	50%	3 Lonmin UG2 plants	20.5%	Eastern PGM X plant	50%
Lion I smelter	20.5%	Helena mine	20.5%	Bokamoso pelletising plant	20.5%		
Lion II smelter	20.5%	Magareng mine	20.5%	Motswedi pelletising plant	100%		
		Marikana	26%	Tswelopele pelletising plant	20.5%		
				Unicorn Chrome	20.5%		

Effective 6 September 2023, Merafe acquired 0% ownership and 20.5% participation rights in the Eastern PGM plant and 50% ownership and 20.5% participation rights in the second PGM X plant located in the eastern chrome mine operations. The new joint operation relates to all PGM-bearing material produced pursuant to Eastern Mining Right included in the Venture.

2. Group financial results

The financial statements set out the financial results of the Group and Company and have been prepared using appropriate accounting policies, conforming to IFRS and the requirements of the Companies Act, supported by reasonable and prudent judgements where required.

Revenue was R9 244m (2022: R7 939m) supported by high chrome ore prices and a weaker ZAR:USD exchange rate. Both chrome and ferrochrome volumes sold were lower than 2022. Merafe's portion of the Venture's EBITDA for the year ended 31 December 2023 is R2 358m (2022: R2 228m). The EBITDA includes Merafe's attributable share of standing charges of R346m (2022: R108m) and a foreign exchange gain of R99m (2022: R68m). The Company wrote down inventory by R2m during the year (2022: R1m).

2. Group financial results (continued)

After accounting for corporate costs of R76m (2022: R65m), which include a cash-settled share-based payment expense of R11m (2022: R13m), Merafe achieved EBITDA of R2 545m (2022: R2 141m). Corporate costs include corporate social investment expenses of R2m (2022: R3m) and a bonus provision of R11m (2022: R12m).

Waterval mine and Lydenburg smelter are still under care and maintenance. Boshoek mine, also under care and maintenance, is being sold conditional upon final regulatory approvals. Boshoek mine continues to be classified as held for sale in terms of IFRS 5.

When we thought that 2022 was the worst load-shedding year to date, 2023 proved beyond doubt that it deserved that honour. In November 2023, Martin Creamer's Engineering News reported that "just shy of 16 000 GWh of energy had been shed in 2023, which is double the 8 000 GWh of 2022 and eight times the 2 000 GWh of 2021". The impact on the economy has been dire, as evidenced by South Africa's low growth rate, among other things. Once again, although affected by the resultant load curtailments, the Venture has been sufficiently nimble in its approach and used the downtime as efficiently as possible. Downtime, including the period of planned shutdown in winter, was used to attend to plant maintenance. Costs remain a concern for the Venture, and these remain tightly managed by the business. Mainly due to high chrome ore prices, increased reductant costs and a higher fixed costs absorption rate, unit production costs increased by 28% compared to the prior year. Logistics were yet again a challenge, not only for the Venture but for the country in general. Our team has had to be alert and sharp-witted to ensure that products reach our customers despite these challenges.

Two highlights for the year were the contribution of the Eastern PGM operations to the Venture and the approval of our application for a Negotiated Pricing Agreement (NPA) with Eskom. The contributed PGM operations add to the existing Western operations and increase the scale of the PGM business, thereby further cementing our economies of scope. The NPA, once finalised, will give us pricing certainty for the term of the agreement.

The high chrome ore prices and improvements in operations have led to our investment in Unicorn Chrome Proprietary Limited, rendering its best performance to date. The Venture will continue working with our co-investors on the ultimate asset to optimise its value.

That the business was able to produce a great set of results despite the challenges is a testament to the resilience of our business and the quality of our management team. Indications are that 2024 will see a slowdown in pricing and a narrowing of margins, thereby putting the Venture under pressure. With the foundation laid, Merafe plans to build and solidify the 2023 gains.

Full details of the financial position and cash flows of the Group and Company are set out in these consolidated and separate annual financial statements.

3. Loans and borrowings

The Group had a cash balance of R1 656m on 31 December 2023 (2022: R1 269m). Although R200m thereof was used to pay the 2023 interim dividend, the Group's Revolving Credit Facility (RCF) of R300m was unutilised at year-end. Refer to note 27 for the disclosure on the Group's facilities and covenants associated with these facilities, including the Venture's facilities.

4. Going concern

As stated above, the Group had a cash balance of R1 656m and no debt at the reporting date and a cash balance of R2 228m and no debt as at 29 February 2024.

The Group benefits from unutilised debt facilities through its 20.5% share of the Venture, which the Board considers sufficient to sustain the business for at least the next 12 months if the need arises. The Group's forecasts and projections of its short to medium-term profitability, taking account of likely changes in production and performance, show that the Group will be able to operate within the level of its cash resources and facilities for at least 12 months from the approval date of the annual financial statements.

The Group generated EBITDA of R2 545m and made a profit after tax of R1 753m in the current year. Merafe Group and the Company maintain healthy cash balances per note 13 with access to banking and other lending facilities. The Group and Company's credit and liquidity risks have been assessed in notes 27.1 and 27.2. Having considered the Group and Company's key risks, current financial position, solvency and liquidity, debt levels, lending facilities available through the Venture, impairment review, as well as the Group and Company's financial budgets with their underlying business plans, the directors believe that the Group and Company have sufficient resources and cash flows to be able to continue as a going concern at least for the year ahead. The Group and Company's lending facilities are referenced in note 27.2.

Directors' Report

5. Dividend policy and ordinary cash dividend

The Company has a hybrid dividend policy with features of a stable and residual dividend policy. The Company intends to pay a dividend of at least 30% of headline earnings at least once a year, taking into account, among other things, the annual financial performance, expansionary projects and economic circumstances prevailing at the time. In addition, in any given year, the directors may consider an additional distribution in the form of special dividends and share buy-backs dependent on the Company's financial position, future cash requirements, future earnings prospects, availability of distributable reserves and other factors. Dividends are recognised when they are declared by the Board of the Company.

On 15 March 2024, the Board declared a final dividend of 22 cents (2022: 13 cents) per ordinary share. This follows an interim dividend of 20 cents (2022: 12 cents) per share, thus bringing the total dividend for the year ended 31 December 2023 to 42 cents (2022: 25 cents) per share and amounts to 70% of headline earnings.

6. Share capital

The full details of the authorised and issued share capital of the Company are set out in note 14 of the annual financial statements. No shares were issued in 2023.

7. Directorate

Details of transactions with directors and key management are detailed in note 33.

The Board comprised of the following directors at the date of this report:

Directors	Designation
Mr A Mngomezulu (Chairperson)	Non-executive Independent
Ms M Vuso	Non-executive Independent
Mr J Mclaughlan	Non-executive Independent
Mr K Tlale	Non-executive Independent
Ms N Mabusela - Aikhuere	Non-executive Independent
Mr DS Phiri	Non-executive Independent
Mr D McGluwa	Non-executive
Mr D Green	Non-executive
Ms Z Matlala	Executive
Mr D Chocho	Executive

8. Major shareholders

The following shareholders were the registered holders of 5% or more of the issued ordinary shares in the Company at 31 December 2023:

- Glencore Netherlands B.V. - 28.82%;
- Industrial Development Corporation of South Africa Limited - 21.88%; and
- Ninety One - 6.21%.

The analysis of the ordinary shareholding is given on page 79.

9. Directors' interests in Merafe Resources Limited

Refer to note 34 for the beneficial interests of directors in shares of the Company and note 33 for transactions with key management personnel and non-executive directors.

10. Details of investments in subsidiaries, associates and joint arrangements

Details of material interests in subsidiary companies, associates and joint arrangements are presented in the annual financial statements in notes 5 and 6.

The interests of the Group in the profits and losses of its subsidiaries, associates and joint arrangements for the year ended 31 December 2023 are as follows:

	2023 R '000	2022 R '000
Subsidiaries and joint arrangements		
Total profits after income tax	1,769,307	1,422,541
Associates		
Total share of income from equity accounted investments	19,083	3,944
	1,788,390	**1,426,485**

11. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the Group or in the policy regarding their use during the year.

During the current year, there was no impairment loss recognised by the Group (2022: R0.24m) against the assets. Refer to note 3 and note 37 in the annual financial statements.

12. Independent external auditor

Deloitte and Touche were re-elected as the Company's independent external auditor on 17 May 2023 in accordance with section 90 of the Companies Act and will again be proposed for re-election in respect of the 2024 financial year at the forthcoming Annual General Meeting (AGM) of shareholders.

13. Audit and Risk Committee

The Audit and Risk Committee's report is presented on pages 4 to 7.

14. Related party transactions

Details of related party transactions are set out in note 32 to the annual financial statements.

15. Electricity challenges

Electricity supply and pricing have been concerns for several years now. This is why developments on the NPA front have been welcomed by our business, particularly from a pricing perspective. While various national stakeholders are exploring ways of addressing the electricity supply challenges, the Venture also continues exploring other power sources - particularly green energy. The Venture has made significant progress in this regard, and we expect to conclude the first of our green energy project in the first half of 2024.

16. Contingent liability

The Group is subject to direct and indirect tax in the South African jurisdiction. The Group's subsidiary undertakes various cross-border transactions within the Venture, subject to the Group's transfer pricing policies. As a result, significant judgement is required to determine the Group's provisions for income taxes. The income tax and annual assessments are subject to examination within prescribed periods by the South African Revenue Services (SARS).

On 31 December 2023, the previously reported transfer pricing matter with SARS was ongoing. The Group has a deadline of 30 April 2024 to respond to SARS' letter of audit findings for the 2016 and 2017 years of assessment, which the Group is contesting with SARS. Management still relies on opinions obtained from external legal and tax advisers to inform and support the significant judgement required in interpreting relevant tax legislation. The matter has been disclosed as a contingent liability as its outcome remains uncertain, and any potential tax exposure cannot be reliably estimated. Accordingly, the consolidated financial statements have made no adjustment for any effects on the Group.

17. Events after the reporting period

On 15 March 2024, the Board resolved to declare a final dividend of 22 cents (2022: 13 cents) per share for the 2023 financial year. The total gross cash dividend for the year amounted to 42 cents per share. The dividend will be paid out of income reserves.

On 18 January 2024, the Group announced the appointment of Mr Ditshebo Stephen Phiri as an independent non-executive director of the Board, effective 1 February 2024.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report that may require adjustment or disclosure in these annual financial statements.

18. Special resolutions

All special resolutions were passed by the shareholders at the 2023 AGM held on 17 May 2023.

The next AGM of the shareholders of the Company will be held (subject to any adjournment or postponement) on Wednesday, 15 May 2024.

19. Environmental and decommissioning provision

The Group's environmental rehabilitation costs are in accordance with the National Environmental Management Act No.107 of 1998 (NEMA) and Regulation No. 1147 of 20 November 2015. There are proposed amendments to the 2015 financial provisioning regulations of the same Act, which were gazetted on 27 August 2021. These had not yet come into effect at the reporting date.

20. Mining rights and mining operations

The directors are satisfied that there are no foreseeable material risks relating to the Resources and Reserves of the Venture and the ability of the Venture to conduct its mining operations. The abridged Mineral Resources and Reserves statement and the detailed Resources and Reserves statement have been signed off by a competent person in accordance with the South African Mineral Reporting Codes (SAMREC) and the Listings Requirements.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Merafe Resources Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Merafe Resources Limited (the Group and Company) set out on pages 18 to 80, which comprise the consolidated and separate statements of financial position as at 31 December 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Merafe Resources Limited and its subsidiaries as at 31 December 2023, and its consolidated and separate financial performance and consolidated 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 Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) 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' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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.

There were no key audit matters identified for the separate financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Merafe Resources Limited (continued)

Key Audit Matter (continued)

Key Audit Matter	How the matter was addressed in the audit?

Impairment assessment of the Merafe Resources Limited Group net asset value (Group)

As disclosed in Note 37 of the consolidated financial statements, the Merafe Resources Limited market capitalisation value as at 31 December 2023 was R3.2 billion in comparison to a net asset value of R5.3 billion. This was an indicator that the Group net asset value may be impaired in accordance with the requirements of IAS 36*: Impairments of Assets.*

The Glencore Merafe Chrome Venture (Venture) is the only cash-generating unit of the Group. The directors performed an impairment assessment using the value in use method, where the Group net asset carrying value was compared to the value in use.

The value in use amount is based on the cash flow forecasts of the Venture and the weighted average cost of capital for Merafe Resources Limited and the assessment is dependent on macro-economic factors, which include foreign currency exchange rates, commodity price forecasts as well as internal assumptions and estimates related to production levels, operating costs and customer demand.

The assumptions with the most significant impact on the cash flow forecast were:

- Forecasted ferrochrome production levels and customer demand for both ferrochrome and chrome ore.
- Forecasted foreign currency exchange rates;
- Forecasted ferrochrome commodity prices;
- Forecasted EBITDA of the Venture; and
- Real weighted average cost of capital to discount the future cash flows

Critical judgement is required by the directors in determining the forecasted South African Rand/US Dollar exchange rates and forecasted ferrochrome commodity prices.

The impairment assessment of the Group was identified as a key audit matter due to the significance of the directors' judgement involved in determining the value in use of the Venture, together with the sensitivity of the forecasted South African Rand/US Dollar exchange rate, forecasted commodity prices and other operational and economic assumptions applied in the value in use.

In evaluating the impairment assessment of the Group's net asset value, we tested the value in use calculations prepared by directors, with a particular focus on the cash flow forecast (including the production input factors, forecasted South Africa/US Dollar exchange rates), commodity prices and the discount rate applied.

Our procedures included the following:

- Assessed the design and implementation of the Group's controls relating to the determination of the assumptions used in the determination of the cash flow forecasts;
- Engaged our internal specialists in evaluating the reasonableness of forecasted sales volume estimates and forecasted production levels against strategies and the LOM derived from the Reserve and Resources Statement;
- Engaged our internal specialists to assist with assessing the reasonability of the following key assumptions:
  - Forecasted production levels;
  - Real average weighted cost of capital used to discount the cash flows;
  - South African Rand/US Dollar exchange rate used as the forecasted exchange rate;
  - Forecasted ferrochrome, chrome ore and related commodity prices; and
  - Specific operating costs and impact of other economic factors.
- Re-computed the VIU amount based on inputs and assumptions adopted by the directors; and
- Performed and re-computed the director' sensitivity analyses on the forecasted ferrochrome and chrome ore commodity prices and forecasted South African Rand/US Dollar exchange rates to evaluate the extent of impact on the value in use and the appropriateness of the directors' disclosures in the consolidated financial statements;
- Evaluated the judgement applied by the directors in evaluating qualitative factors and judgement applied in the impairment assessment; and
- Assessed management's view on the qualitative factors provided.

The valuation and qualitative assessment indicated that the net asset value is aligned to the recoverable amount. In aggregate, the assumptions applied in the assessment appeared to be appropriate.

We considered the disclosures relating to impairment assessment to be appropriate.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Merafe Resources Limited (continued)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Merafe Resources Limited Audited Consolidated and Separate Annual Financial statements for the year ended 31 December 2023", which includes the Company Secretary's Certification, the Report of the Audit and Risk Committee, the Directors' Report, as required by the Companies Act of South Africa, the CEO and FD's responsibility statement, which we obtained prior to the date of this report and the Integrated Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with 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 and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/ or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

Deloitte.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Risk Committee 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 Audit and Risk Committee 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 safeguards applied.

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

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Merafe Resources Limited for seven years.

DocuSigned by:
Deloitte & Touche
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Deloitte & Touche
Registered Auditor
Per: Tumellano Lavhengwa
Partner
15 March 2024

Statement of Financial Position as at 31 December 2023

		Group		Company	
	Note(s)	2023 R '000	2022 R '000	2023 R '000	2022 R '000
Assets					
Non-Current Assets					
Property, plant and equipment	3	1,387,714	1,074,971	359	427
Intangible assets	4	25,413	29,626	-	-
Investments in subsidiaries*	5	-	-	-	-
Investment in associate	6	14,150	6,709	-	-
Deferred tax	7	-	6,210	-	6,210
Long-term receivable	8	37,287	38,663	-	-
Other long-term receivable	40	14,229	14,229	14,229	14,229
Loan to subsidiary	10	-	-	942,612	965,184
		1,478,793	**1,170,408**	**957,200**	**986,050**
Current Assets					
Inventories	9	1,916,476	2,372,540	-	-
Trade and other receivables	11	1,544,037	868,122	15,841	10,102
Current tax receivable	12	65,218	-	-	-
Cash and cash equivalents	13	1,655,807	1,268,599	1,732	402
		5,181,538	**4,509,261**	**17,573**	**10,504**
Non-current assets held for sale	39	963	963	-	-
Total Assets		**6,661,294**	**5,680,632**	**974,773**	**996,554**
Equity and Liabilities					
Equity					
Share capital	14	1,288,876	1,288,876	1,288,876	1,288,876
Retained income/(accumulated loss)		3,969,665	3,041,413	(357,332)	(332,100)
		5,258,541	**4,330,289**	**931,544**	**956,776**
Liabilities					
Non-Current Liabilities					
Lease obligation	15	5,911	9,059	-	-
Deferred tax	7	271,554	131,020	-	-
Provision	16	131,330	265,350	-	-
Share-based payment liability	17	10,040	12,518	10,040	12,518
		418,835	**417,947**	**10,040**	**12,518**
Current Liabilities					
Trade and other payables	18	945,859	840,039	21,753	19,466
Lease obligation	15	3,148	3,884	-	-
Current tax payable	12	178	52,073	178	-
Provision	16	10,907	4,345	-	-
Share-based payment liability	17	11,258	7,794	11,258	7,794
		971,350	**908,135**	**33,189**	**27,260**
Liabilities directly associated with assets held for sale	39	12,568	24,261	-	-
Total Liabilities		**1,402,753**	**1,350,343**	**43,229**	**39,778**
Total Equity and Liabilities		**6,661,294**	**5,680,632**	**974,773**	**996,554**

* Less than R1 000

Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
	Note(s)	2023 R '000	2022 R '000	2023 R '000	2022 R '000
Revenue	19	9,244,022	7,939,061	841,248	866,308
Gain on acquisition of joint operation	41	249,909	-	-	-
Foreign exchange gain		99,377	68,310	-	-
Other expenses		(7,048,087)	(5,866,720)	(35,732)	(35,822)
Earning before interest, taxation, depreciation, amortisation and impairment	**20**	**2,545,221**	**2,140,651**	**805,516**	**830,486**
Depreciation and amortisation		(249,319)	(219,473)	(116)	(121)
Impairments		-	(236)	-	-
Income from equity accounted investments	6	19,083	3,944	-	-
Results from operating activities		**2,314,985**	**1,924,886**	**805,400**	**830,365**
Finance income	22	40,941	26,078	468	51
Finance expense	23	(2,670)	(1,487)	-	(6)
Profit before taxation		**2,353,256**	**1,949,477**	**805,868**	**830,410**
Taxation	24	(600,292)	(539,467)	(6,388)	2,816
Total comprehensive income for the year		**1,752,964**	**1,410,010**	**799,480**	**833,226**

Earnings per share

Per share information					
Basic earnings per share (cents)	25	70.1	56.4	-	-
Diluted earnings per share (cents)	25	70.1	56.4	-	-

Statement of Changes in Equity

	Share capital and premium R '000	Retained earnings/ (Accumulated loss) R '000	Total equity R '000
Group			
Balance at 01 January 2022	**1,288,876**	**2,481,106**	**3,769,982**
Total comprehensive income for the year	-	1,410,010	1,410,010
Dividends	-	(849,703)	(849,703)
Balance at 01 January 2023	**1,288,876**	**3,041,413**	**4,330,289**
Total comprehensive income for the year	-	1,752,964	1,752,964
Dividends	-	(824,712)	(824,712)
Balance at 31 December 2023	**1,288,876**	**3,969,665**	**5,258,541**
Note(s)	14		
Company			
Balance at 01 January 2022	**1,288,876**	**(315,623)**	**973,253**
Total comprehensive income for the year	-	833,226	833,226
Dividends	-	(849,703)	(849,703)
Balance at 01 January 2023	**1,288,876**	**(332,100)**	**956,776**
Total comprehensive income for the year	-	799,480	799,480
Dividends	-	(824,712)	(824,712)
Balance at 31 December 2023	**1,288,876**	**(357,332)**	**931,544**
Note(s)	14		

Refer to note 38 for total dividends declared for the year.

Statement of Cash Flows

	Note(s)	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
Cash flows from operating activities					
Cash generated from operations	26	2,404,525	2,134,251	803,050	844,484
Dividend received from associate	6	11,642	-	-	-
Finance income received		37,721	23,666	468	51
Finance expense paid		(3,901)	(3,358)	-	(6)
Taxation paid	12	(570,661)	(456,863)	-	-
Net cash from operating activities		**1,879,326**	**1,697,696**	**803,518**	**844,529**
Cash flows from investing activities					
Acquisition of property, plant and equipment - sustaining	3	(617,551)	(466,396)	(48)	(211)
Acquisition of property, plant and equipment - expansionary	3	(53,814)	(17,841)	-	-
Proceeds from the sale of property, plant and equipment	3	-	697	-	-
Settlement of loan to subsidiary		-	-	22,572	19,973
Movement in other long-term receivable	40	-	(14,229)	-	(14,229)
Net cash from investing activities		**(671,365)**	**(497,769)**	**22,524**	**5,533**
Cash flows from financing activities					
Repayment of capital portion on lease liabilities		(3,884)	(4,131)	-	(36)
Dividends paid	38	(824,712)	(849,703)	(824,712)	(849,703)
Net cash from financing activities		**(828,596)**	**(853,834)**	**(824,712)**	**(849,739)**
Total cash movement for the year		**379,365**	**346,093**	**1,330**	**323**
Cash at the beginning of the year		1,268,599	972,129	402	79
Effect of exchange rate movement on cash balances	20	7,843	(49,623)	-	-
Total cash at the end of the year	13	**1,655,807**	**1,268,599**	**1,732**	**402**

Material Accounting Policies

1. Material accounting policies

Merafe Resources Limited (Company) is domiciled in the Republic of South Africa. The address of the Company's registered office is Building B, Second Floor, Ballyoaks Office Park, 35 Ballyclare Drive, Bryanston, 2191. The consolidated and separate annual financial statements as at the end of the year 31 December 2023 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities). The Group is primarily involved in the mining and beneficiation of chrome ore into ferrochrome. Where reference is made to "Group", this should be interpreted as "consolidated". Further, where reference is made to the "Group" and "consolidated" in the accounting policies, it should be interpreted as also referring to the "Company" where the context requires, unless otherwise indicated.

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below.

The accounting policies set out below are in line with International Financial Reporting Standards (IFRS) and have been applied consistently to all periods presented in these consolidated and separate financial statements and have been applied consistently by the Group entities.

The Group has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regards to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy' information. The accounting policies applied in the preparation of these Group and Company financial statements are consistent in all material respects with those applied for the year ended 31 December 2022.

1.1 Basis of preparation

Statement of compliance

The consolidated and separate annual financial statements have been prepared in accordance with the requirements of IFRS, interpretations by the International Financial Reporting Interpretations Committee (IFRIC), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (APC), the Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited Listings Requirements and the requirements of the Companies Act, No. 71 of 2008.

The consolidated and separate financial statements were authorised for issue by the Board on 15 March 2024.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following items in the statement of financial position which are measured at their fair values:

- Trade receivable subject to provisional pricing terms (refer to note 11); and
- Long-term receivable (refer to note 8).

Functional and presentation currency

The consolidated and separate annual financial statements are presented in South African Rand, which is the Company's functional currency.

All financial information presented in South African Rand has been rounded to the nearest thousand, unless otherwise indicated.

1.2 Significant accounting judgements and key sources of estimation uncertainty

The preparation of the consolidated and separate financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Material Accounting Policies

1.2 Significant accounting judgements and key sources of estimation uncertainty (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

Information about significant areas of estimations, uncertainty and significant judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 1.6, 1.7, 1.17, 3, 4 and 39: Measurement of depreciation and impairment, useful lives and residual values of property, plant and equipment and intangible assets;

Note 1.12 and 17: Inputs used in the determination of the fair value of the share-based payment transactions;

Note 1.14 and 3 : Lease classification and depreciation of right-of-use assets;

Note 1.10 and 16: Assumptions used in calculation of the life of the mines/smelters, estimation of the closure and restoration costs and inputs used in the calculation of the present value of the provision for closure, restoration costs and discount rate applied;

Note 1.16 and 7: Recognition of deferred tax asset on assessable losses;

Note 1.20, 8 and 11: Fair value measurement of trade receivables subject to provisional pricing and long-term receivable;

Note 1.3: Assumptions around joint control of the Venture;

Note 1.17, 3 and 37: Impairment of non-financial assets. The Group determines whether any of the cash-generating units are impaired at each reporting date. This requires consideration of the current and future economic and trading environment and available valuation information, to ascertain if there are indications of impairment to those owned by the Group;

Note 9: Inventories. The Group determines whether there is obsolete inventory on an annual basis and adjustments to the net realisable value of inventory as required;

Note 29: Financial risk management. The Group assesses credit risk and cash and cash equivalents and trade and other receivables. There has been no material increase in either liquidity risk and own credit risk based on this assessment; and

Note 31: Contingent liabilities. The Group exercises judgement in measuring and recognising the provisions and the exposure to contingent liabilities related to unresolved tax matters. Judgement, including those involving estimations, are necessary in assessing the likelihood that a pending tax dispute will be resolved, or a liability will arise, and to quantify the possible range of the tax exposure.

The global environment, the risk of adverse impacts on our revenue, costs and capital spent by the Group, were all taken into account in determining the accounting estimates and judgements for the year.

1.3 Basis of consolidation

Subsidiaries and controlled entities

Subsidiaries and controlled entities are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The results of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Transactions with the Glencore Merafe Pooling and Sharing Venture (Venture)

Glencore Operations South Africa Proprietary Limited (GOSA) and Merafe Ferrochrome and Mining Proprietary Limited (Merafe Ferrochrome) pooled and shared their ferrochrome assets on 1 July 2004 to form the Venture. The Venture's primary business is the production and sale of ferrochrome to the stainless steel industry. The Venture is the only operating asset of the Group and is strategic to the Group's activities. While Merafe Ferrochrome's assets form part of the Venture, Merafe Ferrochrome retains ownership of its assets and is closely involved in the Venture's operations through the Venture's executive committee, joint board and sub-committees. Merafe Ferrochrome receives 20.5% of the Venture's EBITDA and owns 20.5% of the working capital.

Material Accounting Policies

1.3 Basis of consolidation (continued)

In the directors' view, the Venture is a joint operation as defined in IFRS 11: *Joint Arrangements* as Merafe Ferrochrome and GOSA are bound by a contractual arrangement which constitutes joint control. The Venture is not consolidated but Merafe Ferrochrome accounts for the assets, liabilities, revenues and expenses in relation to its interest in the joint operation in accordance with IFRS 11. The following significant judgements and assumptions were relevant in the joint control assessment:

- The ultimate operational decision-making responsibility in the Venture resides with the joint board. The chairman of the board, who is appointed by GOSA, has a casting vote at the joint board level on all decisions except for decisions relating to reserved matters. The reserved matters include, inter-alia, the managing of input costs relating to chrome production, operation of the various chrome-producing assets, disposal of assets forming part of the pooled operations, increasing the operational capacity of chrome-producing assets and acquiring or constructing new chrome-producing assets. These reserved matters, in directors' view, are likely to have the most significant impact on returns of the Venture and therefore would constitute its "relevant activities" as defined in IFRS 10: *Consolidated Financial Statements*. Contractually, decisions over the reserved matters require the unanimous consent of Merafe Ferrochrome and GOSA as those decisions cannot be made unilaterally.

- There is a significant disparity in holdings between Merafe Ferrochrome's interest in the Venture at 20.5% and GOSA's interest in the Venture at 79.5%. However, this does not influence the joint control conclusion as the benefits each party stands to gain from the arrangement was the determining factor in the joint control arrangement rather than other forms of arrangement. Furthermore, any dispute relating to the interpretation of the Pooling and Sharing Agreement (the Venture agreement) is to be settled by an arbitrator appointed by the Arbitration Foundation of South Africa (AFSA) and in the directors' view the AFSA provides for a neutral dispute resolution process and would not favour either GOSA or Merafe Ferrochrome.

- The lack of a legal form of the Venture results in Merafe Ferrochrome and GOSA having rights to the assets and obligations for the liabilities held in the Venture. This lack of legal separation between the Venture, GOSA and Merafe Ferrochrome is further supported by the fact that the South African Revenue Services assesses the Venture and directly taxes Merafe Ferrochrome and GOSA respectively for the income generated by the Venture.

- In terms of the Venture agreement, Merafe Ferrochrome and GOSA maintain legal ownership of their respective assets contributed to the Venture and upon winding up of the Venture, GOSA and Merafe Ferrochrome will also receive a portion of any new assets acquired by the parties post 1 July 2004 and to the extent that an asset relates to their existing assets, be required to acquire the other party's portion at fair value which indicates that the parties have rights to the assets of the Venture. The lack of a legal form of the Venture results in GOSA and Merafe Ferrochrome having rights to the assets and obligations for the liabilities held in the Venture and consequently the classification of a joint operation in terms of IFRS 11.

- GOSA and Merafe Ferrochrome are the shareholders of Unicorn Chrome. Unicorn Chrome is jointly controlled by GOSA and Merafe Ferrochrome in terms of the Venture Agreement.

Accounting for joint operations results in Merafe Ferrochrome recognising its assets that were contributed to the Venture and its portion of the assets held jointly in the Venture. Similarly, Merafe Ferrochrome recognises its liabilities, including its share of any liabilities incurred jointly. Merafe Ferrochrome recognises its revenue and share of the revenue from the Venture as well as its expenses and share of expenses relating to the Venture. The accounting that was adopted by Merafe since the formation of the Venture is consistent with the accounting for joint operations as required by IFRS 11.

Refer to note 32 for the items that represent the Group's share of the working capital and EBITDA of the Venture.

1.4 Investment in associate

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. It generally accompanies a shareholding of between 20% and 50% of the voting rights.

Material Accounting Policies

1.4 Investment in associate (continued)

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Losses in an associate in excess of the Group's interest in that associate, including any other unsecured receivables, are recognised only to the extent that the Group has incurred a legal or constructive obligation to make payments on behalf of the associate.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the Group and an associate are eliminated to the extent of the Group's interest therein. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group reduces its level of significant influence or loses significant influence, the Group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

1.5 Foreign currency

The Group transacts in a number of foreign jurisdictions that have multiple quoted exchange rates for customer sales and other financial liabilities. Transactions in foreign currencies are translated to the functional currency of the Group entities at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to South African Rand (Rand) at the foreign exchange rate ruling at that date. The foreign exchange gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the period, adjusted for the effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to Rand at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in profit or loss in the period in which they arise. Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction.

1.6 Property, plant and equipment

Recognition and measurement

Mining assets including mine development costs

Mining assets, including mine development costs and mine plant facilities, are stated at cost less accumulated depreciation and accumulated impairment. Costs include pre-production expenditure incurred in the development of the mine and the present value of future decommissioning costs. Development costs incurred to develop new ore bodies, to define mineralisation in existing ore bodies and to establish or expand productive capacity are capitalised. Mine development costs in the ordinary course of maintaining production are expensed as incurred. Initial development and pre-production costs relating to a new ore body are capitalised until the ore body achieves commercial levels of production, at which time the asset is deemed to be available for use and is amortised as set out below.

Land, non-mining assets and corporate assets

Land is stated at cost and is not depreciated. Buildings and other non-mining property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate (where relevant) of the costs of dismantling and removing the items, restoring the site on which they are located and any other costs directly attributable to bringing the assets to a working condition for their intended use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Material Accounting Policies

1.6 Property, plant and equipment (continued)

Exploration and evaluation expenditure

Exploration and evaluation expenditure relates to costs incurred during the exploration and evaluation of potential mineral reserves and resources and includes costs such as exploratory drilling and sample testing and the costs of pre-feasibility studies. Exploration and evaluation expenditure for each area of interest, other than acquired from the purchase of another mining company, is recognised as an asset in work-in-progress provided that one of the following conditions are met:

- Such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- Exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future. Purchased exploration and evaluation assets are recognised as assets at fair value if purchased as part of a business combination.

An impairment review is performed, either individually or at the cash-generating unit level. To the extent that an impairment is recognised, the impairment loss is recognised in the financial year in which this is determined. Exploration and evaluation assets are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions outlined above is met. Expenditure is transferred to mine development assets or capital work in progress once the work completed to date supports the future development of the property and such development receives appropriate approvals.

Subsequent costs

Subsequent costs on property, plant and equipment are capitalised when the costs enhance the value or output up to the assets' original expectation and its costs can be measured reliably. Costs incurred on repairing and manufacturing are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value.

Depreciation methods, estimated useful lives and residual values are reviewed at each financial year end and adjusted prospectively, if appropriate. Useful lives are assessed using internal experts. Residual values are assessed using market information on similar sales transactions.

Mining assets including mine development costs

Mining equipment, structures and plant and equipment are depreciated using the straight-line method over the estimated useful life. The useful life ranges between one and thirty years, depending on the nature of the asset.

Capital work in progress

Capital work in progress is not depreciated. The net carrying amounts of capital work in progress at each mine property are reviewed for impairment either individually or at the cash-generating unit level when events and changes in circumstances indicate that the carrying amount may not be recoverable. To the extent that these values exceed their recoverable amounts, an impairment loss is recognised in the financial year in which this is determined.

Land, non-mining assets and corporate assets

Non-mining equipment, structures and plant and equipment are depreciated using the straight-line method over the estimated useful life. The useful life ranges between one and thirty years depending upon the nature of the asset. Land is not depreciated.

Derecognition

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected to flow to the Group from their use. Gains or losses on derecognition of an item of property, plant and equipment are determined by the comparing of the proceeds from disposal, if applicable, with the carrying amount of the item and are recognised directly in profit or loss.

Material Accounting Policies

1.7 Intangible assets

Mineral and surface rights recognition and measurement

Mineral and surface rights are stated at cost less accumulated amortisation and accumulated impairment losses. When there is little likelihood of a mineral right being exploited, or the value of mineral rights has diminished below cost, an impairment loss is recognised in profit or loss in the period that such determination is made.

Mineral and surface rights amortisation

Mineral rights that are being depleted are amortised over their estimated useful lives using the units of production method, based on proven and probable ore reserves. Mineral rights that have no commercial value are impaired in full. The amortisation methods, estimated remaining useful lives and residual values are reviewed at least annually.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

1.8 Financial instruments

Financial assets

On initial recognition financial assets are classified and measured at fair value through profit or loss, amortised cost, or fair value through other comprehensive income. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets. Subsequent to initial recognition financial assets are not reclassified unless the Group changes its business model for managing its financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group classifies non-derivative financial assets into financial assets carried at amortised cost:

- Loans and receivables which include trade receivables and intercompany loans are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost. Subsequent to initial recognition debt instruments are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

- Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are classified and measured at amortised cost.

- No impairment has been recognised on other long-term receivables as the expected credit losses are considered immaterial.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Trade receivables subject to provisional pricing terms are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, these receivables are measured at fair value, and changes therein are accounted as described below under note 11.

Financial liabilities

All financial liabilities are recognised initially on the trade date, which is the date the Group becomes a party to the contractual provisions of the instrument. All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss (FVTPL).

1.8 Financial instruments (continued)

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. On derecognition, the variance that arises between the carrying value of the financial liability and its proceeds, is recognised in profit or loss.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs.

Other financial liabilities comprise lease obligations and trade and other payables.

Note 27 presents the financial instruments held by the Group based on their specific classifications.

1.9 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the Group in which they are declared.

The cost of the ordinary shares that are repurchased and the related transaction costs are recognised directly in equity, net of any tax effects. Gain or loss is not recognised on the repurchase or cancellation of ordinary shares.

1.10 Provisions

Provision for closure and restoration costs

Long-term environmental obligations are based on the Group's environmental management plan, in compliance with current environmental and regulatory requirements.

A full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date. The related costs are capitalised to mining assets and are amortised over the useful lives of the related assets. Annual movements in the provision relating to the change in the net present value of the provision due to changes in estimated cash flows or discount rates are adjusted against the costs capitalised to mining assets. The changes relate to the closure costs as well as the unwinding of interest. Immaterial ongoing rehabilitation costs are expensed in profit or loss.

These estimates are reviewed at least annually and changes in the measurement of the provision that result from the subsequent changes in the estimated timing or amount of cash flows, or a change in discount rate, are added to, or deducted from, the cost of the related asset in the current period. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the statement of profit or loss. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, an impairment test is performed in accordance with the accounting policy on 'Impairment of non-financial assets'. Annual movements in the provision relating to passage of time, i.e. unwinding of discount, are expensed as incurred.

Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure.

1.11 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost is determined on the following basis:

- Finished goods on hand are valued using the weighted average cost and comprises material costs, labour costs and allocated production related overhead costs. Where the production process results in more than one product being produced, cost is allocated between the various products according to the ratio of contribution of these metals to gross sales revenue. Financing and storage costs related to inventory are expensed as incurred.

Material Accounting Policies

1.11 Inventories (continued)

- Consumable stores and raw materials are valued at weighted average cost and include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

1.12 Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus plans and accumulated leave if the Group has a present legal or constructive obligation to pay as a result of past services provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available.

Defined contribution plans are funded through monthly contributions to the provident fund, which is governed by the Pension Fund Act of 1956. All employees of the Group belong to the provident fund. The Group's liability is limited to its annually determined contributions.

The Group and Company provide medical cover to current employees through various funds. The medical plans are funded through monthly contributions to the medical aid fund. The Group's and Company's liability is limited to its annually determined contributions.

Share-based payment transaction

The share incentive scheme allows qualifying directors and employees to be granted share grants. Share grants may be granted to all employees of the Company and any of its subsidiaries at the discretion of the directors, subject to the limitations imposed by the share grant scheme. The fair value of share grants are measured at grant date and spread over the period during which the employees become unconditionally entitled to the share grants. The fair value of the share grants are measured using the Monte Carlo model, taking into account the terms and conditions upon which the share grants were granted.

Share-based payment arrangements in which the Group received goods or services as consideration of its own equity instruments are settled in cash.

The fair value of the amount payable to employees in respect of cash settled share-based payment arrangements is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at fair value at each reporting date and at settlement date. Any changes in the fair value of the liability is recognised in profit or loss.

1.13 Revenue

Contracts with customers

The Group recognises revenue from customers on the sales of ferrochrome, chrome ore and PGMs concentrate sales. Revenue is derived principally from the sale of ferrochrome and chrome ore which are sold on Cost and Freight (CFR) or Cost, Insurance and Freight (CIF) Incoterms. Revenue is measured at the net of returns and allowances, trade discounts and volume rebates. Revenue is measured based on consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties. The same recognition and presentation principles apply to revenues arising from physical settlement of forward sale contracts that do not meet the own use exemption.

Revenue from PGM concentrate is recognised when the buyer, pursuant to a sales contract, obtains control of the product at the agreed delivery point. Revenue is measured at the amount of consideration that the Group expects to be entitled to when the performance obligation is satisfied.

Material Accounting Policies

1.13 Revenue (continued)

The revenue is recognised when the performance obligation related to the sale of goods to customers is recognised, which is when the product is delivered to the destination specified by the customer (which is typically the vessel on which it is shipped, the destination port or the customer's premises) and the buyer has gained control through their ability to direct the use of and obtain substantially all the benefits from the asset. For certain sales, the sales price is determined on a provisional basis at the date of sale as the final selling price is subject to movements in market prices up to the date of final pricing, normally ranging from 30 to 120 days after initial booking (provisionally priced sales).

Revenue on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable. The ferrochrome is provisionally invoiced to the distribution agents at a price that is linked to the ruling benchmark price when the risks and rewards pass to the distribution agents. The trade receivable is recognised at fair value and is included in the statement of financial position. Accordingly, the fair value of the final sales price adjustment is re-estimated continuously and changes in fair value are recognised as an adjustment to revenue once the distribution agent receives the final price via the sale to the stainless steel customer. In all cases, fair value is estimated by reference to forward market prices. Revenue from the sale of material by-products is included within revenue. Where a by-product is not regarded as significant, revenue may be credited against cost of goods sold.

The sale of goods is also done through distribution agreements noted below with the Glencore plc Group. Determining whether the Group is acting as an agent or principal is based on an evaluation of when control of the goods is taken by the Group, including inventory risk and responsibility for the delivery of goods or services.

Ferrochrome and chrome ore marketing arrangement with Glencore International AG (GIAG)

Glencore is acting as agent and the Group is acting as principal for ferrochrome and chrome ore sales.

Distribution arrangements with Glencore Limited, Glencore Canada Inc and Mitsui and Co Europe plc (the distribution agents).

The Group is acting as principal for the ferrochrome sales to the distribution agents when control of the goods passes from the Group to the distribution agents.

The distribution agents are acting as principal for subsequent sales to stainless steel customers and the performance obligation for revenue recognition is met when the product is delivered to the destination specified by the customer, which is typically the vessel on which it is shipped, the destination port or the customer's premises and the buyer has gained control through their ability to direct the use of, and obtain substantially all the benefits from the asset.

Management fees

Revenue from management fees is recognised at the fair value of the consideration received or receivable. Revenue is recognised in the accounting periods in which the services are rendered.

The Company charges its wholly-owned subsidiary Merafe Ferrochrome management fees for the recovery of costs from the subsidiary, and are recognised when the costs are recovered net of Value Added Taxation. This is when the performance obligations are considered met.

1.14 Leases

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

The Group recognises a right-of-use asset as property, plant and equipment and a lease liability at the lease commencement date except for short-term leases (defined as leases with a lease term of 12 months or less and leases of low value assets). The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group uses its incremental borrowing rate as the discount rate.

1.14 Leases (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method.

1.15 Finance income and expenses

Finance income

Finance income comprises interest income on funds invested and interest on loan to associate. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses

Finance expenses comprise of commitment fees, interest on tax related items and interest on leases.

1.16 Tax

Tax expense comprises current tax and deferred tax. Tax expenses are recognised in profit or loss except to the extent that it relates to items recognised directly in equity, or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The current tax rate is 28%. On 23 February 2022, the Minister of Finance reduced the corporate income tax (CIT) rate from 28% to 27%. The lower CIT rate will take effect for tax years ending on or after 31 March 2023. From the current financial year, the applicable tax rate for deferred tax balances is 27%.

Deferred tax is not recognised for the following temporary differences:

- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and
- Differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authorities on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets, including deferred tax assets relating to the carry forward of unutilised tax losses and/or unutilised capital allowances are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Material Accounting Policies

1.16 Tax (continued)

Dividend withholding tax

Dividend withholding tax is payable at a rate of 20% on dividends paid to shareholders. This tax is not attributable to the Company paying the dividend but is collected by the Company and paid to the South African Revenue Services on behalf of the shareholders.

1.17 Impairment of assets

Financial assets

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

Loss allowances on the loan to subsidiary are measured at an amount equal to lifetime of the ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which the customers operate, has less of an influence on credit risk. Management have considered recoverability of trade and other receivables and no significant ECLs are expected.

Although payment terms range between 30 and 120 days depending on the region of the customer, there have been no defaults on payments and shipments are subject to letters of credit providing security in the event of default. Management ensures strict controls over monitoring debtors aging. GIAG (agent for sales purposes) also provides credit risk cover on the debtors balances and assumes 60% credit on ferrochrome sales and 100% on chrome ore sales substantially reducing the risk of any ECLs.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write off

The Group considers an event of default has materialised and the financial asset is credit impaired when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay the Group. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off.

Non-financial assets

The carrying amount of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 that asset. The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable by comparing the recoverable amounts to these carrying values. If there are indications that impairment may have occurred, estimates are prepared of recoverable amounts. The recoverable amount of the cash generating unit (CGU) is considered to be the value in use (VIU). The VIU is determined based on expected future cash flows of property, plant and equipment and intangible assets which are inherently uncertain and could materially change over time. It is significantly affected by a number of factors including reserves and production estimates, together with economic factors such as the ferrochrome prices, discount rates and foreign currency exchange rates.

Material Accounting Policies

1.17 Impairment of assets (continued)

An impairment loss is recognised if the carrying amount of the asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of the cash-generating unit is allocated to reduce the carrying amount of the asset in the unit on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and the reversal if recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss has been recognised. The impairment loss that is reversed is recognised in profit or loss.

1.18 Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. The Group has one reportable segment being the mining and beneficiation of chrome ore into ferrochrome and associated minerals. Internal management accounts are prepared monthly on the basis of one reportable segment which is reviewed monthly by the Financial Director and Chief Executive Officer.

Ferrochrome, chrome ore and associated minerals are the products produced by the Venture. Most of the products produced are used in the manufacturing of stainless steel. Refer to note 19 for geographical areas of ferrochrome and chrome ore sales and information on customers that individually comprise more than 10% of total ferrochrome and chrome ore sales.

1.19 Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the consolidated and separate financial statements in the period in which the dividends are approved by the Board. Dividends declared after the reporting period are disclosed in the notes to the financial statements and are not recognised in the current financial statements. The cash flows for dividends are included in financing activities. Dividend withholding tax is levied on dividend recipients and has no impact on the Group taxation charge as reflected in the statement of profit or loss and other comprehensive income.

1.20 Determination of fair values

A number of the Group accounting policies and disclosures require the determination of fair value, for financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods as indicated below. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. The carrying values of financial assets and liabilities as reflected in the statement of financial position are a reasonable approximation of their fair values, unless otherwise stated in the respective note. To maintain consistency and comparability in fair value measurements and related disclosures, a fair value hierarchy that categorises the inputs to the valuation techniques used to measure fair value is categorised into three levels. Level one inputs are defined as inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date. Level two inputs are inputs other than quoted prices included within Level one that are observable for the asset or liability, either directly or indirectly. Lastly, Level three inputs are unobservable inputs for the asset or liability. Refer to note 28.

Long-term receivable

The fair value of long-term receivable is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Net trade receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Trade receivable subject to provisional pricing terms

The fair value of the receivable is based on the latest available ferrochrome prices and closing foreign exchange rate. Derivative instruments are carried at fair value for which the Group evaluates the quality and reliability of the assumptions and data used to measure fair value in the three hierarchy levels, Level one, two and three.

Material Accounting Policies

1.20 Determination of fair values (continued)

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Share-based payment transactions

Employee share grants are valued using measurement inputs which include the share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on Government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value. Refer to note 17 for details regarding the assumptions used in the valuation model.

Investments in subsidiaries and loan to subsidiary

Investment in subsidiaries are measured at cost. The loan to the subsidiary is initially measured at fair value and subsequently at amortised cost. The fair value is determined based on the present value of cash flows, discounted at the Group interest rate for debt over the period based on the resources and reserves of the Group.

1.21 Mining royalty

The mining royalty requires the payment of a royalty for the benefit of the National Revenue Fund, in respect of the transfer of mineral resources. The mining royalty is payable on chrome ore in lumps, chips and fines as listed in schedule 2 of the Mineral and Petroleum Resources Royalty Act, No. 28 of 2008 (the MPRR Act).

Chrome ore in lumps, chips and fines is an unrefined mineral resource and therefore the mining royalty is payable on "gross sales" as defined and is calculated in accordance with the unrefined mineral resource formula as detailed in the MPRR Act.

Management is required to make certain judgements in determining the gross sale value of the extracted ore tonnages. Gross sales are calculated using third party sales prices.

The mining royalty is recognised in profit or loss and is included in operating and other expenses.

1.22 Other income

Dividend income

Dividends received by the Group are recognised at the fair value of the consideration received or receivable.

1.23 Earnings per share

The Group presents basic and diluted earnings per share. Basic earnings per share is calculated on the profits attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is determined by adjusting the profits/losses attributable to shareholders, if applicable, and the weighted number of all potentially dilutive ordinary shares.

The calculation of headline earnings is in accordance to the SAICA revised IFRS Circular 01/2023. Headline earnings per share (HEPS) is calculated by adjusting the profits attributable to the ordinary shareholders of Merafe Resources for all separate identifiable remeasurements. The result is then divided by the weighted average number of ordinary shares in issue/outstanding during the period. Diluted headline earnings per share is calculated by dividing headline earnings by the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares which comprise grants granted to employees and future cash-settled share-based payments.

Material Accounting Policies

1.24 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount will be recovered principally through sale rather than use and the sale is considered to be highly probable within 12 months of classification as held for sale. Non-current assets (or disposal groups) held for sale are measured at the lower of the carrying amount and fair value less incremental, directly attributable, cost to sell (excluding taxation and finance charges) and are not depreciated.

1.25 Contingent liability

The Group applies judgement in assessing the potential outcome of uncertain legal and regulatory matters. The Group does not recognise contingent liabilities in the statement of financial position until future events indicate that it is probable that an outflow of resources will take place and a reliable estimate can be made, at which time a provision or a tax liability is recognised. The Group has disclosed contingent liabilities where economic outflows are considered possible but not probable.

The Group presently has an outstanding tax matter for which the timing of resolution and potential economic outflow are uncertain. Note 31 presents the matter assessed as having possible future economic outflows where no reliable measurement can be made, to the extent that disclosure does not prejudice the Group.

1.26 Business Combinations

Acquisitions of businesses (assets and liabilities acquired) are accounted for using the acquisition method. The cost of the acquisition is measured as the aggregate of the fair values at the acquisition date of assets given and liabilities incurred or assumed. Acquisition-related costs are recognised in profit or loss during the period incurred. At the acquisition date, the sum of the consideration transferred exceeds the Group’s interest in the net fair value of the acquiree’s identifiable net assets, this excess is recognised immediately in profit or loss as a bargain purchase gain.

Notes to the Consolidated and Separate Annual Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following relevant standards and interpretations that are effective for the current financial year and that are relevant to its operations:

International tax reform - Pillar two model rules - amendments to IAS 12

The amendments incorporate into IAS 12, taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. As an exception, deferred tax assets and liabilities shall not be recognised, nor information about them disclosed related to Pillar Two income taxes. Disclosures about applying this exception to deferred tax are required. Any current tax income or expense related to Pillar Two income taxes is required to be disclosed separately. In addition, where the legislation is enacted or substantively enacted, but not yet in effect, management are required to disclose known or reasonably estimable information of the entity's exposure to Pillar Two taxes arising from that legislation.

The effective date of the amendment is for years beginning on or after 01 January 2023.

The impact of the amendment is not material.

Initial application of IFRS 17 and IFRS 9 - Comparative information

A narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time. The amendment regards financial assets for which comparative information is presented on initial application of IFRS 17 and IFRS 9, but where this information has not been restated for IFRS 9. Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of IFRS 9.

The effective date of the amendment is for years beginning on or after 01 January 2023.

The impact of the amendment is not material.

Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12

The amendment adds an additional requirement for transactions which will not give rise to the recognition of a deferred tax asset or liability on initial recognition. Previously, deferred tax would not be recognised on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit or loss. The additional requirement provides that the transaction, at the time of the transaction must not give rise to equal taxable and deductible temporary differences.

The effective date of the amendment is for years beginning on or after 01 January 2023.

The impact of the amendment is not material.

Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2

IAS 1 was amended to require that only material accounting policy information shall be disclosed in the consolidated and separate annual financial statements. The amendment will not result in changes to measurement or recognition of financial statement items, but management will undergo a review of accounting policies to ensure that only material accounting policy information is disclosed.

The effective date of the amendment is for years beginning on or after 01 January 2023.

The impact of the amendment is not material.

Notes to the Consolidated and Separate Annual Financial Statements

2. New Standards and Interpretations (continued)

Definition of accounting estimates: Amendments to IAS 8

The definition of accounting estimates was amended so that accounting estimates are now defined as "monetary amounts in consolidated and separate annual financial statements that are subject to measurement uncertainty."

The effective date of the amendment is for years beginning on or after 01 January 2023.

The impact of the amendment is not material.

Classification of Liabilities as Current or Non-Current - Amendment to IAS 1

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

The effective date of the amendment is for years beginning on or after 01 January 2023.

The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 January 2024 or later periods:

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate annual financial statements.

Lack of exchangeability: amendments to IAS 21

The amendments apply to currencies which are not exchangeable. The definition of exchangeable is provided as being when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. The amendments require an entity to estimate the spot exchange rate at measurement date when a currency is not exchangeable into another currency. Additional disclosures are also required to enable users of financial statements to understand the impact of the non-exchangeability on financial performance, financial position and cash flow.

The effective date of the amendment is for years beginning on or after 01 January 2025.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate annual financial statements.

Notes to the Consolidated and Separate Annual Financial Statements

2. New Standards and Interpretations (continued)

Supplier finance arrangements: amendments to IAS 7 and IFRS 7

The amendment applies to circumstances where supplier finance arrangements exist. These are arrangements whereby finance providers pay the suppliers of the entity, thus providing the entity with extended payment terms or the suppliers with early payment terms. The entity then pays the finance providers based on their specific terms and conditions. The amendment requires the disclosure of information about supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows as well as on the entity's exposure to liquidity risk.

The effective date of the amendment is for years beginning on or after 01 January 2024.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate annual financial statements.

Non-current liabilities with covenants: amendments to IAS 1

The amendment applies to the classification of liabilities with loan covenants as current or non-current. If an entity has the right to defer settlement of a liability for at least twelve months after the reporting period, but subject to conditions, then the timing of the required conditions impacts whether the entity has a right to defer settlement. If the conditions must be complied with at or before the reporting date, then they affect whether the rights to defer settlement exists at reporting date. However, if the entity is only required to comply with the conditions after the reporting period, then the conditions do not affect whether the right to defer settlement exists at reporting date. If an entity classifies a liability as non-current when the conditions are only required to be met after the reporting period, then additional disclosures are required to enable the users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period.

The effective date of the amendment is for years beginning on or after 01 January 2024.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate annual financial statements.

Lease liability in a sale and leaseback: IFRS 16

The amendment requires that a seller-lessee in a sale and leaseback transaction, shall determine ‘lease payments’ or ‘revised lease payments’ in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

The effective date of the amendment is for years beginning on or after 01 January 2024.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate annual financial statements.

Notes to the Consolidated and Separate Annual Financial Statements

Figures in Rand thousand

3. Property, plant and equipment

Group	2023			2022		
	Cost	Accumulated depreciation and impairment	Carrying value	Cost	Accumulated depreciation and impairment	Carrying value
Beneficiation assets						
Smelters	4,033,345	(3,202,504)	830,841	3,842,679	(3,125,430)	717,249
Pelletising plants	422,522	(365,167)	57,355	398,629	(352,616)	46,013
Right-of-use assets	31,674	(27,648)	4,026	31,674	(26,679)	4,995
Corporate assets	4,110	(3,916)	194	4,347	(4,087)	260
Mining assets						
Mines	1,423,384	(1,060,338)	363,046	1,355,494	(1,097,018)	258,476
PGMs processing plants	142,906	(10,654)	132,252	52,974	(4,996)	47,978
Total	**6,057,941**	**(4,670,227)**	**1,387,714**	**5,685,797**	**(4,610,826)**	**1,074,971**

Company	2023			2022		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Right-of-use assets	-	-	-	533	(533)	-
Corporate assets	1,944	(1,585)	359	1,896	(1,469)	427
Total	**1,944**	**(1,585)**	**359**	**2,429**	**(2,002)**	**427**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in Rand thousand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2023

	Opening balance	Additions**	Acquisition of PGM X	Disposals	Disposal accumulated depreciation	Movement in capital work in progress	Depreciation*	Total
Beneficiation assets								
Smelters	717,249	173,556	-	(101,347)	80,845	118,457	(157,919)	830,841
Pelletising plants	46,013	27,244	-	(10,471)	9,682	7,122	(22,235)	57,355
Right-of-use assets	4,995	-	-	-	-	-	(969)	4,026
Corporate assets	260	50	-	(286)	286	-	(116)	194
Mining assets								
Mines	258,476	127,243	-	(101,752)	94,890	42,398	(58,209)	363,046
PGMs processing plants	47,978	800	54,939	-	-	34,193	(5,658)	132,252
	1,074,971	**328,893**	**54,939**	**(213,856)**	**185,703**	**202,170**	**(245,106)**	**1,387,714**

Impairment assessment

As a result of an impairment indicator arising from Merafe's market capitalisation being lower than the net asset value on 31 December 2023, management performed an impairment assessment on the basis set out in notes 1.17 and 37. Significant judgement and estimates were made in determining the value-in-use calculation, which is further explained in note 37. The recoverable amount was determined using the value-in-use calculation via a discounted cash flow model. Based on the model, the carrying value was higher than the recoverable amount, but no impairment was recognised as there was no conclusive evidence to support the loss. There was no impairment due to specific assets having nil economic value.

Depreciation

* R249m depreciation and amortisation is recognised in the statement of profit or loss and other comprehensive income, which comprises R245m resulting from property, plant and equipment and R4m of amortisation resulting from intangible assets.

Change in estimate

** An amount of R114m of change in estimate on the environmental rehabilitation provision is included in the additions for the Group. This is a non-cash item for the Group's statement of cash flows.

Notes to the Consolidated and Separate Annual Financial Statements

Figures in Rand thousand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2022

	Opening balance	Additions**	Disposals	Disposal accumulated depreciation and impairment	Movement in capital work in progress	Reclassification to asset held for sale	Depreciation*	Impairment loss	Total
Beneficiation assets									
Smelters	461,980	224,460	(241,960)	241,958	182,997	-	(151,950)	(236)	717,249
Pelletising plants	33,677	20,494	(21,340)	21,338	3,304	-	(11,460)	-	46,013
Right-of-use assets	11,692	2,081	(6,400)	6,257	-	-	(8,635)	-	4,995
Corporate assets	139	211	(388)	388	-	-	(90)	-	260
Mining assets									
Mines	167,333	122,752	(56,445)	56,335	7,592	(963)	(38,128)	-	258,476
PGMs processing plants	37,756	16,880	-	-	(1,882)	-	(4,776)	-	47,978
	712,577	**386,878**	**(326,533)**	**326,276**	**192,011**	**(963)**	**(215,039)**	**(236)**	**1,074,971**

Impairment assessment

As a result of an impairment indicator arising from Merafe's market capitalisation being lower than the net asset value at 31 December 2022, management performed an impairment assessment on the basis set out in notes 1.17 and 37. Significant judgement and estimates were made in determining the value-in-use calculation, which is further explained in note 37. The recoverable amount was determined using the value-in-use calculation via a discounted cash flow model. Based on the model, the carrying value was higher than the recoverable amount, but no impairment was recognised as there was no conclusive evidence to support the loss. An impairment raised against the assets to the value of R0.24m is due to specific assets having nil economic value.

Depreciation

* R219m depreciation and amortisation is recognised in the statement of profit or loss and other comprehensive income, which comprises R215m resulting from property, plant and equipment and R4m of amortisation resulting from intangible assets.

Change in estimate

** An amount of R92m of change in estimate on the environmental rehabilitation provision is included in the additions for the Group. This is a non-cash item for the Group's statement of cash flows.

Notes to the Consolidated and Separate Annual Financial Statements

Figures in Rand thousand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2023

	Opening balance	Additions	Depreciation	Total
Corporate assets	427	48	(116)	359

Reconciliation of property, plant and equipment - Company - 2022

	Opening balance	Additions	Derecognition	Depreciation	Total
Right-of-use assets	176	-	(142)	(34)	-
Corporate assets	303	211	-	(87)	427
	479	**211**	**(142)**	**(121)**	**427**

Figures in Rand thousand

4. Intangible assets

Group	2023			2022		
	Cost	Accumulated amortisation and impairment	Carrying value	Cost	Accumulated amortisation and impairment	Carrying value
Mineral rights	163,006	(137,593)	25,413	163,006	(133,380)	29,626

Reconciliation of intangible assets - Group - 2023

	Opening balance	Amortisation	Total
Mineral rights	29,626	(4,213)	25,413

Impairment assessment

As a result of an impairment indicator arising from Merafe's market capitalisation being lower than the net asset value on 31 December 2023, management performed an impairment assessment on the basis set out in notes 1.17 and 37. Significant judgement and estimates were made in determining the value-in-use calculation, which is further explained in note 37. The recoverable amount was determined using the value-in-use calculation via a discounted cash flow model. Based on the model, the carrying value was higher than the recoverable amount, but no impairment was recognised as there was no conclusive evidence to support the loss. There was no impairment due to specific assets having nil economic value.

Reconciliation of intangible assets - Group - 2022

	Opening balance	Amortisation	Total
Mineral rights	34,060	(4,434)	29,626

Impairment assessment

As a result of an impairment indicator arising from Merafe's market capitalisation being lower than the net asset value on 31 December 2022, management performed an impairment assessment on the basis set out in notes 1.17 and 37. Significant judgement and estimates were made in determining the value-in-use calculation which is further explained in note 37. The recoverable amount was determined using the value-in-use calculation via a discounted cash flow model. Based on the model, the carrying value was higher than the recoverable amount, but no impairment was recognised as there was no conclusive evidence to support the loss. An impairment was raised against the assets to the value of R0.24m due to specific assets having nil economic value.

Notes to the Consolidated and Separate Annual Financial Statements

5. Investment in subsidiaries

The following table lists the entities controlled by the group, either directly or indirectly through subsidiaries.

Company

Directly held	Issued share capital Number of shares 2023	Number of shares 2022	Percentage holding 2023	Percentage holding 2022	Carrying amount 2023*	Carrying amount 2022*
Merafe Chrome and Alloys	-	200	- %	100 %	-	-
Merafe Ferrochrome	400	400	100 %	100 %	-	-
					-	-

The Company's share in the profits of subsidiaries for the year ended 31 December 2023 amounted to R1 769m (2022: R1 422m).

Merafe Chrome and Alloys became a dormant entity following the unbundling of the Group structure in 2019. The entity was deregistered in 2023. The substance of the restructure was deemed to be a return of capital due to the deregistration of the dormant entity after the distribution as per IFRS 9 requirements. This resulted in the return of investment in Merafe Chrome and Alloys to Merafe Resources.

* Less than R1,000

Controlled entities

Merafe Kroondal Rehabilitation Trust is consolidated as a controlled entity of the Company.

Refer to note 1.3 for further details on the consolidation of controlled entities. There have been no significant changes in the nature and risks associated with this entity.

Trust with different reporting dates

The end of the reporting year of Merafe Kroondal Rehabilitation Trust is 28 February. The financial information used in the consolidation of the results is as at 31 December 2023. In reporting the financial information for the Trust, information from 1 January 2023 to 31 December 2023 has been reported using management accounts.

6. Investment in associate

The investment in the associate, Impala Chrome Proprietary Limited (Impala Chrome), is a result of the acquisition of the 20.5% interest in Unicorn Chrome, which has been proportionately consolidated in the consolidated financial statements. Unicorn Chrome is jointly controlled by the Group and GOSA. Unicorn Chrome holds the 31.15% investment in Impala Chrome. The Group's effective shareholding in Impala Chrome equates to 20.5% of 31.15%.

Group

Name of company	Method	% effective ownership interest 2023	% effective ownership interest 2022	Carrying amount 2023	Carrying amount 2022
				R'000	R'000
Impala Chrome	Equity accounting	6.39	6.39	14,150	6,709

The principal place of business of Impala Chrome is the North West province.

Figures in Rand thousand

6. Investment in associate (continued)

Summarised financial information of material associate

Summarised Statement of Profit or Loss and Other Comprehensive Income	Impala Chrome	
	2023	**2022**
Revenue	892,823	481,095
Other income and expenses	(483,680)	(397,748)
Profit before tax	409,143	83,347
Tax expense	(110,310)	(21,596)
Profit after tax	298,833	61,751
Total comprehensive income for the year	**298,833**	**61,751**

Summarised Statement of Financial Position	Impala Chrome	
	2023	**2022**
Assets		
Non-current	46,414	52,914
Current	453,039	244,810
Total assets	**499,453**	**297,724**
Liabilities		
Non-current	37,808	63,379
Current	209,735	98,970
Total liabilities	**247,543**	**162,349**
Total net assets	**251,910**	**135,375**

Reconciliation between the associate's summarised financial information and the carrying amount of the associate

Associate closing net assets (equity)	251,910	135,375
Group's share in %	6.39 %	6.39 %
Group's share in net assets	**16,086**	**8,645**
Other adjustments	(1,936)	(1,936)
Carrying amount in Group	**14,150**	**6,709**

Reconciliation of the carrying value of investment in associate

Investment at beginning of period	6,709	2,765
Dividends received	(11,642)	-
Share of earnings of associate	19,083	3,944
Investment at end of the year	**14,150**	**6,709**

Associate with different reporting dates

The end of the reporting year of Impala Chrome is 30 June. The financial information used in the consolidation of the results is as at 31 December 2023. In reporting the financial information for the associate, information from 1 January 2023 to 31 December 2023 has been reported, using management accounts.

	Group		Company	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000

7. Deferred tax

Deferred tax (liability) asset

Property, plant and equipment	(380,697)	(297,278)	-	(38)
Provisions and accruals	99,670	137,280	-	6,248
Lease obligations	2,446	3,495	-	-
Trade and other receivables	7,027	31,693	-	-
Total deferred tax (liability) asset	**(271,554)**	**(124,810)**	**-**	**6,210**

Deferred tax asset

The deferred tax asset of the Company is reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related taxation benefits will be realised. Management is of the view that the deferred tax asset raised in the prior year is not recoverable and it is not probable that future taxable profits will be available against which deductible temporary differences can be utilised. The deferred tax asset was reversed at 31 December 2023.

The Company had an assessable tax loss of R52m at 31 December 2023 (2022: R8m). The tax loss has no expiry date, and no deferred tax asset have been raised on this loss.

Deferred tax liability	(271,554)	(131,020)	-	-
Deferred tax asset	-	6,210	-	6,210
Total net deferred tax (liability) asset	**(271,554)**	**(124,810)**	**-**	**6,210**

Reconciliation of deferred tax (liability) asset

At beginning of year	(124,810)	(88,832)	6,210	3,394
Temporary difference movement on property plant and equipment	(83,456)	(100,345)	-	(1)
Temporary difference on trade and other receivables	(32,002)	36,322	-	-
Temporary difference on provisions and accruals	(30,237)	23,998	(6,210)	3,054
Temporary difference movement on leases	(1,049)	(501)	-	(7)
Change in tax rate	-	4,548	-	(230)
	(271,554)	**(124,810)**	**-**	**6,210**

8. Long-term receivable

Receivable at fair value - Rustenburg Chrome Mining	37,287	38,663	-	-

In 2017, the Venture entered into an asset swap arrangement with Rustenburg Chrome Mine Proprietary Limited (RCM) (previously Lanxess Chrome Mine Proprietary Limited) through which the Venture's mineral rights were swopped for RCM's mineral rights. The resultant receivable arises as payment for the Venture's mineral rights through ore recovery and sale from mining in the rights area, expected to be concluded in 2032. No ECLs were recognised for this receivable as the debtor is revalued at each reporting period based on the latest mining plans and probabilities and measured at its fair value based on the inputs and forward-looking commodity prices.

The following key assumptions were used in the calculation of the discounted cash flow model (10 years) at the reporting date:

	Unit of Measure	**2023**	**2022**
Discount rate	%	8.50 %	9.70 %
Average exchange rate - real	ZAR/USD	17.80	15.67
Chrome Ore SA LG6 Met Grade 42%	$/Mt	197.88	197.88

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000

9. Inventories

Raw materials	793,058	1,065,148	-	-
Work in progress	-	10,136	-	-
Finished goods	995,104	1,183,120	-	-
Consumable stores	128,314	114,136	-	-
	1,916,476	**2,372,540**	**-**	**-**

The cost of inventories recognised as an expense and included in the cost of sales amounted to R3 973m (2022: R3 401m) which is an increase from the prior year due to the higher cost of production and weaker exchange rates. Refer to note 20. No inventories were encumbered during the year.

For the year ended 31 December 2023, inventory was written down to its net realisable value due to low commodity prices at the reporting date, resulting in a loss of R2m (2022: R1m). Refer to note 20.

10. Loan to subsidiary

Loan to subsidiary - Merafe Ferrochrome	-	-	942,612	965,184

The loan is unsecured, interest-free, and has no fixed repayment term. The loan is repayable on demand with less than a year's notice; however, it is not expected to be settled within one year from the reporting date. Loss allowances on intercompany loans are measured at an amount equal to the lifetime of the ECLs, as the loans are repayable on demand and discounted by an effective interest rate of 0%. Merafe Ferrochrome has sufficient cash to repay the loan if it was demanded at the reporting date and no expected credit loss is recognised.

11. Trade and other receivables

Financial instruments:				
Trade receivables	1,354,882	852,531	12,862	8,805
Other receivables	11,184	10,393	2,608	1,074
Related party receivable: GOSA	177,119	-	-	-
Receivable from associate	-	3,514	-	-
	1,543,185	866,438	15,470	9,879
Non-financial instruments:				
Prepayments	852	1,684	371	223
Total trade and other receivables	**1,544,037**	**868,122**	**15,841**	**10,102**

Trade receivables are net of a R36m (2022: R24m) commodities weight loss allowance. The commodity weight loss allowance is estimated using an estimated percentage of allowance per category of goods sold and by reference to past exposure experience. Trade receivables relating to local and foreign sales have an average payment term of between 30 and 120 days and are non-interest-bearing. The Group's exposure to credit and currency risks related to trade and other receivables are disclosed in note 27. No ECLs have been incurred and provided for. Refer to note 1.17, *Impairment of assets*, for further information regarding the accounting policy for ECL on trade receivables.

R67m (2022: R233m) of trade receivables subjected to provisional pricing terms are accounted for at fair value through profit and loss - level 2 hierarchy per IFRS 13. The fair value at the reporting date is based on the latest available ferrochrome prices and a closing foreign exchange rate of R18,27.

The non-cash movement of the fair value adjustments of R0.78m (2022: R64m) is related to trade receivables carried at fair value that have been treated as a non-cash flow in the statement of cash flows. Refer to note 26.

Refer to note 32 for other trade receivables from related parties.

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000

11. Trade and other receivables (continued)

Trade receivables per sales region				
Africa	87,694	43,749	-	-
Asia	1,021,460	538,408	-	-
America	122,445	156,609	-	-
Europe	123,283	113,765	-	-
	1,354,882	**852,531**	**-**	**-**

The following table shows the movement in the weight allowances that have been recognised for trade receivables.

Opening balance	24,118	33,522	-	-
Provision raised	80,194	55,770	-	-
Claims	(43,220)	(34,844)	-	-
Amounts released	(25,222)	(30,330)	-	-
Closing balance	**35,870**	**24,118**	**-**	**-**

12. Current tax receivable (payable)

Balance at the beginning of the year	(52,073)	(5,549)	-	-
Current tax expense	(460,092)	(508,957)	(178)	-
Prior year over provision	6,544	5,468	-	-
Interest received from tax authority	123	102	-	-
Provisional tax payments and refunds	570,538	456,863	-	-
	65,040	**(52,073)**	**(178)**	**-**
Current tax receivable	65,218	-	-	-
Current tax payable	(178)	(52,073)	(178)	-
Total net current tax receivable (payable)	**65,040**	**(52,073)**	**(178)**	**-**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000

13. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	26	64	-	-
Bank balances	1,328,082	967,211	1,732	402
Short-term deposits	327,699	301,324	-	-
	1,655,807	**1,268,599**	**1,732**	**402**
Reconciliation of cash in the Group				
Cash in the Venture	631,249	350,797	-	-
Cash in the Venture for rehabilitation*	327,648	301,273	-	-
Cash in Merafe Resources	1,732	402	1,732	402
Cash in Merafe Ferrochrome	687,672	609,208	-	-
Cash in Kroondal Rehabilitation Trust**	7,401	6,890	-	-
Cash in Chrome and Alloys	-	25	-	-
Cash in Unicorn Chrome	105	4	-	-
	1,655,807	**1,268,599**	**1,732**	**402**

Cash at the bank earns interest at a floating rate based on daily bank deposit rates. Call deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Group, and interest is earned at the respective call deposit rates.

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in note 27. While cash and cash equivalents are also subject to impairment requirements of IFRS 9: *Financial Instruments*, the identified impairment loss was immaterial.

*The cash held by the Venture for rehabilitation is not restricted but has been set aside to fund the environmental rehabilitation. The rehabilitation funding requirements currently mandated by the Department of Mineral Resources and Energy are financed through guarantees. Refer to note 27.

**The cash held is not available for general use by the Group and is held in a trust bank account to rehabilitate the Kroondaal mine.

14. Share capital

Authorised				
3 500 000 000 ordinary shares of 1 cent each	35,000	35,000	35,000	35,000
Issued and fully paid				
2 499 126 870 (2022: 2 499 126 870) ordinary shares of 1 cent each	24,991	24,991	24,991	24,991
Total issued share capital	**24,991**	**24,991**	**24,991**	**24,991**
Share premium				
Balance at beginning and end of the year	1,263,885	1,263,885	1,263,885	1,263,885
Balance at end of year	**1,263,885**	**1,263,885**	**1,263,885**	**1,263,885**
Total issued share capital and premium	**1,288,876**	**1,288,876**	**1,288,876**	**1,288,876**

All ordinary shares have equal voting rights. There are no restrictions on the distribution of dividends or repayment of capital in terms of the memorandum of incorporation of the Company.

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15. Lease obligation

	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
Maturity analysis - contractual undiscounted cash flows				
Less than one year	4,148	5,304	-	-
One to five years	8,324	10,172	-	-
More than five years	-	2,298	-	-
Total undiscounted lease liabilities at 31 December	**12,472**	**17,774**	**-**	**-**
Amounts recognised in profit and loss				
Interest on lease liabilities	193	139	-	6
Expenses relating to short-term leases that have not been capitalised	278	977	117	76
Lease liabilities in the statement of financial position at 31 December				
Non-current liabilities	5,911	9,059	-	-
Current liabilities	3,148	3,884	-	-
	9,059	**12,943**	**-**	**-**
Amounts recognised in the statement of cash flows				
Total cash outflow for leases	5,304	5,920	-	42

These financial liabilities for the Group are secured by leases over plant, building and equipment, which is included in note 3. Lease repayments are repayable in monthly instalments averaging R493k (2022: R493k) on all leases. Interest is payable at an average of 12.6% (2022: 12.6%) per annum. Contingent rent, special renewal terms and specific escalation clauses do not apply to the leases. There are no restrictions that are imposed by the current lease arrangements.

In accordance with agreement with the Venture, Merafe Ferrochrome receives 20.5% of the Venture's EBITDA whilst retaining ownership of its assets. The lease obligations in the Group's statement of financial position and the lease repayments represent 20.5% of the Venture's total obligations, whereas the carrying values of assets that secure the finance leases relate to the assets that are controlled by the Group and are reflected in the Group's statement of financial position.

16. Provision

Reconciliation of provision - Group - 2023

	Opening balance	Change in estimate	Income statement movement	Unwinding of discount	Reclassification to asset held for sale	Payments	Total
Environmental rehabilitation	269,695	(113,516)	(31,466)	10,873	11,693	(5,042)	142,237

Reconciliation of provision - Group - 2022

	Opening balance	Change in estimate	Income statement movement	Unwinding of discount	Reclassification to asset held for sale	Payments	Total
Environmental rehabilitation	190,161	92,317	(553)	15,796	(24,261)	(3,765)	269,695

	Group		Company	
	2023 R '000	**2022 R '000**	**2023 R '000**	**2022 R '000**
Non-current liabilities	131,330	265,350	-	-
Current liabilities	10,907	4,345	-	-
	142,237	**269,695**	**-**	**-**

Environmental rehabilitation

The provision for closure and restoration costs is for liability for the rehabilitation of land involved in any prospecting or mining operations of the Group and to discharge any liability which may arise in terms of the Atmospheric Pollution Prevention Act No. 45 of 1965, the Environment Conservation Act, No. 73 of 1989, the Minerals Act, No. 50 of 1991, the Water Act, No. 54 of 1956, NEMA No. 107 of 1998 and any such other legislation that may be enacted in the future. The environmental obligations and corresponding liability remain the sole responsibility of the Venture. The draft NEMA Financial Provision Regulations No. 765, gazetted on 27 August 2021, were not enacted at the reporting date.

The Venture has provided guarantees to the Department of Mineral Resources with respect to the liability for closure and restoration costs. These guarantees are in the name of Glencore, relate to the Venture, and are disclosed in note 27. The guarantees are not recognised as liabilities in the financial statements. The estimated cost of rehabilitation is based on environmental plans in accordance with current technology, environmental and regulatory requirements and the measurements of an independent professional surveyor. The change in estimate relates to a reassessment of the provision based on changes in discount rates, expected timing of rehabilitation for operations and closure cost estimates based on the most recent assessment performed.

The measurement of the environmental rehabilitation and decommissioning provisions is a key area where management's judgement is required. The closure provisions are measured at the present value of the expected future cash flows required for rehabilitation and decommissioning. This calculation involves using specific estimates and assumptions when determining the amount and timing of the future cash flows and the discount rate. The closure provisions are updated at each reporting date for changes in the estimates of the amount or timing of future cash flows, inflationary changes in the expected cash flows, utilisation of prior year provisions and changes in the discount rate. The life of mine plan (LoMP) on which accounting estimates are based only includes proved and probable ore reserves as disclosed in Merafe's annual ore reserves and mineral resources statement.

During the current period, the discount rate applied in calculating the environmental rehabilitation provision was increased from 3.8% to 7.3%. This resulted in a change in estimate of R114m (2022: R92m credit). The prior year's discount rate of 3.8% was estimated using the 20-year historical average of a 20-year government bond yield and inflation rates. The change in the current year to a discount rate of 7.3% is based on a 1-year historical average of a 20-year government bond yield.

	Group		Company	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000

16. Provision (continued)

In the prior year, the Group's investment in Boshoek mine has been classified as held for sale and is disclosed in note 39. The liability associated with the sale of Boshoek mine is the environmental rehabilitation obligation of R13m (2022: R24m) measured at the reporting date.

For calculating the provision for closure and restoration costs, management has assumed a risk-free real inflation rate representative of future cash flows and a nominal discount rate of 7.3%. This is compared to the prior year, when management assumed a risk-free real inflation rate and a nominal discount rate of 3.8%. A 10% increase in the discount rate would have an R16m decrease in profit, and a 10% decrease would have a R17m increase in profit. The timing of the cash outflows relating to the provision is uncertain but is expected to range between two and thirty years. The short-term portion of the provision refers to the best estimate for ongoing rehabilitation activities.

17. Cash-settled share-based payment arrangements

	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
Cash-settled share-based payment liability				
Balance at the beginning of the year	20,312	9,748	20,312	9,748
Share-based payment expense*	11,115	12,848	11,115	12,848
Share grants vested and paid	(10,129)	(2,284)	(10,129)	(2,284)
Balance at the end of the year	**21,298**	**20,312**	**21,298**	**20,312**
Non-current liability	10,040	12,518	10,040	12,518
Current liability	11,258	7,794	11,258	7,794
	21,298	**20,312**	**21,298**	**20,312**

* the expense is charged to profit and loss R11m (2022: R13m).

Cash-settled grants

Shareholders approved the Share Incentive Scheme (Scheme) on 13 April 2010. Over time, various share grants and options were issued to directors and employees of the Company.

The purpose of the share incentive scheme is to serve as an incentive and reward to employees (including executive directors) of the Company and its subsidiaries for services rendered and to be rendered, aimed at promoting the continued growth of the Company by giving employees an opportunity to acquire shares in the Company and to serve as a retention mechanism for employees whose services are regarded by the Company to be crucial to the future growth and sustainability of the Company's business. The Board grants share options and share grants on the recommendation of the Remuneration Committee.

1m (2022: 1.4m) share grants were forfeited due to performance conditions not being met.

The Monte Carlo option pricing model was used to determine the fair value of the share grants.

The vesting of the grants is based solely on performance measured based on two conditions: 50% based on Merafe's total shareholder return (TSR) and 50% based on HEPS growth.

If Merafe's TSR over the three years places it in one of the top four positions, then 50% of the number of performance shares granted (TSR Portion) will vest in equal proportions on the 3rd, 4th and 5th anniversaries of their grant. If Merafe's TSR over the three years places it in 6th position, then one-third of the TSR Portion will vest in equal proportions on the 3rd, 4th and 5th anniversaries of their grant. If Merafe's performance over the three years lies between any of the above points, then a prorated number of the TSR Portion will vest in equal proportions on the 3rd, 4th and 5th anniversaries of their grant. No share grants will vest for positions seven and less.

Figures in Rand thousand

17. Cash-settled share-based payment arrangements (continued)

Vesting of the other 50% of grant shares will be in accordance with the following policy as determined by the Board:
- The performance shares allocated will be subject to performance against the growth in HEPS measure;
- If performance meets or exceeds the target, i.e. CPI + 2% per annum over the performance period, 100% of shares will vest;
- If performance is at the threshold, i.e. CPI + 1% per annum over the performance period, 50% of shares subject to this measure will vest;
- For performance below the threshold, 0% of shares subject to this measure will vest; and
- Linear vesting will take place between different performance milestones.

In terms of the rules of the Scheme, the Company retains the discretion and the right to settle awards through the issue of new shares or in cash. As at 31 December 2023, the company may still issue 90 777 371 Merafe shares to settle any awards contemplated under the Scheme upon vesting.

Accordingly, the company may still issue up to the maximum number of shares contemplated under the Scheme to settle any awards.

The following assumptions were used in the valuation model:

	2023 2019 - 2023 share grants	2022 2018 - 2022 share grants
Risk free rate	7.97%	7.63%
Expected volatility*	36.88%	55.65%
Expected dividend yield	8.28%	7.66%
Expected life (years)	0.25 to 4.25	0.25 to 4.25
Vesting periods (years)	3 to 5	3 to 5
Weighted average share price (Rands)	R1.27	R1.27
Weighted average exercise price (Rands)	R1.36	R1.81
Weighted average grant price (Rands)	R0.3 to R1.85	R0.3 to R1.85
Weighted average option value (Rands)	R0.86	R0.71
Performance conditions	Yes	Yes
Intrinsic value of shares	R41.6m	R45.9m

* The expected volatility of 36.88% (2022: 55.65%) is based on the historic volatility of the Merafe share price over the past five years.

The following share grants relating to employees and executive directors were outstanding at 31 December 2023:

Vesting date	Number of shares	Share grant date
01 April 2024	1,275,315	01 April 2019
01 April 2024	6,387,842	01 April 2020
01 April 2024	2,647,590	01 April 2021
01 April 2025	6,387,846	01 April 2020
01 April 2025	2,647,592	01 April 2021
01 April 2025	1,405,178	01 April 2022
01 April 2026	2,647,595	01 April 2021
01 April 2026	1,405,179	01 April 2022
01 April 2026	1,405,181	01 April 2022
01 April 2027	1,921,035	01 April 2023
01 April 2027	1,921,035	01 April 2023
01 April 2028	1,921,035	01 April 2023
	31,972,423	

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	Group		Company	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000

17. Cash-settled share-based payment arrangements (continued)

The following share grants relating to executive directors were outstanding at 31 December 2023:

Vesting date	Ms Z Matlala Number of shares	Mr D Chocho Number of shares
01 April 2024	781,971	337,500
01 April 2024	3,904,904	1,685,363
01 April 2024	1,618,480	698,538
01 April 2025	3,904,904	1,685,363
01 April 2025	1,618,480	698,538
01 April 2025	709,641	324,299
01 April 2026	1,618,480	698,538
01 April 2026	709,641	324,299
01 April 2026	1,006,647	460,027
01 April 2027	709,641	324,299
01 April 2027	1,006,647	460,027
01 April 2028	1,006,647	460,027
	18,596,083	**8,156,818**

The movement in the number of share grants can be summarised as follows:

	2023 Number of shares	2022 Number of shares
Opening balance	34,751,401	33,168,448
Granted during the year	5,763,105	4,215,538
Vested during the year	(7,463,859)	(1,258,916)
Forfeited during the year	(1,078,224)	(1,373,669)
Closing balance	**31,972,423**	**34,751,401**

18. Trade and other payables

	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
Financial instruments:				
Trade payables	757,706	538,945	413	305
Related party payable: GOSA	-	121,847	-	-
Dividend payable	2,206	-	2,206	-
Other payables	50,846	48,146	988	1,119
	810,758	**708,938**	**3,607**	**1,424**
Non-financial instruments:				
Employee benefit accruals	135,101	131,101	18,146	18,042
	945,859	**840,039**	**21,753**	**19,466**

Trade payables are non-interest bearing and are normally settled on 30 to 45-day terms. Other payables are non-interest-bearing and are normally settled on 30-day terms. An accrual is recognised for the employer's liability for annual leave, annual bonus and associated costs. The accrual for annual leave is recognised when the employee renders the service, and the accrual is updated on a monthly basis. Employee benefits include an accrual for bonuses in terms of the Group's bonus scheme. The Group's exposure to currency, credit and liquidity risk related to trade and other payables are disclosed in note 27.

Refer to note 32 for other trade payables from related parties.

	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000

19. Revenue

	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
Revenue from contracts with customers				
Ferrochrome sales*	6,885,467	6,794,982	-	-
Chrome ore sales	2,222,204	1,039,975	-	-
PGMs concentrate sales**	133,470	99,953	-	-
	9,241,141	**7,934,910**	**-**	**-**
Revenue other than from contracts with customers				
Management fees	1,200	1,200	16,393	16,547
Other income***	1,681	2,951	143	58
Dividend income	-	-	824,712	849,703
	2,881	**4,151**	**841,248**	**866,308**
Total revenue	**9,244,022**	**7,939,061**	**841,248**	**866,308**

* Ferrochrome sales includes provisional pricing adjustments of R32m (2022: R115m).

** All PGMs concentrate sales are to a customer in South Africa.

** Other income includes revenue from sale of scraps and silica.

Geographical areas of ferrochrome sales to customers

The majority of customers are stainless steel mills located at the following revenue destinations:

Revenue destination	**2023 Revenue R'000**	**2023 % of revenue in relation to total ferrochrome revenue**	**2022 Revenue R'000**	**2022 % of revenue in relation to total ferrochrome revenue**
Africa*	207,443	3	219,305	3
Americas**	362,759	5	608,406	9
Asia***	5,093,698	74	4,788,832	71
Europe****	1,221,567	18	1,178,439	17
	6,885,467	**100**	**6,794,982**	**100**

* Includes South Africa.
** Includes Brazil, USA and Mexico.
*** Includes China, India, Indonesia, Japan, South Korea, Taiwan, Singapore and Australia.
**** Includes Germany, Italy, Luxembourg, Spain, France and Belgium.

Geographical areas of chrome ore sales to customers

Revenue destination	**2023 Revenue R'000**	**2023 % of revenue in relation to total chrome revenue**	**2022 Revenue R'000**	**2022 % of revenue in relation to total chrome revenue**
South Africa	482,837	22	123,830	12
Asia, Australia, Mexico and Europe	1,739,367	78	916,145	88
	2,222,204	**100**	**1,039,975**	**100**

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	Group		Company	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000

19. Revenue (continued)

Sales to the following customers individually comprise more than 10% of total sales:

	2023		2022	
Key customers	**Revenue** **R'000**	**% of revenue in relation to total ferrochrome revenue**	**Revenue** **R'000**	**% of revenue in relation to total ferrochrome revenue**
Customer A	1,783,005	26	2,018,385	30
Customer B	1,535,696	22	989,323	15
Customer C	-	-	783,272	11
	3,318,701	**48**	**3,790,980**	**56**

20. Earnings before interest, taxation, depreciation and impairment (EBITDA)

The following items have been taken into account in arriving at EBITDA:

	Group 2023	Group 2022	Company 2023	Company 2022
Revenue	9,244,022	7,939,061	841,248	866,308
Gain on acquisition of joint operation	249,909	-	-	-
Cost of goods sold	(3,973,275)	(3,400,983)	-	-
Gain on exchange differences on other financial instruments	91,534	117,933	-	-
Gain (loss) on exchange differences in cash and cash equivalents	7,843	(49,623)	-	-
Auditors remuneration - external auditors	(4,368)	(2,477)	(2,231)	(960)
Consulting and professional fees	(12,909)	(7,817)	(6,322)	(6,219)
Selling expenses	(1,094,768)	(879,651)	-	-
Commissions	(376,260)	(330,380)	-	-
Net realisable value adjustment of inventory	(2,046)	(1,288)	-	-
Marketing fees	(2,269)	(2,013)	-	-
Corporate social investment	(26,909)	(20,637)	(2,255)	(3,107)
Social labour plans	(6,898)	(3,145)	-	-
Enterprise development	(3,104)	(3,125)	(727)	(631)
Movement in provision for closure and restoration	(11,318)	(15,796)	-	-
(Loss) profit on sale of property, plant and equipment	(29)	650	-	-
Short term and low value leases	(278)	(977)	(117)	(76)
Other expenses	(551,689)	(183,180)	(7,377)	(5,611)
Employee costs*	(981,967)	(1,015,901)	(16,703)	(19,218)
	2,545,221	**2,140,651**	**805,516**	**830,486**

* Includes remuneration relating to key management personnel (see note 33).

21. Employee costs

	Group 2023	Group 2022	Company 2023	Company 2022
Employee costs				
Salaries and wages	794,057	828,015	2,756	3,630
Bonus	11,076	9,510	2,208	2,126
Medical aid - company contributions	75,919	74,805	123	100
Leave pay provision accrual	334	719	67	144
Post-employment benefits - Provident and post retirement benefits	89,466	90,004	434	370
Share-based payment	11,115	12,848	11,115	12,848
	981,967	**1,015,901**	**16,703**	**19,218**

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	Group		Company	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000

22. Finance income

Bank and other cash	40,731	25,621	468	51
Interest received from tax authority	123	154	-	-
Interest from associate	87	303	-	-
	40,941	**26,078**	**468**	**51**

23. Finance expense

Lease liabilities	193	139	-	6
Interest paid to tax authority	-	52	-	-
Commitment fees	1,146	1,280	-	-
Bank interest	1,331	16	-	-
	2,670	**1,487**	**-**	**6**

24. Taxation

Major components of the tax expense

Current tax				
Current year expense	460,092	508,957	178	-
Prior year over provision	(6,544)	(5,468)	-	-
	453,548	**503,489**	**178**	**-**
Deferred tax				
Current year expense (credit)	145,788	40,808	6,210	(3,046)
Prior year under (over) provision	956	(282)	-	-
Tax rate change	-	(4,548)	-	230
	146,744	**35,978**	**6,210**	**(2,816)**
	600,292	**539,467**	**6,388**	**(2,816)**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	27.00 %	28.00 %	27.00 %	28.00 %
Income not related to taxpayer	- %	(0.01)%	- %	- %
Permanent differences*	0.33 %	0.28 %	0.65 %	0.71 %
Derecognition of deferred tax asset	0.26 %	- %	0.77 %	- %
Prior year over provision	(0.24)%	(0.29)%	- %	- %
Dividend income	(0.12)%	- %	(27.63)%	(28.91)%
Tax loss utilised	- %	- %	- %	(0.17)%
Tax rate change	- %	(0.24)%	- %	0.03 %
Non-taxable income**	(1.73)%	(0.07)%	- %	- %
	25.50 %	**27.67 %**	**0.79 %**	**(0.34)%**

* Includes cash-settled share-based payments, legal fees, consulting fees, other costs incurred to produce non-taxable income and other permanent differences.
** Includes the once off gain on acquisition of joint operation.

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	Group		Company	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000

25. Earnings per share

25.1 Basic earnings per share

Basic earnings per share is determined by dividing earnings attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Basic earnings per share				
From operations (c per share)	70.1	56.4	-	-

The calculation of basic earnings per share is based on earnings attributable to ordinary shareholders of R1 753m (2022: R1 410m) and a weighted average number of ordinary shares outstanding during the year of 2 499 126 870 (2022: 2 499 126 870).

25.2 Diluted earnings per share

In determining diluted earnings per share, the earnings attributable to the equity holders of the parent and the weighted average number of ordinary shares are adjusted for the effects of all potentially dilutive ordinary shares.

Diluted earnings per share				
From operations (c per share)	70.1	56.4	-	-
Reconciliation of shares in issue to weighted average number of shares in issue ('000)				
Total number of shares in issue at the beginning and end of the year	2,499,127	2,499,127	-	-
Weighted average number of shares in issue for the year	**2,499,127**	**2,499,127**	**-**	**-**

The calculation of diluted earnings per share is based on earnings attributable to ordinary shareholders of R1 753m (2022: R1 410m) and a weighted average number of shares outstanding during the year of 2 499 126 870 (2022: 2 499 126 870).

25.3 Headline earnings and diluted headline earnings per share

Headline earnings per share and diluted headline earnings per share are determined by dividing headline earnings and diluted headline earnings by the weighted average number of ordinary shares outstanding during a period.

The calculation of headline earnings per share is based on earnings attributable to ordinary shareholders of R1 503m (2022: R1 410m) and a weighted average number of shares outstanding during the year of 2 499 126 870 (2022: 2 499 126 870).

Headline earnings per share (c)	60.1	56.4	-	-
Diluted headline earnings per share (c)	60.1	56.4	-	-

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	Group		Company	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000

25. Earnings per share (continued)

	2023 Group Gross	2023 Group Net of taxation	2022 Group Net of taxation
Earnings for the year attributable to equity holders of the parent	-	1,752,964	1,410,010
IAS 33 earnings	-	(249,888)	(302)
IFRS 3 Gain on acquisition of joint operation	(249,909)	(249,909)	-
IAS 16 impairment of property, plant and equipment	-	-	236
IAS 16 loss (profit) on sale of property, plant and equipment	29	21	(650)
Tax effect	-	-	112
Headline earnings		**1,503,076**	**1,409,708**

	Group 2023	Group 2022	Company 2023	Company 2022
Reconciliation of weighted average number of ordinary shares used for the earnings per share to weighted average number of shares used for diluted earnings per share ('000)				
Weighted average number of shares used for the diluted earnings per share	2,499,127	2,499,127	-	-

26. Cash generated from operations

	Group 2023	Group 2022	Company 2023	Company 2022
Profit before taxation	2,353,256	1,949,477	805,868	830,410
Adjustments for non-cash items:				
Depreciation and amortisation	249,319	219,473	116	121
Effect of exchange rate fluctuations	(7,843)	49,623	-	-
Impairment	-	236	-	-
Movements in rehabilitation provision	(25,635)	11,478	-	-
Income from equity accounted investments	(19,083)	(3,944)	-	-
Other non-cash movement	4,422	4,223	-	(24)
Loss (profit) on sale of property, plant and equipment	29	(650)	-	-
Fair value adjustment on provisionally priced revenue	(781)	63,933	-	-
Movement in long-term receivable	1,376	(25,219)	-	-
Share grants vested	(10,129)	(2,284)	(10,129)	(2,284)
Share-based payment expense	11,115	12,848	11,115	12,848
Net realisable value inventory adjustment	2,046	1,288	-	-
Finance income	(40,941)	(26,078)	(468)	(51)
Finance expense	2,670	1,487	-	6
Changes in working capital:				
Inventories	454,018	(721,650)	-	-
Trade and other receivables	(675,134)	622,565	(5,739)	1,047
Trade and other payables	105,820	(22,555)	2,287	2,411
	2,404,525	**2,134,251**	**803,050**	**844,484**

The financing activities that give rise to cash flows are lease obligations repaid and dividends paid, as disclosed in note 15 and note 38, respectively.

27. Financial instruments and risk management

Principles of risk management

The Group is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and its management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board has overall responsibility for establishing and overseeing the Group's risk management framework. The Board has established an Audit and Risk Committee responsible for monitoring the Group's risk management policies. The Committee reports directly to the Board on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Risk Committee is assisted in the oversight role at the operations level by internal audit. Internal audits undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

The overall objective of the Venture's treasury department is to effectively manage credit risk, liquidity risk and market risks in accordance with the Group's strategy, as the Group's activities expose it to a variety of risks. Other responsibilities of the Venture's treasury department include management of the Group's cash resources, approval of counter-parties and relevant transaction limits and the monitoring of all significant treasury activities undertaken by the Group. The Venture manages the treasury department through a Central Treasury function.

The Venture's treasury department prepares monthly treasury reports, which monitor all significant treasury activities undertaken by the Venture through the Central Treasury Function. The report also benchmarks significant treasury activities and monitors key banking risks to ensure continued effectiveness.

The Group's significant financial instruments comprise of financial assets and financial liabilities measured at amortised cost. The primary purpose of these financial instruments is to finance the Group's acquisitions and ongoing operations.

27.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group minimises credit risk by ensuring that the exposure is spread over several counterparties.

Credit risk exposure arises from transactions in the Group's ordinary course of business and applies to all financial assets. Counterparties are assessed before, during and after the conclusion of transactions to ensure exposure to credit risk is limited to an acceptable level. There is no material concentration of credit risk in cash and cash equivalents, trade and other receivables and loans.

Cash and cash equivalents

The Group limits its exposure to credit risk by investing only in liquid securities and only with approved banks and financial institutions. The Group's cash balances are in the form of short-term deposits in both local and foreign currency.

27. Financial instruments and risk management (continued)

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which the customers operate, have less of an influence on credit risk. Management has considered recoverability of trade and other receivables noted in notes 1.17 and 11, and no significant ECLs are expected. Trade receivables are presented in the statement of financial position net of any provision for impairment. No trade receivables are past due.

The Group sells the majority of its ferrochrome to a broad range of international customers in terms of the Venture agreement.

The marketing agent, Glencore International AG (GIAG), accepts 60% of the risk related to non-payment of credit sales of ferrochrome and 100% of the risk of non-payment of credit sales of chrome ore. In general, GIAG acts as a sales and marketing agent, on-selling purchases from the Group to a wide variety of customers. These sales are governed by various sales, marketing and distribution agreements. As these agreements have been in place for several years and the Group has not been exposed to significant unrecoverable amounts, the Group does not believe these arrangements expose it to unacceptable credit risks.

Where concentrations of credit risk exist, management closely monitors the receivable and ensures appropriate controls are in place to ensure recovery. The Group does not have netting arrangements with any debtors.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
Exposure to credit risk				
Loan to subsidiary at amortised cost	-	-	942,612	965,184
Other long-term receivable at amortised cost	14,229	14,229	14,229	14,229
Trade and other receivables at amortised cost and fair value through profit and loss	1,543,185	866,438	15,470	9,879
Long-term receivable at fair value	37,287	38,663	-	-
Cash and cash equivalents at amortised cost	1,655,807	1,268,599	1,732	402
	3,250,508	**2,187,929**	**974,043**	**989,694**

27.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Liquidity risk is the risk that the Group will not be able to meet its financial obligations on time. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Venture's treasury department is responsible for managing liquidity risk, including funding, settlements, related processes and policies of the Venture. The Group manages its liquidity risk on a concentrated basis, utilising various sources of finance to maintain flexibility while ensuring access to cost-effective funds when required. The operational, tax, capital and regulatory requirements and obligations of the Group are considered in the management of liquidity risk. In addition, management utilises both short and long-term cash flow forecasts and other consolidated financial information to manage liquidity risk.

The Group uses activity-based costing to cost its products, which assists it in monitoring cash flow requirements and optimising its cash returns on investments. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for 60 days, including servicing financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters

27. Financial instruments and risk management (continued)

In addition, the Group maintained the following facilities at 31 December 2023:

The Company

- ABSA Bank Limited (ABSA): R1m credit card facilities. Interest is payable at ABSA's prime lending rate plus 6.5%. At the reporting date the prime lending rate was 11.75%; and
- ABSA: R0.3m guarantee facility.
- ABSA: R5m daylight facility.

Merafe Ferrochrome

- ABSA: R20m guarantee facility.
- ABSA: R5m daylight facility.
- ABSA facility: This is a R300m (2022: R300m) revolving credit facility, and the interest is calculated at three months JIBAR plus a margin of 220 basis points. As at 31 December 2023, the facility was unutilised with a zero balance. A commitment fee is payable on the unused portion of the facility, which is payable quarterly in arrears. The commitment fee is 0.40% per annum. As at 31 December 2023, the 3 months JIBAR was 8.2%.
- The financial covenants relating to the facility are as follows: the interest cover ratio for any measurement period should not be less than four times, and the net debt to EBITDA ratio for any measurement period should not be more than 2.5 times. There was no utilisation of the facility during the year and, therefore, no requirement to meet covenants.
- ABSA: R0.5m credit card facilities. Interest is payable at ABSA's prime lending rate plus 6.5%. At the reporting date, the prime lending rate was 11.75%.

The Venture

- GOSA, acting on behalf of the Venture, and Merafe Ferrochrome have a Treasury Service Agreement (TSA) with Glencore Holdings South Africa Proprietary Limited (Service Provider/GHSA). Loans, overdraft funding, and issuance of guarantee instruments are among the services offered by the Service Provider to the Venture.
- Interest is charged on overnight funding: USD - Secured Overnight Financing Rate plus 0.9%; ZAR - Prime lending rate less 1.75%.
- The facilities remain undrawn as at 31 December 2023.

Notes to the Consolidated and Separate Annual Financial Statements

Figures in Rand thousand

27. Financial instruments and risk management (continued)

As indicated, GHSA also issues guarantees on behalf of the Venture. At year-end, the Venture had the following guarantees in place (Merafe's attributable portion):

Group - 31 December 2023	**GHSA**	**ABSA**	**FNB**	**Total**
Eskom	53,200	-	-	53,200
Department of Mineral Resources	71,653	1,310	20	72,983
Customs and excise	6	-	-	6
Town councils and Maputo Port Development Company	15,375	-	-	15,375
	140,234	**1,310**	**20**	**141,564**

Group - 31 December 2022	**GHSA**	**ABSA**	**FNB**	**Total**
Eskom	52,323	-	-	52,323
Department of Mineral Resources	87,378	1,310	20	88,708
Custom and excise	6	-	-	6
Town councils and water boards	11,726	-	-	11,726
	151,433	**1,310**	**20**	**152,763**

The above guarantees in the name of GHSA relate to the Venture. The guarantees are not assessed for ECLs as per IFRS 9 as they are guaranteed by the individual banks and measured at fair value.

Company - 31 December 2023	**ABSA**	**Total**
Department of Mineral Resources	60	60
Facility available	**60**	**60**
Percentage utilised	100	100

Company - 31 December 2022	**ABSA**	**Total**
Department of Mineral Resources	60	60
Facility available	**60**	**60**
Percentage utilised	100	100

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements.

Group 2023	**Current Year ended 31 December 2024**	**1 to 2 Year ended 31 December 2025**	**2 to 3 Year ended 31 December 2026**	**3+ Year ended 31 December 2027 onwards**	**Total**
Non-derivative					
Lease liabilities	(4,148)	(1,867)	(1,921)	(4,536)	(12,472)
Trade and other payables	(810,758)	-	-	-	(810,758)
Total	**(814,906)**	**(1,867)**	**(1,921)**	**(4,536)**	**(823,230)**

Company 2023					
Non-derivative					
Trade and other payables	(3,607)	-	-	-	(3,607)

27. Financial instruments and risk management (continued)

Group 2022	Current Year ended 31 December 2023	1 to 2 Year ended 31 December 2024	2 to 3 Year ended 31 December 2025	3+ Year ended 31 December 2026 onwards	Total
Non-derivative					
Lease liabilities	(5,304)	(4,147)	(1,867)	(6,456)	(17,774)
Trad and other payables	(708,936)	-	-	-	(708,936)
Total	**(714,240)**	**(4,147)**	**(1,867)**	**(6,456)**	**(726,710)**

Company 2022					
Non-derivative					
Trade and other payables	(1,424)	-	-	-	(1,424)

27.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and ferrochrome prices, will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising return.

Currency risk

Foreign currency

In the ordinary course of business, the Group enters into transactions denominated in foreign currencies (primarily US$). As a result, the Group was subject to transactions and translation exposure from fluctuations in foreign currency exchange rates.

The Group's exposure to foreign currency risk is as follows:

US Dollar exposure: **Amounts in US$'000**	Group 2023	Group 2022	Company 2023	Company 2022
Trade and other receivables	61,249	52,627	-	-
Customer foreign currency account	30,937	19,060	-	-
Net US Dollar exposure	**92,186**	**71,687**	**-**	**-**

Exchange rates

The following closing exchange rates were applied at reporting date:

	Group 2023	Group 2022	Company 2023	Company 2022
Average rate				
Rand: United States Dollar	18.62	16.08	-	-
Reporting date spot rate				
Rand: United States Dollar	18.27	17.00	-	-

Foreign currency sensitivity analysis

A 10 per cent weakening of the Rand against the US$ on 31 December 2023 would have increased equity and profit before tax by R168m (2022: R122m). A 10 per cent strengthening of the Rand at 31 December 2023 against the US$ would have decreased equity and profit before tax by R168m (2022: R122m). This analysis assumes that all other variables, in particular interest rates, remain constant. This sensitivity does not represent the profit and loss impact that would be expected from a movement in foreign currency exchange rates over the course of a period.

Figures in Rand thousand

27. Financial instruments and risk management (continued)

Interest rate risk profile

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments were:

	Average effective interest rate		Carrying amount	
Group	2023	2022	2023	2022
Variable rate instruments:				
Cash and cash equivalents				
Local currency*	8.72 %	5.84 %	1,090,515	944,504
Foreign currency	5.00 %	1.13 %	565,292	324,095
			1,655,807	**1,268,599**

* Cash balances in local currency receive interest as follows at reporting date:

a) The Venture: USD - Secured Overnight Financing Rate; ZAR - Prime Lending Rate less 3.55%

b) The Company and Merafe Ferrochrome

Call deposits: daily call deposits rates. At year-end the call deposit rate was 8.99%
Current account balances

- favourable: 2.4%
- unfavourable: prime which was 11.75%

* Access Deposit: The average rate was 8.56%.

Sensitivity analysis for interest rate risk

Cash and cash equivalents

An increase of 50 basis points in interest rates will increase equity and profit or loss by R8m (2022: R6m). A decrease of 50 basis points in interest rates would have an equal but opposite effect. This analysis assumes all other variables remain constant.

Notes to the Consolidated and Separate Annual Financial Statements

Figures in Rand thousand

27. Financial instruments and risk management (continued)

27.4 Categories of financial instruments

The following tables present the carrying values and fair values of the Group's financial instruments. Fair value is the price expected to be received to sell an asset or paid to transfer a liability in a market at the measurement date under current market conditions. Where available, market values have been used to determine fair values. When market values are unavailable, fair values are calculated by discounting expected cash flows at prevailing market interest and exchange rates. The estimated fair values have been determined using market information and appropriate valuation methodologies but are not necessarily indicative of the amounts that the Group could realise in the ordinary course of business. Amortised costs approximate fair value.

The financial assets and liabilities are presented by class in the tables below at their carrying values

Categories of financial assets

Group - 2023

	Note(s)	Fair value through profit or loss	Amortised cost	Total
Trade and other receivables	11	66,931	1,476,254	1,543,185
Cash and cash equivalents	13	-	1,655,807	1,655,807
Long-term receivable	8	37,287	-	37,287
Other long-term receivable	40	-	14,229	14,229
		104,218	**3,146,290**	**3,250,508**

Group - 2022

	Note(s)	Fair value through profit or loss	Amortised cost	Total
Trade and other receivables	11	233,407	633,031	866,438
Cash and cash equivalents	13	-	1,268,599	1,268,599
Long-term receivable	8	38,663	-	38,663
Other long-term receivable	40	-	14,229	14,229
		272,070	**1,915,859**	**2,187,929**

Company - 2023

	Note(s)	Amortised cost	Total
Loan to subsidiary	10	942,612	942,612
Trade and other receivables	11	15,470	15,470
Cash and cash equivalents	13	1,732	1,732
Other long-term receivable	40	14,229	14,229
		974,043	**974,043**

Figures in Rand thousand

27. Financial instruments and risk management (continued)

Company - 2022

	Note(s)	Amortised cost	Total
Loan to subsidiary	10	965,184	965,184
Trade and other receivables	11	9,879	9,879
Cash and cash equivalents	13	402	402
Other long-term receivables	40	14,229	14,229
		989,694	**989,694**

Categories of financial liabilities

Group - 2023

	Note(s)	Amortised cost	Leases	Total
Trade and other payables	18	810,758	-	810,758
Lease obligations	15	-	9,059	9,059
Other financial liabilities at fair value		-	-	-
Bank overdraft	13	-	-	-
		810,758	**9,059**	**819,817**

Group - 2022

	Note(s)	Amortised cost	Leases	Total
Trade and other payables	18	708,938	-	708,938
Lease obligations	15	-	12,943	12,943
		708,938	**12,943**	**721,881**

Company - 2023

	Note(s)	Amortised cost	Total
Trade and other payables	18	3,607	3,607

Company - 2022

	Note(s)	Amortised cost	Total
Trade and other payables	18	1,424	1,424

Figures in Rand thousand

28. Fair value estimation

A number of the Group's accounting policies and disclosures require the measurement of fair values. The Group uses appropriate valuation techniques when sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Refer to note 1.20 for the accounting policy and valuation of these financial instruments.

The Group's assets and liabilities that are measured at fair value are classified into different levels based on the extent that quoted prices are used in the calculation of fair value and the levels have been defined as follows:

- Level 1: fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); or
- Level 3: fair value based on inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the fair value measurement hierarchy of the Group's assets and liabilities measured at fair value:

Group 2023	**Level 1**	**Level 2***	**Level 3****	**Total**
Financial asset				
Trade receivable held at fair value through profit or loss	-	66,931	-	66,931
Long-term receivable	-	-	37,287	37,287
	-	**66,931**	**37,287**	**104,218**

Group 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial asset				
Trade receivable held at fair value through profit or loss	-	233,407	-	233,407
Long-term receivable	-	-	38,663	38,663
	-	**233,407**	**38,663**	**272,070**

There were no transfers between fair value hierarchy levels in the current year.

*Based on quoted market metal prices and exchange rates
**Determined with a discounted cash flow model using risk-free ZAR interest rate, exchange rates and long-term forecast commodity prices.

Group
Reconciliation of level 3 financial assets
The table below sets out the reconciliation of financial assets that are measured at fair value based on inputs that are not based on observable market data (level 3):

Balance at 1 January 2023	**38,663**
Loss recognised in profit or loss	(1,377)
Balance at 31 December 2023	**37,285**

29. Capital management

The Board's policy is to maintain a strong capital base to maintain investors, debt providers and the market confidence in the business. The Group's objective when managing capital is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the Group's ability to continue as a going concern while taking advantage of strategic opportunities to maximise stakeholder returns sustainably.

The strong capital base should ensure that any organic or acquisitive growth in the business is sustainable and provides a cushion for the cyclical nature of the resources business.

The Board has actively pursued a policy of debt reduction, and its objective is to maintain its net gearing level to a maximum of 25% versus total assets. This ratio is calculated taking into account interest-bearing debt excluding cash balances divided by total assets. At 31 December 2023 year-end, the gearing level was 0% (31 December 2022: 0%).

As the required gearing level has been achieved, the Board will focus on balancing the requirements to pay dividends while at the same time ensuring that there is sufficient capital in the business to see the Company through the continued global economic uncertainty, to fund working capital, to fund capital expenditure requirements and to fund other growth opportunities in the business.

When analysing growth opportunities, the Board seeks to obtain a minimum internal rate of return of 20%.

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

30. Commitments

Commitments relating to the Venture

The Group's capital commitments at year end in respect of the Venture were:

	Group	
	2023 R'000	**2022 R'000**
Contracted for but not provided for	208,960	155,209
Authorised but not contracted for	306,128	234,597
	515,088	**389,806**

31. Contingencies

The Group is subject to direct and indirect tax in the South African jurisdiction. The Group's subsidiary undertakes various cross-border transactions within the Venture, subject to the Group's transfer pricing policies. As a result, significant judgement is required to determine the Group's provisions for income taxes. The income tax and annual assessments are subject to examination within prescribed periods by the South African Revenue Services (SARS).

On 31 December 2023, the previously reported transfer pricing matter with SARS was ongoing. The Group has a deadline of 30 April 2024 to respond to SARS' letter of audit findings for the 2016 and 2017 years of assessment, which the Group is contesting with SARS. Management still relies on opinions obtained from external legal and tax advisers to inform and support the significant judgement required in interpreting relevant tax legislation. The matter has been disclosed as a contingent liability as its outcome remains uncertain, and any potential tax exposure cannot be reliably estimated. Accordingly, the consolidated financial statements have made no adjustment for any effects on the Group.

Notes to the Consolidated and Separate Annual Financial Statements

32. Related parties

32.1 Related party transactions and balances

During the current year, management reviewed its related party relationships in accordance with IAS 24: *Related Party Disclosures*. The Glencore plc Group was identified as a related party taking into consideration the shareholding and related significant influence coupled with the substance of the relationship. Significant transactions and balances with all entities within the Glencore plc Group are therefore disclosed together with the comparative figures.

All related party transactions relate to Merafe's attributable 20.5% interest in the Venture. Income and receivable amounts are shown in brackets. There are no outstanding commitments as at 31 December 2023.

Name of related party	Description of relationship	Transactions and balances
The Venture	In July 2004, GOSA and Merafe Ferrochrome pooled and shared ferrochrome assets to form the Venture.	Refer to note 32.2 for the amounts included in the consolidated financial statements of the Group.
Merafe Chrome and Alloys Proprietary Limited	Merafe Chrome is a wholly-owned subsidiary of Merafe Resources.	No dividends were paid to Merafe Resources by Merafe Chrome (2022: Rnil).
Merafe Ferrochrome and Mining Proprietary Limited	Merafe Ferrochrome is a wholly-owned subsidiary of Merafe Resources.	Merafe Resources charges Merafe Ferrochrome a management fee as per note 19. The dividend declared by Merafe Ferrochrome was R823m (2022: R850m). At the reporting date, a loan of R965m (2022: R965m) is owed by Merafe Ferrochrome.
Merafe Kroondal Rehabilitation Trust (SE)	The Trust, which was registered on 31 May 2006, was established to provide funds for the rehabilitation of land involved in any prospecting or mining operations of Merafe Ferrochrome of the Kroondal mine and to discharge any liability which might arise in terms of the Atmospheric Pollution Prevention Act of 1965, the Environment Conservation Act 45, No 50 of 1991, the Water Act, No 54 of 1956 and any such other legislation as may be enacted in the future. The environmental obligations and corresponding liability remain the sole responsibility of the Venture. The trust is a subsidiary of Merafe Resources and is consolidated.	A loan account is recognised with Merafe Resources of R108k (2022: R108k), which relates to the payment of audit fees.
Industrial Development Corporation of South Africa Limited (IDC)	The IDC holds 21.9% of the issued share capital of Merafe Resources and has the ability to exercise significant influence over Merafe Resources as a result of its shareholding.	The IDC received the non-executive director's fees for Mr D McGluwa as disclosed in note 33. The IDC received dividends declared by Merafe Resources. At the reporting date, there are no amounts due to the IDC.
Glencore (Nederland) B.V. (GN)	GN holds 28.8% of the issued share capital of the Company and has the ability to exercise significant influence over the Company as a result of its shareholding.	GN received dividends declared by Merafe Resources. At the reporting date, there are no amounts due to the GN.
Mr A Mngomezulu, Mr J Mclaughlan, Mr K Tlale, Ms M Vuso, Ms N Mabusela-Aikhuere, Mr D Gluwa, Mr D Green, Ms Z Matlala, Mr D Chocho	Directors of Merafe Resources.	Refer to note 33 for transactions with directors.

Notes to the Consolidated and Separate Annual Financial Statements

32. Related parties (continued)

Name of related party	Description of relationship	Transactions and balances
Glencore Limited (Stamford) (GLS) #	GLS acts as the Venture's exclusive marketing agent to sell ferrochrome on its behalf and acts as a distributor in the USA and Canada.	Sale of ferrochrome R342m (2022: R542m). Commission expense R7m (2022: R17m). Interest expense R12m (2022: R2m). Receivable at the reporting date R99m (2022: R160m) is reduced as and when GLS receives funds from customers and is receivable 120 days after the bill of lading.
Glencore International AG (GIAG) #	GIAG acts as the Venture's exclusive marketing agent to sell ferrochrome and chrome ore on its behalf. The Venture purchases various raw materials from GIAG on an ongoing basis. The Venture sells chrome ore to GIAG on an ad-hoc basis.	Commission expense on sale of ferrochrome and chrome ore R369m (2022: R314m). Marketing fee expense R2m (2022: R2m). Net interest income R19m (2022: R8m). Purchase of raw materials R50m (2022: R332m). Balance owing at the reporting date R40m (2022: R29m) payable on confirmation of final sales.
Char Technology Proprietary Limited (Chartech)#	Chartech sells raw materials to the Venture.	Purchase of raw materials R152m (2022: R134m). Balance owing at the reporting date R14m (2022: R17m) payable 30 days from the statement date.
Glencore AG (GAG) #	The Venture purchases various raw materials from GAG on an ongoing basis. The Venture sells chrome ore to GAG on an ad-hoc basis.	Sale of chrome ore Rnil (2022: R2m). Purchase of raw materials Rnil (2022: R63m). At the reporting date, there were no amounts due to GAG.
Glencore Operations South Africa Proprietary Limited (GOSA) #	GOSA is Merafe Ferrochrome partner in the Venture.	Employee costs R171m (2022: R165m). Head-office costs R89m (2022: R28m). Training costs R8m (2022: R8m). Lion housing R21m (2022: R20m). Share service centre costs R11m (2022: R10m). Costs recovered from PGM tailings Rnil (2022: R3m). Balance owing at the end of the year R120m (2022: R18m) payable 10 days after month end. GOSA received the non-executive director's fees for Mr D Green as disclosed in note 33. At the reporting date a loan receivable of R177m (2022: R122m loan payable) is owed to Merafe Ferrochrome.
Glencore Property Management Company Proprietary Limited (GPMC) #	GPMC provides rental property to the Venture.	Rental of CSI offices R0.4m (2022: R0.04m). Balance owing at the reporting period R0.4m (2022: R0.04m) payable 30 days from the statement date.
Access World (South Africa) Proprietary Limited (Access) #	Access is a warehousing company that provides storage facilities for ferrochrome and chrome ore to the Venture.	Storage of ferrochrome and chrome ore Rnil (2022: R1m). At the reporting date, there were no amounts due to Access.
Glencore Holdings South Africa Proprietary Limited (GHSA) #	GHSA offers the Central Treasury Function for the Venture.	Cash deposits of R631m (2022: R351m) and rehabilitation investment of R328m (2022: R301m).
Impala Chrome Proprietary Limited (Impala)	Impala is an associate jointly controlled by the Venture.	Revenue from logistics, marketing and maintenance contracts R54m (2022: R32m). Receivable at the reporting date Rnil (2022: R5m).

32. Related parties (continued)

Name of related party	Description of relationship	Transactions and balances
Astron Energy Proprietary Limited (Astron) #	Astron sells fuel to the Venture.	Purchases of R37m (2022: R39m). Payable of R3m (2022: R3m) at the reporting date.
Unicorn Chrome Proprietary Limited (Unicorn)	Unicorn is a jointly controlled operation by the Venture.	Shareholder loan receivable at the reporting date of Rnil (2022: R5m)

Subsidiary of Glencore plc.

32.2 Transactions with the Venture

The Venture resulted in GOSA and Merafe Ferrochrome pooling and sharing their ferrochrome assets. The Venture's head-office is at Portion 27, Farm Waterval 306 JQ, Rustenburg, 0302. While Merafe Ferrochrome's assets form part of the Venture, Merafe Ferrochrome retains ownership of its assets. It is closely involved in the Venture's operations through the Chrome Executive Committee, Joint Board and sub-committees (Treasury, Transformation, Sustainable Development and Health and Safety) formed to oversee the combined operation of both companies. The Group receives 20.5% of the Venture's EBITDA and owns 20.5% of the Venture's working capital.

The consolidated financial statements include the following items that represent the working capital and EBITDA of the Venture in its totality.

	Group	
	2023 R '000	2022 R '000
Inventories	9,643,724	11,934,201
Trade and other receivables	5,022,843	4,166,818
Net cash	4,677,549	3,180,831
Lease obligation	(35,575)	(52,819)
Long-term provisions	(755,151)	(1,315,587)
Trade and other payables	(4,492,466)	(3,354,528)
Net working capital	**14,060,924**	**14,558,916**
Revenue	45,748,413	38,720,989
Net foreign exchange gain	484,765	333,220
Operating expenses	(34,228,606)	(28,183,817)
EBITDA	**12,004,572**	**10,870,392**

Figures in Rand thousand

33. Transaction with key management personnel and non-executive directors

Non-executive

2023

	Directors' fees	Total
Mr A Mngomezulu (Chairperson)	872	872
Ms M Vuso	517	517
Mr J Mclaughlan	460	460
Mr K Tlale	485	485
Ms N Mabusela - Aikhuere	571	571
Mr D McGluwa*	394	394
Mr D Green**	411	411
	3,710	**3,710**

The above fees relate to services rendered as directors. No other services were rendered.

* Paid to IDC
** Paid to GOSA

2022

	Directors' fees	Total
Mr A Mngomezulu (Chairperson)	787	787
Ms M Vuso	542	542
Mr J Mclaughlan	447	447
Mr K Tlale	457	457
Ms N Mabusela - Aikhuere	568	568
Mr D McGluwa*	388	388
Mr D Green**	396	396
	3,585	**3,585**

The above fees relate to services rendered as directors. No other services were rendered.

* Paid to IDC
** Paid to GOSA

Figures in Rand thousand

33. Transaction with key management personnel and non-executive directors (continued)

Key management compensation

2023

	Salary	Fringe benefits and leave pay	Provident fund contributions	Share grants vested	Bonus	Total
Ms Z Matlala	5,730	289	851	6,169	5,231	18,270
Mr D Chocho	3,537	289	399	2,642	2,550	9,417
	9,267	**578**	**1,250**	**8,811**	**7,781**	**27,687**

2022

	Salary	Fringe benefits and leave pay	Provident fund contributions	Share grants vested	Bonus	Total
Ms Z Matlala	5,573	267	761	1,473	5,399	13,473
Mr D Chocho	3,369	269	389	462	2,485	6,974
	8,942	**536**	**1,150**	**1,935**	**7,884**	**20,447**

34. Directors' interests in Merafe Resources Limited

As at 31 December 2023, the directors of the Company are beneficially interested (directly and indirectly) in 3 553 565 (2022: 3 553 565) shares in the Company. During the financial year, no material contracts were entered into in which directors and prescribed officers of the Company had an interest and which significantly affected the Group.

The Company's executive directors and their immediate families control 0.14% (2022: 0.14%) of its voting shares. In addition to their salaries, the Company contributes to a provident fund (defined contribution plan) and medical aid fund on their behalf. Executive directors also participate in the Company's share incentive schemes (refer to note 17).

	2023		**2022**	
	Direct	**Indirect**	**Direct**	**Indirect**
	Number of shares		**Number of shares**	
Ms Z Matlala	2,945,000	-	2,945,000	-
Mr D Chocho	608,565	-	608,565	-
	3,553,565	**-**	**3,553,565**	**-**

There have been no changes in these holdings from 31 December 2023 to the date of approval of the annual financial statements, being 15 March 2024.

35. Going concern

As stated above, the Group had a cash balance amounting to R1 656m and no debt at the reporting date and a cash balance of R2 228m and no debt as at 29 February 2024.

The Group benefits from unutilised debt facilities through its 20.5% share of the Venture, which the Board considers sufficient to sustain the business for at least the next 12 months, if the need arises. The Group's forecasts and projections of its short to medium-term profitability, taking account of likely changes in production and performance, show that the Group will be able to operate within the level of its cash resources and facilities for at least 12 months from the approval date of the annual financial statements.

The Group generated EBITDA of R2 545m and made a profit after tax of R1 753m in the current year. Merafe Group and the Company maintain healthy cash balances per note 13 with access to banking and other lending facilities. The Group and Company's credit and liquidity risks have been assessed in notes 27.1 and 27.2. Having considered the Group and Company's key risks, current financial position, solvency and liquidity, debt levels, lending facilities available through the Venture, impairment review, as well as the Group and Company's financial budgets with their underlying business plans, the directors believe that the Group and Company have sufficient resources and cash flows to be able to continue as a going concern at least for the year ahead. The Group and Company's lending facilities are referenced in note 27.2.

36. Events after the reporting period

On 15 March 2024, the Board resolved to declare a final dividend of 22 cents (2022: 13 cents) cents per share for the 2023 financial year. The total gross cash dividend for the year amounted to 42 cents per share. The dividend will be paid out of income reserves.

On 18 January 2024, the Group announced the appointment of Mr Ditshebo Stephen Phiri as an independent non-executive director of the Board, effective 1 February 2024.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report that may require adjustment or disclosure in these annual financial statements.

37. Impairment of assets

As per IAS 36: *Impairment of assets*, an entity shall assess at the end of each reporting period whether there is an indication that an asset may be impaired. If such an indication exists, the entity shall estimate the recoverable amount of the asset.

On 31 December 2023, Merafe's share price closed at 130c (2022: 132c) per share. Based on this share price, the market capitalisation was R3.2 billion, R2.1 billion lower than the net asset value (NAV) of R5.3 billion. As per IAS 36.12(d), if the carrying amount of net assets of an entity is higher than its market capitalisation, this is an impairment indicator. The impairment indicator was prevalent at both the interim period and at year-end.

As the impairment indicator remained at year-end, management estimated the recoverable amount of the Group's assets by calculating the value in use of the Group. This calculation was based on the future cash flows expected to be derived from the Venture. No impairment adjustment was considered necessary at year-end. The following long-term average assumptions were used in the calculation of the value-in-use (VIU) model (30 years) at the reporting date:

Assumptions	**Unit of measure**	**2023**	**2022**
Average exchange rate - real	ZAR/USD	17.72	15.67
Weighted average cost of capital - real (pre-tax)	%	16.40	16.13
Ferrochrome prices - real	$c/lb	96	98
Chrome ore prices (CIF) - real	$/ton	177	163
Platinum prices - real	$/oz	1,134	1,100
Rhodium prices - real	$/oz	4,118	900
Palladium prices - real	$/oz	1,029	1,150

The inputs into the VIU model include key macroeconomic assumptions as detailed above as well as operational assumptions. These assumptions are necessary given the uncertainty that underlies future outcomes. In determining the final VIU amount, Merafe considered scenarios involving possible changes in the macro assumptions while keeping operational assumptions constant. The sensitivity ranges are indicated below. The directors have concluded that there is no conclusive evidence to support recognising any impairment for the year. There are no operational or market factors identified by management that point to possible impairment other than the market capitalisation of the company being lower than the asset value of the business.

Key sensitivity analysis for impairment

Change in weighted average cost of capital

A decrease/increase of 5% in the weighted average cost of capital will increase the valuation by approximately R127m and decrease the valuation by approximately R117m respectively. This analysis assumes that all other variables remain constant.

Change in exchange rate

A decrease (i.e. stronger ZAR)/increase of 5% in the exchange rates will decrease the valuation by approximately R1.9bn and increase the valuation by approximately R2.1bn respectively. This analysis assumes that all other variables remain constant.

A decrease (i.e. stronger ZAR)/increase of 10% in the exchange rates will decrease the valuation by approximately R4bn and increase the valuation by approximately R4.2bn respectively. This analysis assumes that all other variables remain constant.

Change in ferrochrome and chrome ore prices

A decrease/increase of 5% in the ferrochrome and chrome ore prices will decrease the valuation by approximately R2bn and increase the valuation by approximately R2.1bn respectively. This analysis assumes all other variables remain constant.

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000

38. Dividends declared and paid

Final dividend - prior year	(324,887)	(549,808)	(324,887)	(549,808)
Interim dividend - current year	(499,825)	(299,895)	(499,825)	(299,895)
Total dividends declared for the year	**(824,712)**	**(849,703)**	**(824,712)**	**(849,703)**

The dividend declared is calculated based on the number of ordinary shares in issue at the declaration date. Dividends are paid out of income reserves.

39. Non-current asset held for sale

Land and mineral rights held for sale and previously included in property, plant and equipment	963	963	-	-
Liabilities directly associated with the assets held for sale	(12,568)	(24,261)	-	-
	(11,605)	**(23,298)**	**-**	**-**

On 16 August 2022, the Group decided to dispose of the mineral rights and land that form part of Boshoek Mine. The liability directly associated with the asset held for sale is the environmental rehabilitation obligation. The Group considered that the sale of Boshoek mine meets the criteria to be classified as held for sale for the following reasons:

- The Group has obtained the required internal approvals for the sale;
- The Boshoek mine is available for immediate sale and a buyer has been identified and the sale agreement concluded; and
- The actions required for the fulfillment of the suspensive conditions are expected to be completed within 12 months of classification as held for sale.

Section 11 of the Mineral and Petroleum Resources Development Act No. 28 of 2002 was approved by the Department of Mineral Resources and Energy on 7 December 2023. Further regulatory approvals to finalise the sale are expected to be fulfilled in 2024. The transaction is expected to be effective within the next 12 months, Boshoek mine continues to be classified as held for sale.

No impairment loss has been recognised as the mineral right and land have been measured at their carrying amount.

40. Other long-term receivable

	14,229	14,229	14,229	14,229

On 19 December 2022, the Company established an enterprise and supplier development funding programme to support small and medium enterprises (SMEs) through responsible investment and ensuring Broad-Based Black Economic Empowerment code compliance. The Company has provided the fund with an interest-free loan, which will be used to support the SMEs. The loan is accounted for at amortised cost. The Company expects repayment of the capital amount on winding up of the fund at the end of a three-year period from the reporting date. At the reporting date, there was no indication of a deterioration of the credit risk on the loan since initial recognition. The loan is considered to have a low credit risk of default, and the beneficiaries of the fund have a strong capacity to meet the contractual cash flow obligations in the near term. The expected credit loss over the next 12 months is immaterial.

Notes to the Consolidated and Separate Annual Financial Statements

Figures in Rand thousand

41. Gain on acquisition of joint operation

Through its wholly-owned subsidiary, Merafe Ferrochrome, the Group agreed with GOSA to acquire a participation interest in the Eastern PGM Plants located at Thorncliffe mine. The new joint operation relates to all associated minerals produced pursuant to the Eastern Mining Right and is incorporated into the PSV in terms of the PSV agreement. The acquisition of the Eastern PGM operation was part of the Group's growth strategy. Joint control was obtained in accordance with the PSV agreement.

Effective 6 September 2023, the new joint operation consists of an Eastern PGM Plant and a second plant (PGM X) that will treat PGM-bearing materials to extract and produce PGMs concentrate. The PGM East plant is classified as a business combination as defined by IFRS 3, and the values for the assets acquired and liabilities assumed approximate fair value at the acquisition date. Merafe Ferrochrome acquired the assets and liabilities of PGM X, which is under construction at book value.

	2023 R'000
Assets	
Non-current	54,939
Current	203,212
Total assets	**258,151**
Liabilities	
Non-current	269
Current	7,973
Total liabilities	**8,242**
Total fair value of identifiable assets and liabilities assumed	**249,909**

No consideration was paid by Merafe Ferrochrome for the purchase of the Eastern PGM operation. As a result, and in terms of IFRS 3 *Business Combinations*, a gain on acquiring a joint operation for R250m was recognised in the statement of profit or loss and other comprehensive income.

Merafe Ferrochrome incurred acquisition-related costs of R0.8m, comprising of advisory and legal expenses. These costs are included in other expenses (note 20).

	2023 R'000
Revenue and EBITDA of Eastern PGM plant since the acquisition date included in the consolidated statement of comprehensive income for the reporting period:	
Revenue	59,522
EBITDA for the year	37,410
Eastern PGM plant contribution had it been consolidated from 1 January 2023	
Revenue	193,892
EBITDA for the year	140,255

Shareholder Information

1. Distribution of shareholders

The following distribution of shareholders existed at 31 December 2023:

Ordinary shares	**Number of shareholders**	**% of shareholders**	**Number of shares**	**% of issued shares**
Public shareholders	14,449	99.99	2,495,573,305	99.86
Non-public shareholders	2	0.01	3,553,565	0.14
	14,451	**100**	**2,499,126,870**	**100**

Where non-public shareholders consist of:				
Directors and Associates of the Company	2	0.01	3,553,565	0.14

Shareholder spread	**Number of shareholders**	**% of shareholders**	**Number of shares**	**% of issued shares**
1 - 1 000 shares	7,526	52.08	1,541,658	0.06
1 001 - 10 000 shares	3,571	24.71	15,476,215	0.63
10 001 - 100 000 shares	2,517	17.42	92,545,443	3.70
100 001 - 1 000 000 shares	700	4.84	199,780,641	7.99
1 000 001 - 10 000 000 shares	137	0.95	2,189,782,913	87.62
	14,451	**100**	**2,499,126,870**	**100**

Distribution of shareholders	**Number of shareholders**	**% of shareholders**	**Number of shares**	**% of issued shares**
Banks/Brokers	56	0.39	227,084,821	9.09
Close Corporations	85	0.59	31,372,153	1.26
Endowment Funds	8	0.06	3,187,041	0.13
Government	1	0.01	546,830,100	21.88
Individuals	13,531	93.63	285,826,497	11.44
Insurance Companies	15	0.10	4,669,583	0.19
Medical Schemes	2	0.01	2,025,157	0.08
Mutual Funds	52	0.36	454,011,023	18.17
Other Corporations	76	0.53	1,585,229	0.06
Private Companies	234	1.62	98,791,439	3.95
Private Equity	1	0.01	3,682,280	0.15
Public Companies	4	0.03	4,109,028	0.16
Retirement Funds	83	0.57	81,570,213	3.26
Strategic Investor	1	0.01	720,163,887	28.82
Trusts	302	2.09	34,218,419	1.37
	14,451	**100**	**2,499,126,870**	**100**

2. Major shareholders

The following shareholders have a holding of greater than 5% of the issued shares of the company:

	Number of shares	**% of shares held**
Glencore Netherlands B.V.	720,163,887	28.82
Industrial Development Corporation of South Africa Limited	546,830,100	21.88
Ninety One	188,176,769	6.21

Shareholder Information

3. JSE share performance

	2023	2022
Market capitalisation as at 31 December	3,248,864,931	3,298,847,468
Share Price (cents)		
High	145	192
Low	104	108
Closing	130	132
Shares traded		
Volume of shares traded	327,834,705	716,172,359
Value of shares (ZAR)	417,726,619	1,073,308,064
Volume of shares traded as a percentage of weighted average of shares in issue (%)	13	29
Shares in issue as at 31 December	2,499,126,870	2,499,126,870
Distribution of local and foreign beneficial shareholding (%)		
South African	62	63
Foreign	38	37

Meetings

The Annual General Meeting for the 2023 financial year will be held on 15 May 2024.